# ELECTROTHERM® (INDIA) LTD.

Ref. No. : EIL/SD/34th AR/2020-2021/25VII
Date : 25th July, 2020

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

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

Dear Sir/Madam,

**Subject : Compliance under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we attached herewith a Notice of 34th Annual General Meeting to be held on Monday, 17th August, 2020 at 10:00 a.m. through Video Conferencing / Other Audio Visual Means (VC/OAVM) along with the Annual Report for the financial year ended on 31st March, 2020. The Annual Report is being sent to the shareholders of the Company by the permitted mode(s).

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

Thanking you,

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

ELECTROTHERM (INDIA) LIMITED ET

**Fageshkumar R. Soni**
**Company Secretary**
**(Membership No. F8218)**

Encl: As above


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

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

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

**Engineering & Technologies**

**TMT Steel Bar**

**Ductile Iron Pipe**

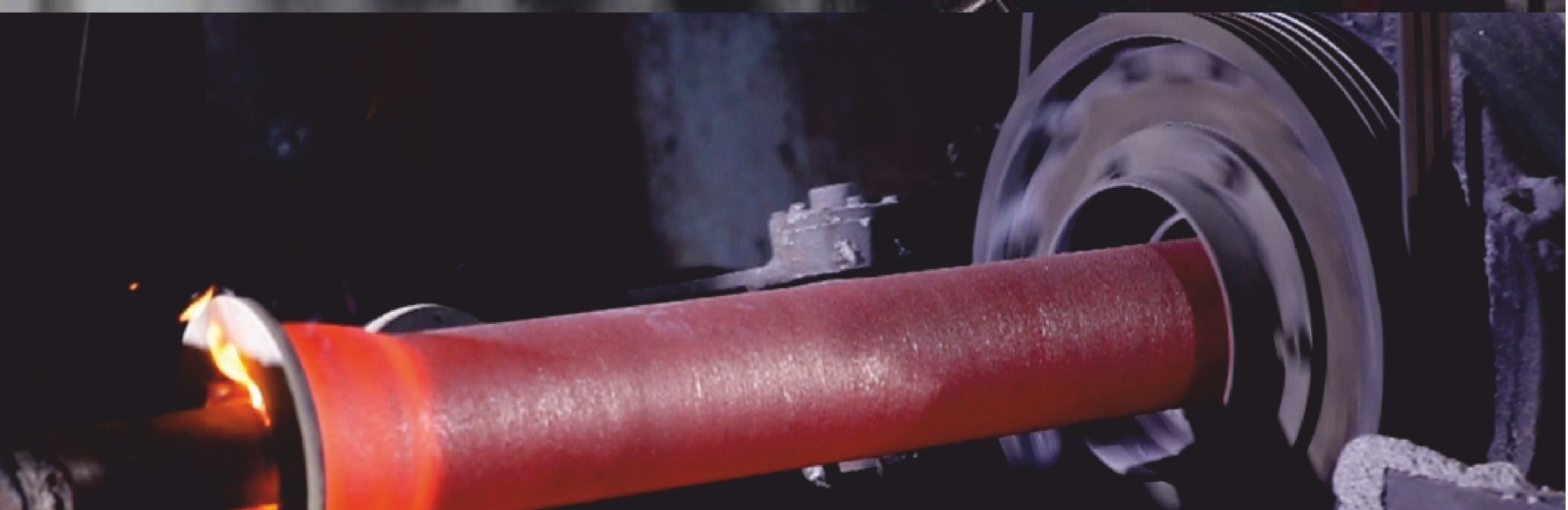
**Electric Vehicle**

# 34th ANNUAL REPORT 2019-20

ELECTROTHERM®

www.electrotherm.com

- 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



## CORPORATE INFORMATION

**Board of Directors**

Mr. Dinesh Mukati (Independent Director)
Non-Executive Chairman (w.e.f 11th February, 2020)

Mr. Mukesh Bhandari (Director)
(w.e.f. 1st February, 2020)
Executive Chairman (upto 31st January, 2020)

Mr. Shailesh Bhandari (Managing Director)

Mr. Suraj Bhandari (Additional Director and Whole-time Director)
(w.e.f. 13th November, 2019)

Mr. Pratap Mohan (Independent Director)

Ms. Nivedita Sarda (Independent Director)

**Key Managerial Personnel**

Mr. Pawan Gaur
Chief Financial Officer (upto 28th January, 2020)

Mr. Fageshkumar R. Soni
Company Secretary

**Auditors**

| | |
|---|---|
| Hitesh Prakash Shah & Co. | Statutory Auditor |
| Bharat Prajapati & Co. | Secretarial Auditor |
| V. H. Savaliya & Associates | Cost Auditor |

**Banks / Financial Institutions**

Edelweiss Asset Reconstruction Company Limited
Invent Assets Securitisation & Reconstruction Pvt. Ltd.
Rare Asset Reconstruction Ltd.
Corporation Bank
Union Bank of India
Central Bank of India

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

**Engineering & Technologies Division**

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

**Special Steel Division & Electric Vehicle 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

**Read Inside**

## MESSAGE TO STAKEHOLDERS

*Mr. Shailesh Bhandari*
*Managing Director*

*Mr. Dinesh Mukati*
*Chairman*

*Dear Stakeholders,*

The Indian economy was on a weak footing even before the COVID-19 pandemic hit the world in February – March 2020. The GDP was falling, the largest manufacturing sector - auto was under a serious slow down and real estate and construction was also not growing. All this resulted into lower consumption of steel in the country thereby pushing the country's overall steel production down. The country produced 109.6 MT of crude steel in FY 2019-20 as against 110.92 MT of crude steel in 2018-19, almost a no growth scenario.

In spite of the various challenges in economy, the government continues to remain focused on the development of the infrastructure sector. Union Budget 2019 once again highlighted the investment which the government will make over the next 5 years towards development of the infrastructure in the country and the amount is now a whopping 102 lakh crores. If this were to happen, India would be on its way to replicating the kind of infrastructure development China saw in the last 20 years – more ports, roads, airports, bridges, railways infrastructure and rural infrastructure. This focus of the government on the infrastructure sector will drive the demand for steel over the next 10 years. This opens up a completely new and large market for the engineering division of the company.

It is well known that the critical infrastructure projects typically use higher specifications steel with stricter chemistry norms, e.g. a typical infrastructure project will use Fe500D, Fe550D as against Fe500. The steel produced through induction route using sponge iron as the raw material typically has high phosphorus and sulphur primarily on account of high phosphorous in the incoming iron ore and high sulphur in the incoming coal. The LRF- ELdFOS® technology developed by the company for refining of the steel (specially to bring the sulphur and phosphorus down) has the potential to play a huge role here. Almost 60% of the steel produced in the country through induction route is produced using sponge iron. The availability of the refining technology opens up a huge opportunity for the induction based steel producers as they will now be able to supply low sulphur low phos grades steel to the fast growing infrastructure sector using this LRF ELdFOS® technology. Additionally, 30 to 40 million tons per annum of infrastructure grade steel (specially long products) will be required in the country over the next 10-15 years. Most of the engineering division furnace customers are recognizing this opportunity and opting for installation of LRF as the process route.

The high - end DiFOC technology based DTi model of Induction furnace technology equipment launched by the company 3 years back has met with huge success and the new product has been very much appreciated by the various induction furnace customers and the steel industry in general. Not only have we seen new steelmaking capacity getting added using these furnaces but we also saw a replacement of old furnaces with this new technology based induction furnaces over the last 3 years.

The direct rolling process introduced by Electrotherm many years ago has now become the industry norm now. Most induction based steel plants are now rolling billets directly from the caster thereby eliminating the need for billet reheating furnace and hence save reheating fuel worth 1.2 GJ/ton. In addition, it also protects environment from 0.8GJ/ ton energy that would have been emitted while cooling of the billets, and pollution from $CO_2$ emission while reheating. This has not only made steel making more cost effective thru the induction furnace route but has actually also contributed significantly to the government exchequer through saving of furnace oil imports and saving precious foreign exchange.

We are seeing an increased concern for the environment protection by steel makers and more and more of our customers are asking for higher end high efficiency pollution control equipments both within and outside the country. This should drive the sales of our pollution control equipment over the next 3-5 years.

We remain optimistic on the steel demand and believe that the demand specially for long products will increase substantially post some solution to the COVID-19 pandemic. As India consumes more and more steel over the next 5-10 years and moves towards its goal of 300 MT by 2030 (as per NSP 2017), we believe that more and more long steel will be produced through the induction route.

Considering the current balance between three ways of steelmaking in India (BF-BoF, Arc, Induction), capability of integrated IF – LRF route to meet all BIS quality norms for construction and infrastructure grade steel, lower CAPEX and OPEX of the induction route vis a vis that through BF-BOF and EAF routes, difficulties in getting/importing coking coal for BF, and considerably long gestation period needed for BF-BOF and EAF based steelmaking plants, Indian steel industry can confidently rely upon integrated IF – LRF route to meet about 35-40% of its capacity expansion from 124 MTPA in 2017 to 300 MTPA by 2031. When India attains 300 MTPA crude steel production capacity by 2030-31, integrated IF – LRF route should be contributing around 90 – 100 MT. This will also save about INR 3,800 Crore for every million ton plant capacity added through integrated IF – LRF route in lieu of BF-BOF route. All this augers well for robust growth of sales for the engineering division of the company.

The steel division producing TMT bars under the ET TMT brand has definitely emerged as the number #1 and the most preferred TMT brand in Gujarat. With the addition of new rolling capacity last year, the company is now expanding its sales in Rajasthan and Maharashtra. In fact, Maharashtra has emerged a large market for the value added epoxy coated TMT bars that the company produces. The company is also doubling its epoxy coated bar capacity in view of increased demand in the infrastructure sector for this product.

The company received many new approvals from various national and state level institutions last year including approvals from RDSO, RSRDC, PWD, MMRDA. This is allowing the company to migrate from being a real estate focused steel producer to real estate plus infrastructure projects focused steel producer. A large portion of the sales is now coming from road projects (NHAI), RDSO etc. and such orders are only expected to increase as the economy kick starts post the COVID-19 pandemic control.

The pipe division continues to do well and contributes significantly to the profitability of the company. The company has started to focus on increasing its pipe exports and expect this to go up to 20% of the total pipe sales in the next few years.

While the operations of the company have got and may further get impacted due to the COVID-19 crisis in the short term, we remain extremely optimistic and constructive on the overall growth prospects of the company for all the three major verticals – steel, pipe and engineering, in the medium to long term.

The company over the last 5 years has settled with majority of its financial lenders and is working seriously towards resolving the only remaining bank and an ARC.

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 Provincial Governments with whom we have been working, the Employees and the Associates who have stood by the company and I look forward to their continued support in the future.

## NOTICE

NOTICE is hereby given that the **34th Annual General Meeting** of Members of **Electrotherm (India) Limited** will be held on Monday, 17th August, 2020 at 10.00 a.m. through Video Conferencing / Other Audio Visual Means (VC/OAVM) to transact the following business :

**ORDINARY BUSINESS:**

1. To consider and adopt audited standalone and consolidated financial statements of the Company for the financial year ended on 31st March, 2020 together with report of Board of Directors and Auditors' Report thereon.

2. To appoint a Director in place of Mr. Shailesh Bhandari (DIN : 00058866), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

3. **To ratify the remuneration of the Cost Auditor for the financial year ending on 31st March, 2021:**

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

   **"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the consent of the members be and is hereby accorded to ratify the remuneration, decided by the Board of Directors on the recommendation of the Audit Committee, of Rs. 2,00,000 (Rupees Two Lakhs Only) to M/s V. H. Savaliya & Associates, Cost Accountants (Membership No.13867) for conducting the audit of cost records of the Company for the financial year ending on 31st March, 2021."

4. **To appoint Mr. Suraj Bhandari (DIN: 07296523) as a Director liable to retire by Rotation:**

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

   **"RESOLVED THAT** Mr. Suraj Bhandari (DIN: 07296523), who was appointed as an Additional Director on the Board of Directors of the Company with effect from 13th November, 2019 and who holds office up to the date of ensuing Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (the 'Act') and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing candidature of Mr. Suraj Bhandari for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. **To appoint Mr. Suraj Bhandari (DIN: 07296523) as a Whole-time Director:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 200 read with Schedule V and all other applicable provisions, if any of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any modification or re-enactment thereof for time being in force), the Memorandum and Articles of Association of the Company and recommendation by the Nomination and Remuneration Committee and subject to approval of Banks / Financial Institutions / Central Government and such other approval as may be necessary, consent and approval of the members be and are hereby accorded to the appointment of Mr. Suraj Bhandari (DIN: 07296523), as a Whole-time Director of the Company, for the period of three years, commencing from 13th November, 2019 and concluding on 12th November, 2022 as hereunder:

**I. REMUNERATION:**

(A) Monthly Salary of Rs. 1,50,000/-(Rupees One Lac Fifty Thousand Only)

(B) PERQUISITES:

(i) In addition to the salary as above, Mr. Suraj Bhandari will be entitled to Personal Accident Insurance and Group Life Insurance, Club fees subject to a maximum of two clubs, medical reimbursement and company provided car and driver.

(ii) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(iii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and

(iv) Encashment of leave at the end of the tenure.

(C) MINIMUM SALARY:

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

**II. POWERS:**

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

**III. SITTING FEES:**

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

IV. **RETIREMENT BY ROTATION:**

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

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

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

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 200 & 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the Company and recommendation by the Nomination and Remuneration Committee and subject to approval of the Banks / Financial Institutions / Central Government and such other approval that may be necessary, consent and approval of the members be and are hereby granted to the re-appointment of Mr. Shailesh Bhandari (DIN: 00058866) as a Managing Director of the Company, for a further period of 3 (three) years with effect from 1st February, 2020 and concluding on 31st January, 2023 as hereunder:

I. **REMUNERATION:**

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

(B) PERQUISITES:

(i) In addition to the salary as above, Mr. Shailesh Bhandari will be entitled to Personal Accident Insurance and Group Life Insurance, Club fees subject to a maximum of two clubs, medical reimbursement and company provided car and driver.

(ii) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

(iii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and

(iv) Encashment of leave at the end of the tenure.

(C) MINIMUM SALARY

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

II. **POWERS:**

The appointee shall function under the supervision, control and guidance of the Board of Directors of the Company and is entrusted with substantial powers of management of the affairs of the Company.

III. **SITTING FEES:**

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

IV. **RETIREMENT BY ROTATION:**

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

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary proper or expedient to give effect to this resolution."

By Order of the Board
**For Electrotherm (India) Limited**
**Fageshkumar R. Soni**
Company Secretary

Date : 30th June, 2020
Place : Palodia

**Registered Office:**
A-1, Skylark Apartment, Satellite Road,
Satellite, Ahmedabad - 380 0153.

**NOTES:**

1. In view of the current extraordinary circumstances due to the pandemic caused by COVID-19 prevailing in India, the requirement of social distancing and continuing restrictions on the movement of persons at several places in the country, the Ministry of Corporate Affairs (MCA) provided relaxation vide its circular No. 14/2020 dated 8th April, 2020, circular No. 17/2020 dated 13th April, 2020 and circular No. 20/2020 dated 5th May, 2020 ('MCA Circulars') and SEBI vide their Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 allowed the Companies to hold Extra Ordinary General Meeting (EGM) / Annual General Meeting (AGM) of companies through Video Conferencing or Other Audio Visual Means ("VC / OAVM"), without physical presence of the Members at a common venue. In view of the above and in compliance with the applicable provisions of the Companies Act, 2013, MCA Circulars, SEBI Circular and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 34th AGM of the Company is being conducted through VC/OAVM and physical attendance of Members to AGM venue is not required. The Members can attend and participate in the AGM through VC/OAVM.

2. Pursuant to the above mentioned MCA circular No. 14/2020 dated 8th April, 2020 and SEBI Circular dated 12th May, 2020 the facility to appoint proxy to attend and cast vote for the members is not available for this AGM.

## NOTICE

3. 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.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

5. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

6. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to special business in respect of Item No. 3 to 6 of the Notice to be transacted at the AGM is annexed hereto.

7. 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.

8. Relevant documents referred to in the accompanying Notice and the statement pursuant to Section 102(1) of the Companies Act, 2013 and also the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements will be available electronically for inspection by the members without any fees from the date of circulation of this Notice up to the date of AGM, i.e. 17th August, 2020. Members seeking to inspect such documents can send an email to sec@electrotherm.com

9. The requirement to place the matter relating to ratification of appointment of Auditors by Members at every AGM is done away with vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the 31st Annual General Meeting held on 5th September, 2017 for a period of five years.

10. 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.

11. In terms of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, Company has uploaded the data regarding unpaid/unclaimed dividend for the last seven years on the website of the Company www.electrotherm.com as well as website of the Investor Education and Protection Fund Authority, Ministry of Corporate Affairs (MCA) www.iepf.gov.in.

12. In compliance with the above mentioned MCA Circulars and SEBI Circular, Notice of the 34th AGM, Annual Report and instruction for e-voting are being sent to the members through electronic mode whose email addresses are registered with the Company/Depository Participant(s). The Copy of Notice of 34th AGM and Annual Report will also be available on the website of (i) the Company at www.electrotherm.com, (ii) the BSE Limited (BSE) at www.bseindia.com and National Stock Exchange of India Limited (NSE) at www.nseindia.com and (iii) Central Depository Services (India) Limited (CDSL) at www.evotingindia.com.

13. In compliance with the provisions Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and above mentioned MCA Circulars, the members are provided with the facility to cast their vote by electronic means through the remote e-voting or through e-voting on the date of AGM, by using the platform provided by CDSL and the business may be transacted through such voting. The process for electronically voting is mentioned herein below.

14. The Voting rights of members shall be in proportion to their shares of the paid-up equity share capital in the Company as on cut-off date i.e. Monday, 10th August, 2020.

15. 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.

16. Mr. Arvind Gaudana, Practising Company Secretary of M/s Gaudana & Gaudana has been appointed as the Scrutinizer to scrutinize the electronically voting (remote e-voting or voting at AGM through electronically) process in a fair and transparent manner.

17. The Scrutinizer's decision on the validity of the vote shall be final.

18. Once the vote on a resolution stated in this notice is cast by Member through remote e-voting, the Member shall not be allowed to change it subsequently and such vote cast through remove e-voting shall be treated as final. The Members who have cast their vote by remote e-voting may also attend the AGM through VC/OAVM, however such Member shall not be allowed to vote again during the AGM.

19. The Scrutinizer shall, after the conclusion of voting at the AGM, 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 AGM 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.

20. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.electrotherm.com. The Company shall simultaneously forward the result to BSE, NSE and CDSL.

21. The Resolutions shall be deemed to be passed on the date of the AGM conducted through VC/OAVM, subject to receipt of the requisite number of votes in favour of the Resolutions.

22. The AGM will be held through VC/OAVM in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.

23. **Process for those shareholders whose email ids are not registered:**

(a) **<u>For Physical shareholders</u>** - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhaar Card) by email to Company on sec@electrotherm.com or RTA email id on ahmedabad@linkintime.co.in.

(b) **<u>For Demat shareholders</u>** - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhaar Card) to Company on sec@electrotherm.com or RTA email id on ahmedabad@linkintime.co.in.

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

The instructions for members for remote e-voting are as under:

(i) The voting period begins on Friday, 14th August, 2020 at 9:00 a.m. and ends on Sunday, 16th August, 2020 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, 10th August, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

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

(iv) Click on Shareholders.

(v) 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.

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

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

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

| | **For Members holding shares in Demat Form and Physical Form** |
|---|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number communicated by email indicated in the PAN field |
| Dividend Bank Details **OR** Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). |

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) 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.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xiii) 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.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) 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.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) 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.

(xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz.sec@electrotherm.com, if voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**The instructions for shareholders voting on the day of the AGM on e-voting system are as under:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the AGM.
3. If any votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members attending in the meeting.
4. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**Instructions for members for attending the AGM through VC/OAVM are as under:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/ members login where the EVSN of Company will be displayed.
2. Members are encouraged to join the Meeting through Laptops/ IPads for better experience.

3. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is, therefore, recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to get any information on the accounts or operations of the Company or express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at sec@electrotherm.com.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

   If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help Section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

   All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited (CDSL), A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

## ANNEXURE TO THE NOTICE

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

**ITEM NO. 3:**

The Board of Directors of the Company at their Meeting held on 30th June, 2020, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. V. H. Savaliya & Associates, Cost Accountants (Membership No.13867), Ahmedabad, to conduct the audit of the cost accounting records of the Company for the financial year ending on 31st March, 2021 at a remuneration of Rs. 2,00,000/- (Rupees Two Lacs Only).

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

Accordingly, consent of the Members is sought for approving the Ordinary Resolution as set out in Item No. 3 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending on 31st March, 2021.

The resolution as set out in Item no. 3 of this Notice is accordingly recommended for your approval.

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

**ITEM NO. 4 & 5:**

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, at their meeting held on 13th November, 2019, with requisite majority, approved the appointment of Mr. Suraj Bhandari (DIN: 07296523), as an Additional Director of the Company to hold office up to the date of ensuing Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013. Further, pursuant to the provisions of Section 196, 197, 200 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') read with Schedule V of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any modification or re-enactment thereof for time being in force) and Article 114 and Article 122 of the Articles of Association of the Company, the Board of Directors of the Company has appointed Mr. Suraj Bhandari as a Whole-time Director of the Company for the period of three years commencing from 13th November, 2019 and concluding on 12th November, 2022, subject to approval of the shareholders in ensuing Annual General Meeting.

Pursuant to the provisions Section 160 of the Companies Act, 2013, the Company has received a notice in writing from a member signifying his intension to propose the candidature of Mr. Suraj Bhandari for appointment as a Director of the Company. The Company has also received declaration from Mr. Suraj Bhandari confirming that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act, he has not been debarred or disqualified from being appointed or continuing as Director of any Companies by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs, or any such statutory authority. He has also given his consent to act as Director of the Company.

Further, Mr. Suraj Bhandari satisfies the conditions set out in Part-I of Schedule V to the Act and also conditions set out under Section 196(3) of the Act for being eligible for his appointment as a Whole-time Director.

**The brief profile of Mr. Suraj Bhandari is as under:**

Mr. Suraj Bhandari is aged 24 years and is Bachelor of Technology (Electrical and Electronics Engineering). He was associated as Management Executive in Electrotherm (India) Limited since about more than 2 years and he was assisting as executive in various fields related to sales, marketing, production & planning in Engineering & Technologies Division. He was also part of the team for getting order

## NOTICE

of first bullet caster in Gujarat region, commission of Ladle Refining Furnace (LRF) at Bellary and developing strategy for entering into new export markets for Engineering & Technologies Division. Mr. Suraj Bhandari looks after the emerging businesses of transformers, transmission line towers and sales & marketing of the Company.

With regard to payment of remuneration to Mr. Suraj Bhandari as a Whole-time Director as proposed in the resolution, as per the provisions of Section 197(1) of the Companies Act, 2013, where the company has defaulted in payment of dues to any bank or public financial institution or any other secured creditor, the prior approval of the bank or public financial institution concerned or other secured creditor, as the case may, shall be obtained by the company before obtaining the approval in the general meeting. As the Company has defaulted in payment of dues to banks, the remuneration to Mr. Suraj Bhandari as a Whole-time Director as proposed in the resolution will be paid after receipt of approval of the concerned banks or on cessation of default on amicable settlement with the concerned banks, without further approval from the shareholders.

The terms of appointment and remuneration proposed to be paid to Mr. Suraj Bhandari is specified in the resolution.

Information as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 regarding appointment of Mr. Suraj Bhandari is attached hereto.

As per the provisions of Section 196 and 197 read with Schedule V of the Companies Act, 2013, the appointment and remuneration of Whole-time Director shall be subject to approval by a resolution of the shareholders in general meeting. The Board recommends the ordinary resolution for appointment of Mr. Suraj Bhandari as a Whole-time Director for approval of the Shareholders.

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

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

**ITEM NO. 6:**

The Shareholders of the Company at the 30th Annual General Meeting held on 30th September, 2016 approved the re-appointment of Mr. Shailesh Bhandari as a Managing Director of the Company for a period of three years commencing from 1st February, 2017 and concluding on 31st January, 2020.

Further, pursuant to the provisions of Sections 196, 197, 200 & 203 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any modification or re-enactment thereof for time being in force) and Article 122 of the Articles of Association of the Company, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, at their meeting held on 28th January, 2020, unanimously approved the re-appointment of Mr. Shailesh Bhandari (DIN: 00058866) as a Managing Director for a further period of three years with effect from 1st February, 2020 and concluding on 31st January, 2023, subject to approval of the shareholders in ensuing Annual General Meeting. Further the re-appointment of Mr. Shailesh Bhandari as a Managing Director is subject to outcome of the Interlocutory Application (IA) filed in Company Petition under Section 241 & 242 of the Companies Act, 2013.

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

The Company has also received declaration from Mr. Shailesh Bhandari confirming that he is not disqualified from being appointed as a Director in terms of Section 164 of the Act, he has not been debarred or disqualified from being appointed or continuing as Director of any Companies by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs, or any such statutory authority.

Further, Mr. Shailesh Bhandari satisfies the conditions set out in Part-I of Schedule V to the Act and also conditions set out under Section 196(3) of the Act for being eligible for his re-appointment as a Managing Director.

**The brief profile of Mr. Shailesh Bhandari is as under:**

Mr. Shailesh Bhandari aged about 62 years, is B. Sc. (Economics). He is associated with the Company since its inception as its Director and he has contributed immensely to the growth of the business of the Company. His areas of responsibility are marketing and international business. He has developed a strong bond with national and international customers and gives highest priority to customer's satisfaction. He has immensely contributed in designing and developing metallurgical equipment as import substitute. He closely supervises the marketing, banking & financial activities and government relationships of the Company. He was instrumental in revival of operations of the Company after the Company has incurred heavy losses since 2012. During these difficult times, he has initiated various cost effective measures by building relationship with suppliers for longer credit period, effective working capital utilization, advance from customers, control of manpower cost by effective utilization etc. Thereafter, there is turnaround of operations of the Company and the financial results have been improved substantially.

Due to his business acumen and foresight, the Company was able to arrive at settlement at appropriate time with various lenders at sustainable level. The Company has entered into settlement terms with 17 out of 19 lenders / ARC / financial institution including full repayment of settlement amounts to 6 banks / financial institutions. He has maintained cordial relationship with all the lenders, asset reconstruction companies, financial institutions and all the stakeholders for long term sustainability.

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Mr. Shailesh Bhandari has led the marketing initiatives at Electrotherm over the last more than 33 years. He has been primarily responsible for building and sustaining a very strong and large customer base for various products of the Company. Due to his persistent approach towards brand identity, the Company was successful to penetrate the products of the Company at national and international level including recognition with various government organizations.

With regard to payment of remuneration to Mr. Shailesh Bhandari as a Managing Director as proposed in the resolution, as per the provisions of Section 197(1) of the Companies Act, 2013, where the company has defaulted in payment of dues to any bank or public financial institution or any other secured creditor, the prior approval of the bank or public financial institution concerned or other secured creditor, as the case may, shall be obtained by the company before obtaining the approval in the general meeting. As the Company has defaulted in payment of dues to banks, the remuneration to Mr. Shailesh Bhandari as a Managing Director as proposed in the resolution will be paid after receipt of approval of the concerned banks or on cessation of default on amicable settlement with the concerned banks, without further approval from the shareholders.

The terms of re-appointment and remuneration proposed to be paid to Mr. Shailesh Bhandari is specified in the resolution.

Information as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 regarding re-appointment of Mr. Shailesh Bhandari is attached hereto.

As per the provisions of Section 196 and 197 read with Schedule V of the Companies Act, 2013, the appointment and remuneration of Managing Director shall be subject to approval by a resolution of the shareholders in general meeting. The Board recommends the ordinary resolution for re-appointment of Mr. Shailesh Bhandari as a Managing Director for approval of the Shareholders.

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

Mr. Shailesh Bhandari is father of Mr. Suraj Bhandari, Whole-time Director and brother of Mr. Mukesh Bhandari, Director of the Company. Mr. Shailesh Bhandari, Mr. Suraj Bhandari, Mr. Mukesh Bhandari and their relatives may be deemed to be interested or concerned, financially or otherwise in the proposed resolution. None of the other Directors, Key Managerial Personnel of the Company or their relatives are, in any way, interested or concerned, financially or otherwise in the proposed resolution.”

By Order of the Board
**For Electrotherm (India) Limited**
**Fageshkumar R. Soni**
Company Secretary

Date : 30th June, 2020
Place : Palodia

**Registered Office:**
A-1, Skylark Apartment, Satellite Road,
Satellite, Ahmedabad - 380 0153.

## NOTICE

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

| Name of Director | Mr. Shailesh Bhandari | Mr. Suraj Bhandari |
|---|---|---|
| Director Identification Number (DIN) | 00058866 | 07296523 |
| Date of Birth (Age) | 01/07/1958 (62 years) | 30/10/1995 (24 years) |
| Date of First Appointment on the Board | 26/08/1989 | 13/11/2019 |
| Qualification | B. Sc. (Economics) | B. Tech (Electrical and Electronics Engineering) |
| Experience / Expertise in functional areas | He has having more than 33 years of experience and has immensely contributed in designing and developing metallurgical equipment as import substitute. He closely supervises the marketing, banking & financial activities and government relationships of the Company.<br>The brief profile of Mr. Shailesh Bhandari is given in explanatory Statement of Item no. 6 of the Notice convening this Meeting. | He was associated as Management Executive in Electrotherm (India) Limited since about more than 2 years and he was assisting as executive in various fields related to sales, marketing, production & planning in Engineering & Technologies Division. Mr. Suraj Bhandari looks after the emerging businesses of transformers, transmission line towers and sales & marketing of the Company.<br>The brief profile of Mr. Suraj Bhandari is given in explanatory Statement of Item no. 4 & 5 to the Notice convening this Meeting. |
| Terms and conditions of appointment / re-appointment | He retires by rotation at 34th AGM and being eligible offers himself for re-appointment.<br>Further he has been re-appointed as a Managing Director for a period of three years commencing from 1st February, 2020, subject to approval of the members, as per the resolution at Item no. 6 of the Notice convening this Meeting read with explanatory statement thereto. | He has been appointed as a Whole-time Director for the period of three years commencing from 13th November, 2019, subject to approval of the members, as per the resolution at Item no. 4 & 5 of the Notice convening this Meeting read with explanatory statement thereto. |
| Remuneration sought to be paid and the remuneration last drawn | The details of remuneration sought to be paid is given in item no. 6 of the Notice.<br>Remuneration last drawn is Rs. 15 Lacs (upto 31st January, 2020) | The details of remuneration sought to be paid is given in item no. 5 of the Notice.<br>Remuneration last drawn is NIL. |
| No. of Shares held in the Company | 8,48,275 | 81,100 |
| Relationship with other Directors, Manager and other KMP | He is father of Mr. Suraj Bhandari and brother of Mr. Mukesh Bhandari | He is son of Mr. Shailesh Bhandari |
| Number of Meetings of the Board held & attended during the year | 5/5 | 2/2 |
| Directorships held in other public companies (excluding foreign companies and Section 8 companies) | 1. Electrotherm Engineering & Projects Limited<br>2. Hans Ispat Limited<br>3. Electrotherm Services Limited<br>4. Shree Ram Electro Cast Limited<br>5. Western India Speciality Hospital Limited<br>6. Gujarat Mint Alloys Limited | Nil |
| Memberships / Chairmanships of committees of other public companies (excluding foreign companies and Section 8 companies) | None | None |

## BOARDS' REPORT

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

Your Directors have pleasure in presenting the 34th Annual Report on the business and operations of the Company and Audited Financial Statements for the year ended on 31st March, 2020.

### FINANCIAL SUMMARY OR HIGHLIGHTS:

The standalone financial performance of the Company for the year ended on 31st March, 2020 is summarized below:

**(₹ In Crores)**

| Particulars | 2019-2020 | 2018-2019 |
|---|---|---|
| Total Income | 2850.12 | 3481.27 |
| Total Expenses | 2840.68 | 3340.48 |
| **Profit / (Loss) before Exceptional Items and Tax** | **9.44** | **140.79** |
| Less : Exceptional Items | 35.54 | - |
| **Profit / (Loss) before Tax** | **44.98** | **140.79** |
| Less: Tax Expenses | - | - |
| **Profit / (Loss) for the Year** | **44.98** | **140.79** |
| Other Comprehensive Income | (2.70) | (1.35) |
| **Total Comprehensive Income** | **42.28** | **139.44** |
| Earning Per Equity Shares | 35.31 | 110.50 |

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

### 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 31st March, 2020, the total income of the Company was Rs. 2850.12 Crores compared to Rs. 3481.27 Crores of previous financial year. The net profit for the current financial year was Rs. 44.98 Crores as compared to profit Rs. 140.79 Crores of previous financial year. A detailed analysis of performance for the year is included in the Management Discussion and Analysis, which forms part of this Annual Report.

### CHANGE IN NATURE OF BUSINESS:

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

### TRANSFER TO RESERVES:

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

### DIVIDEND:

In view of accumulated losses during the previous financial years and fund requirements, the Board of Directors of the Company do not recommend any dividend on Equity Shares and on Preference Shares for the year ended on 31st March, 2020.

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

There are no material changes and commitments, except the impact of Covid-19 pandemic, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated financial statements of the Company for the financial year 2019-2020 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 / joint venture companies as on 31st March, 2020:

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.

## BOARDS' REPORT

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

During the financial year 2019-2020, none of the companies have become or ceased to be subsidiaries, joint ventures or associate companies.

**NUMBER OF BOARD MEETINGS:**

During the financial year 2019-2020, Five (5) Board Meetings were held and the intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. Details of the composition of the Board and its Committees and of the meetings held, attendance of the Directors at such meetings and other relevant details are provided in the Corporate Governance Report.

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

❖ **Retirement by Rotation**

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

❖ **Appointment/Re-appointment of Directors:**

During the financial year 2019-2020, pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Rules farmed thereunder, on the recommendation of Nomination and Remuneration Committee (NRC), the Board of Directors had appointed Mr. Suraj Bhandari (DIN: 07296523) as Additional Director and Whole-time Director for the period of three years subject to approval of the Member in General Meeting with effect from 13th November, 2019 and concluding on 12th November, 2022 and he will hold office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Suraj Bhandari (DIN: 07296523) for appointment as a Director of the Company. Your Directors recommends his appointment as a Director of the Company.

-Mr. Shailesh Bhandari was previously re-appointed as a Managing Director for the period from 1st February, 2017 to 31st January, 2020. Pursuant to the provisions of the Companies Act, 2013 and the Rules farmed thereunder, on the recommendation of Nomination and Remuneration Committee, the Board of Directors has re-appointed Mr. Shailesh Bhandari (DIN: 00058866) as a Managing Director for a period of three years with effect from 1st February, 2020 and concluding on 31st January, 2023, subject to approval of Members in General Meeting and subject to outcome of the Interlocutory Application (IA) filed in Company Petition under Section 241 & 242 of the Companies Act, 2013,.

❖ **Cessation of Directors:**

Mr. Siddharth Bhandari (DIN: 01404674), Whole-time Director retired by rotation at the 33rd Annual General Meeting was not re-appointed and as such, he ceased to be a Director as well as Whole-time Director of the Company with effect from 30th September, 2019.

Mr. Arun Kumar Jain (DIN: 07564704), Non-Executive Independent Director has resigned with effect from 17th August, 2019. The Board places on record its appreciations for the services rendered by him as an Independent Director and as a Chairman / Member of various Committees during his tenure.

❖ **Key Managerial Personnel:**

During the financial year 2019-2020, the term of Mr. Mukesh Bhandari (DIN: 00014511) as a Chairman and Mr. Shailesh Bhandari (DIN: 00058866) as a Managing Director was concluded on 31st January, 2020. The Board of Directors of the Company, in their meeting held on 28th January, 2020 on recommendation of Nomination and Remuneration Committee re-appointed Mr. Shailesh Bhandari (DIN: 00058866) as a Managing Director for a period three years and the Board had not approved the re-appointment of Mr. Mukesh Bhandari (DIN: 00014511) as a Chairman of the Company. As such, Mr. Mukesh Bhandari ceased to be a Chairman (Executive Chairman) of the Company with effect from 1st February, 2020 and continued as a Non-Executive Director.

During the financial year 2019-2020, Mr. Pawan Gaur resigned as a Chief Financial Officer (CFO) of the Company with effect from 28th January, 2020.

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 Committees 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 of the Nomination and Remuneration Policy, covering the policy on appointment and remuneration of Directors and other matters have been outlined in the Corporate Governance Report which forms part of this Annual Report. The said policy is available on the website of the Company at www.electrotherm.com.

**PARTICULARS OF INVESTMENT, LOAN AND GUARANTEE:**

Particulars of investment made, loan and guarantee given as covered under the Section 186 of the Companies Act, 2013, has been provided in Note No. 5, 6 and 31 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. With a view to enlarge the scope of CSR activities, the Company has revised the CSR Policy and same is available on the website of the company at www.electrotherm.com. The composition and terms of reference of the Committee are detailed in the enclosed Corporate Governance Report.

Details related to expenditure on CSR activities during the financial year 2019-2020 are forming part of this Annual Report in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as **"Annexure –B"** to this report.

**RELATED PARTY TRANSACTIONS:**

The Company has pursuant to the approval of the shareholders through special resolution under Section 188 of the Companies Act, 2013, entered into related party transactions on arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the Policy of the Company on materiality of related party transactions.

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

There are no materially significant related party transactions that may have potential conflict with interest of the Company at large. The details of transaction with related parties for the financial year ended on 31st March, 2020 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 2019-2020, 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 31st March, 2020.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

a) in the preparation of the annual accounts for the financial year ended on 31st March, 2020, 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 31st Annual General Meeting held on 5th September, 2017 for a term of five (5) years beginning from the conclusion of the 31st Annual General Meeting till the conclusion of the 36th Annual General Meeting, subject to ratification of the appointment by the Members at every subsequent Annual General Meeting. However, as per the notification of the Ministry of Corporate Affairs ("MCA") dated 7th May, 2018, Section 139 of the Companies Act, 2013 was amended by the Companies (Amendment) Act, 2017 and as per the amendment of Companies (Audit and Auditors) Second Amendment Rules, 2018, the requirement of annual 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 34th Annual General Meeting.

## BOARDS' REPORT

❖ **Auditors' Report:**

In the Independent Auditors' Report for the year ended on 31st March, 2020, there are certain matters of emphasis related to assignment of debts, non-payment of instalments, Petition under the provisions of Insolvency and Bankruptcy Code, 2016, 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 Rs. 160.67 Crores (Net of Reversal) for the year under consideration and total amount of Rs. 1037.01 Crores, the Board of Directors submits that the loan accounts of the Company have been classified as Non-Performing Assets (NPA) by the Bankers and some of the Bankers has not charged interest on the said accounts and therefore provision for interest has not been made in the books of accounts. The quantification has been done only for the loans which have not been settled.

❖ **Cost Auditor:**

Pursuant to the consent and certificate received from M/s V. H. Savaliya & Associates, Cost Accountants, Ahmedabad and as per Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Board of Directors of the Company has on the recommendation of the Audit Committee appointed him as Cost Auditor, to conduct the cost audit of the Company for the financial year ending on 31st March, 2021, 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 applicable to 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 Secretary in Practice to conduct the Secretarial Audit of the Company. The Secretarial Audit Report in Form No. MR-3 is annexed herewith as "**Annexure – C**" to this report.

With regard to qualifications of the Secretarial Auditor, the Board of Directors submits as under:

(a) With regard to delay in submission of unaudited financial results for the quarter ended on 30th June, 2019 within the time limits as prescribed under Regulation 33(3)(a) & (b) of the SEBI (LODR) Regulations, 2015, there was delay in submission of results because of non-calling of the Board Meeting within such time limit.

(b) With regard to delay in circulation of draft minutes of the Board Meetings/Committee Meeting 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), Ms. Nivedita R. Sarda, Independent Director (Member) and Mr. Siddharth Bhandari, Whole-time Director (Member). At the 33rd Annual General Meeting (AGM) of the Shareholders of the Company held on Monday, 30th September, 2019, the resolution for re-appointment of Mr. Siddharth 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.

As on 31st March, 2020, the Audit Committee consists of (i) Mr. Pratap Mohan, Independent Director (Chairman of Audit Committee), (ii) Mr. Dinesh Mukati, Independent Director (Member) and (iii) Ms. Nivedita Sarda, Independent Director (Member).

**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 various legal cases including for recovery of dues and attachment of certain properties which may threaten the existence of the Company.

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

Presently, there are certain significant and material orders passed by the regulator / court / tribunal which may impact the Company and its operations in future as mentioned in Note No. 33 & 37 of the standalone financial statements which is part of this Annual Report.

## BOARDS' REPORT

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

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Pursuant to Regulation 34(2)(e) read with Part B of Schedule V of the Listing Regulations, Management Discussion and Analysis Report is annexed after the Directors' Report and form a part of this Annual 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 Annual Report and same is also available on the website of the Company at www.electrotherm.com.

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

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

**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 (ICSI).

**PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

The Company is committed to provide a work environment that ensures every employee is treated with dignity, respect and afforded equal treatment. 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.

**OTHER DISCLOSURES:**

a) During the financial year 2019-2020, 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.

b) There was no reduction of share capital or buy back of shares or change in capital traction resulting from restructuring.

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

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

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

f) During the financial year 2019-2020, the Company has not made allotment of any securities and as such, the requirement for obtaining credit rating was not applicable to the company.

g) 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.

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

i) There are certain pending petitions before the Hon'ble National Company Law Tribunal (NCLT), Ahmedabad, inspection / investigation by Ministry of Corporate Affairs and adjudication proceedings before SEBI as mentioned in Note No. 37 of the standalone financial statements which is part of this Annual Report.

**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**

**Dinesh Mukati**
Chairman
(DIN: 07909551)

Place : Ahmedabad
Date : 30th June, 2020

**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 | 31/12/2019 | RMB | 2.06 | (2.73) | 1.00 | 1.68 | 0.62 | - | (0.06) | - | (0.06) | - | 100.00 |
| 2 | Jinhua Jahari Enterprises Limited # | 26/06/2007 | 31/12/2019 | RMB | 0.54 | 2.17 | 4.40 | 1.69 | - | 16.98 | 0.43 | - | 0.41 | - | - |
| 3 | ET Elec-Trans Limited | 27/11/2008 | 31/03/2020 | INR | 0.90 | (1.48) | 0.00 | 0.58 | - | - | (0.00) | - | (0.00) | - | 80.49 |
| 4 | Hans Ispat Limited | 01/06/2010 | 31/03/2020 | INR | 36.42 | (130.66) | 61.92 | 156.16 | - | 395.66 | (8.82) | - | (8.88) | - | 100.00 |
| 5 | Electrotherm Services Limited (erstwhile known as Shree Hans Papers Limited) | 01/06/2010 | 31/03/2020 | INR | 0.35 | (4.23) | 0.30 | 4.19 | - | - | (0.00) | - | (0.00) | - | 100.00 |
| 6 | Shree Ram Electro Cast Limited | 20/05/2010 | 31/03/2020 | INR | 8.19 | (36.39) | 1.40 | 29.59 | 0.01 | - | (12.43) | - | (12.43) | 8.19 | 100.00* |

Exchange Rate as on 31/03/2020 1 RMB = Rs. 10.65/-

1. Electrotherm Services Limited (erstwhile known as Shree Hans Papers Limited) are yet to commence operations. ET Elec-Trans Limited and Shree Ram Electro Cast Limited has not carried out any business activities during the financial year.

2. No Company which have been liquidated or sold during the year.

# 100% holding by Jinhua Indus Enterprises Limited

* 5% shares of Shree Ram Electro Cast Limited are held by 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 | 31/03/2020 |
| 2. Date on which the Joint Venture was associated or acquired | 21/11/2008 |
| 3. Shares of Joint Ventures held by the Company on the year ended | |
| - No. of Shares | 90,45,127 Equity Shares of Rs. 10 each |
| - Amount of Investment in Joint Venture | Rs. 9.04 |
| - Extend of Holding% | 52.63% |
| 4. Description of how there is significant influence | The Company is holding more than 20% of the total share capital |
| 5. Reason why the Joint Venture is not consolidated | Not Applicable |
| 6. Networth attributable to Shareholding as per latest audited balance sheet | Rs. 6.95 |
| 7. Profit / (Loss) for the year | 0.028 |
| (i) Considered in Consolidation | 0.015 |
| (ii) Not Considered in Consolidation | 0.013 |

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

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

**Dinesh Mukati**
Chairman
(DIN: 07909551)

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

**Fageshkumar R. Soni**
Company Secretary

Place : Palodia
Date : 30th June, 2020

## 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 amended from time to time.

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

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

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

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

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

Average net Profit: Rs. 31.25 Crore

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

Prescribed CSR Expenditure was Rs. 0.627 Crore

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

(a) Total amount to be spent for the financial year : Rs. 0.627 Crore

(b) Amount unspent, if any : Not Applicable

(c) Manner in which the amount spent during the financial year is detailed below:

(₹ in Crores)

| 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 |
|---|---|---|---|---|---|---|---|
| 1. | Tree Plantation | Environmental sustainability & Environment protection | Bhachau, Kutch & Palodia, Gandhinagar | 0.122 | 0.086 | 0.086 | Direct |
| | Pond Deeping Program | | Rapar | | 0.036 | 0.036 | Direct |
| 2 | Animal Welfare - Distribution of Green/Dry Grass | Promoting and preventive health care And Animal Welfare | Samakhiyali, Chhadwara and Ambaliyara | 0.184 | 0.167 | 0.167 | Direct |
| | Donation for support of disabled, poor and needy people | | Samakhiyali, Kutch | | 0.008 | 0.008 | Through Agency |
| | Health Checkup camps and providing medicines | | Bhachau | | 0.008 | 0.008 | Through Agency |

## ANNEXURE TO THE BOARDS' REPORT

| 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 |
|---|---|---|---|---|---|---|---|
| 3 | Student of scheduled tribal cast | Educational Purpose | Salatvada, Vadodara | 0.206 | 0.100 | 0.100 | Through Agency |
| | Construction of Girls Hostel | | Palansa, Rapar & Adipur | | 0.083 | 0.083 | Through Agency |
| | Pre-School activities and distributing study material | | Village: Vandh | | 0.017 | 0.017 | Direct |
| | Promoting Sanskrit Education | | Samakhiyali | | 0.005 | 0.005 | Through Agency |
| 4 | Eradicating hunger/ Disaster relief | Eradicating hunger/ Disaster relief | Ahmedabad & Samakhiyali | 0.010 | 0.010 | 0.010 | Direct |
| 5 | Socio-economical development | Socio-economical development | Bhuj, Kutch | 0.003 | 0.003 | 0.003 | Through Agency |
| 6 | Rural Development | Rural Development | Samakhiyali, Adipur, Bhuj - Kutch and Anjar | 0.048 | 0.048 | 0.048 | Direct & Through Agency |
| 7 | Promotion of culture | Promotion of culture | Ahmedabad | 0.053 | 0.053 | 0.053 | Direct |

**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 the Company.

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

**Dinesh Mukati**
Chairman
(DIN: 07909551)

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

Place : Ahmedabad
Date : 30th June, 2020

## ANNEXURE TO THE BOARDS' REPORT

**ANNEXURE – C**

**FORM NO. MR-3**

# SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2020**

[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, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2020** ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Electrotherm (India) Limited** for the financial year ended on **31st March, 2020** 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 Transboundry Movement) Rules, 2008
5. Motor Vehicles Act, 1988 to the extent of product certification before production and from time to time primarily in respect of vehicles manufactured by the Company.

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

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India; and

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [the "SEBI (LODR) Regulations, 2015"].

## ANNEXURE TO THE BOARDS' REPORT

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

(a) *The Company has not submitted unaudited financial results for the quarter ended on 30th June, 2019, within the time limits as prescribed under Regulation 33(3)(a)&(b) of the SEBI (LODR) Regulations, 2015.*

(b) *The draft minutes of the Board Meetings/Committee Meeting 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**

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) In the pending Company Petitions filed by Mr. Siddharth Bhandari, one of the Promoter and erstwhile Whole-time Director and Dr. Rakesh Bhandari, one of the Promoter of the Company before the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") under Section 149, 150, 152, 159 and 176 of the Companies Act, 2013, the Petitioners have filed Interlocutory Application and the Hon'ble NCLT has passed order dated 29th August, 2019 that some of the agenda items of the Board Meeting dated 31.08.2019 shall be subject to final outcome of the petition. Now the petition is pending before the Hon'ble NCLT for hearing.

(b) In the pending Company Petition filed by Mr. Mukesh Bhandari – erstwhile Chairman & Promoter, Mr. Siddharth Bhandari – erstwhile Whole-time Director & Promoter and Dr. Rakesh Bhandari, Promoter of the Company before the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") under Section 241-242 of the Companies Act, 2013, the Petitioners have filed interim application seeking waiver of the mandatory requirement of Section 244(1)(a) of the Companies Act, 2013 and hearing on the said application was completed and the order is reserved by the Hon'ble NCLT. Some of the Respondents have filed Interlocutory Applications for their discharge and the same are pending for hearing. The financial implication of this petition is not ascertainable at this point of time.

(c) Mr. Siddharth Bhandari – erstwhile Whole-time Director & Promoter, Dr. Rakesh Bhandari, Promoter and Mr. Mukesh Bhandari – erstwhile Chairman & Promoter of the Company has filed a petition before the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") under Section 222 of the Companies Act, 2013 against the Company and three shareholders for suspension of their voting rights and non-participation in voting at the 33rd Annual General Meeting of the Company and for maintaining the existing status of Petitioner No. 1 Mr. Siddharth Bhandari. The Hon'ble NCLT vide order dated 27.09.2019 allowed the Company to go ahead with the 33rd Annual General Meeting and e-voting process, however, the agenda Item No. 2 of the said AGM shall be subject to final outcome of the petition.

(d) 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. Thereafter, the Regional Director has issued letter for violations / irregularities of the Companies Act, 1956 / 2013 and the Company has replied to the same. Based on the same, the Registrar of Companies, Gujarat has issued letter for violations of the provisions of the Companies Act, 2013 and initiated prosecution against some of the directors / officers of the Company. Some of the directors / officer has challenged the said prosecution before the Hon'ble Gujarat High Court under Section 463 of the Companies Act, 2013 and the said petition is pending for hearing before the Hon'ble Gujarat High Court.

Further the office of Regional Director vide letter / order dated 24th December, 2019 informed the Company about investigation into the affairs of the Company under Section 210(1)(c) of the Companies Act, 2013.

(e) The Securities and Exchange Board of India (SEBI) had issued show cause notice to the Company and some of the directors / officers of the Company for alleged violations of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and for hearing before the adjudication officer. The matter is pending before the Adjudication Officer of the SEBI.

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

**Bharat Prajapati**
Proprietor
F.C.S. NO. : 9416
C. P. NO. : 10788
UDIN : F009416B000399102

Date : 30th June, 2020
Place: Ahmedabad

**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

My 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
UDIN : F009416B000399102

Date : 30th June, 2020
Place: Ahmedabad

**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

- Reduction in specific coal consumption by 40kg per ton of DRI produced in FY 2019-20 compared to last fiscal year.
- Replacement of 2 No's of 22KW HPTM low pressure motor pumps to single 30KW Pump.
- Installation of 30 KW VFD for energy saving.
- In DRI Kiln-1: Reduction in energy consumption by replacing 3 No's of ABC Fans with one FD fan (30000 m3/hr.) along with VVFD (Motor 55KW).
- HPMV light are replaced with 10 No's of LED light
- Increment of CPP boiler capacity by replacing bed coils from plain to studded design.
- Decline in power consumption by eliminating high pressure air loss through auto drain.

### (ii) Awards received on Energy Conservation

- "All India Induction Furnace Association (**AIIFA**) 2019" awarded steel division with **Ispat Agradoot** award for best performance in steel sector.
- Frost & Sullivan's "India manufacturing excellence awards 2019 **(IMEA)"** lauds Steel division with silver certification of merit for showing best manufacturing excellence activities in steel sector.

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

- Steel division purchased 4.2 MWH wind energy to utilize 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 | Replacement of 2 No's of 22KW HPTM motor pumps to single 30KW pump | DIP – Electrical | 0.80 | 2310 Rs./day | 308 kwh/day | kWh | Electricity |
| 2 | Replacement of 30 Kw Starter with 30 Kw VFD | DIP – Electrical | 0.84 | 1440 Rs/day | 192 kWh/ day | kWh | Electricity |
| 3 | In DRI Kiln-1: Reduction in energy consumption by replacing 3 No's of ABC Fans with one FD fan (30000 m3/hr.) & VVFD (Motor 55KW). | SIP Mechanical & Electrical | 0.78 | 4,75,200 Per Year | 79200 kwh Per year | kWh | Electricity |
| 4 | Replacement of HPMV light with 10 Nos of LED light | CPP-Electrical | 0.2445 | 64800 | 10800 | kwh | Electricity |
| 5 | Increment of CPP boiler capacity by replacing bed coils from plain to studded design. | CPP-Process | 18.00 | 15344640 | 2557440 | kwh | Electricity |
| 6 | Installation of coal crusher | CPP-Mechanical | 7.00 | 524505 | 10767.5 | kwh | Electricity |
| | Implementation of auto coal feeding system | CPP-Electrical | 0.225 | | | | |
| 7 | Decline in power consumption by eliminating high pressure air loss through auto drain. | CPP-Process | 0.155 | 86400 | 14400 | kwh | Electricity |

## ANNEXURE TO THE BOARDS' REPORT

| Sr. No. | Description of Energy Efficiency improvement measures | Category | Investment (Lakh Rupees) | Verified Savings (Rupees) | Verified energy Savings | Unit | Fuel |
|---|---|---|---|---|---|---|---|
| 8 | Installation of belt conveyor system for bed material feeding | CPP-Mechanical | 0.2 | 124000 | 24840 | kwh | Electricity |
| 9 | Installation of APFC panel in SMS-1. | SMS Electrical | 14.00 | 324000 Rs/ month | 54000 | kwh | Electricity |
| 10 | Rerouting of pipeline for direct dropage of soft water into tank | SMS Mechanical | 0.15 | 95040 Rs/ month | 15840 | kwh | Electricity |
| 11 | Renovation of PCI unit in Blast Furnace | BF | 80.00 | 2.0 Cr | | | |

**B. TECHNOLOGY ABSORPTION:**

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

- Installation of scrap shearing machine
- Installation of new DiFOC induction furnace of 10 MW for reduction of energy consumption
- Installation of online CO monitor at annealing furnace roof.
- Installation of coal dust injection unit in BF-2. Coal injection is done in the range of 30-40 kg/THM. This reduces coke consumption by 25-30 kg/THM.

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

- Development of barrel pipe in ductile iron pipe division increased productivity by 50 MT/month.
- Use of good quality coal in SIP enables increase kiln productivity. Use of good quality coal creates extra volume per pellet feed. This extra volume is accommodated with the use of additional charge material, thereby increasing kiln productivity. This development helped reduction in specific coal consumption by 40 kg/t of DRI produced.

**2) Imported Technology:** None

**3) Expenditure incurred on Research and Development:** NIL

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

1. Foreign exchange Earning : Rs. 271.42 Crores
2. Foreign Exchange Out Go : Rs. 179.84 Crores

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

**Dinesh Mukati**
Chairman
(DIN: 07909551)

Place : Ahmedabad
Date : 30th June, 2020

ANNEXURE – E

## PARTICULARS OF EMPLOYEES

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

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

| Sr. No. | Name of Director/KMP | Designation | Ratio of Remuneration of each Director to Median Remuneration to employees | Percentage increase in Remuneration during FY 2019-2020 |
|---|---|---|---|---|
| 1 | Mr. Mukesh Bhandari | Chairman | 4.55 | As per Note (i) |
| 2 | Mr. Shailesh Bhandari | Managing Director | 4.55 | |
| 3 | Mr. Siddharth Bhandari* | Whole-time Director | Nil | Not Applicable |
| 4 | Mr. Suraj Bhandari^ | Whole-time Director | Nil | |
| 5 | Mr. Dinesh Mukati() | Independent Director | 0.95 | Not Applicable |
| 6 | Mr. Pratap Mohan() | Independent Director | 0.95 | |
| 7 | Ms. Nivedita Sarda() | Independent Director | 0.57 | |
| 8 | Mr. Arun Kumar Jain# | Independent Director | 0.19 | |
| 9 | Mr. Avinash Bhandari$ | Chief Executive Officer – Steel Division | Not Applicable | Not Applicable |
| 10 | Mr. Pawan Gaur% | Chief Financial Officer (CFO) | Not Applicable | 7.00 |
| 11 | Mr. Fagesh R. Soni | Company Secretary | Not Applicable | 9.00 |

*() Reflects sitting fees.*

* *Mr. Siddharth Bhandari, Whole-time Director of the Company ceased to be Director with effect from 30th September, 2019.*

^ *Mr. Suraj Bhandari appointed as a Whole-time Director for a period of three years with effect from 13th November, 2019 upto 12th November, 2022 at a monthly remuneration of Rs. 1,50,000/- per month, subject to approval of lenders for payment of remuneration.*

# *Mr. Arun Kumar Jain, Independent Director resigned with effect from 17th August, 2019 and as such he ceased to be a Director of the Company.*

$ *Mr. Avinash Bhandari was appointed as a Chief Executive Officer (CEO) – Steel Division with effect from 12th February, 2020*

% *Mr. Pawan Gaur, Chief Financial Officer (CFO) of the Company resigned with effect from 28th January, 2020 and as such he ceased to be a CFO of the Company.*

**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 Rs. 1,50,000/- per month to Mr. Mukesh Bhandari and Mr. Shailesh Bhandari for the period from 1st February, 2017 to 31st January, 2020. During the financial year 2019-2020, there was no increase in remuneration. Further, Mr. Mukesh Bhandari ceased to be Chairman with effect from 1st February, 2020 and Mr. Shailesh Bhandari was re-appointed as a Managing Director for a further period of three years with effect from 1st February, 2020 and the payment of remuneration to Mr. Shailesh Bhandari with effect from 1st February, 2020 is subject to approval of lenders.

2. The percentage increase in the median remuneration of employees in the financial year was 8.42%.
3. There were 2378 permanent employees on the rolls of the company as on 31st March, 2020.
4. The average annual increase in the salaries of the employees, other than managerial personnel was 10.72% whereas there was no increase/decrease in remuneration to the managerial personnel *i.e.* Chairman, Managing Director.
5. The company affirms that the remuneration is as per the remuneration policy of the Company.
6. During the financial year, there was no employee employed throughout the financial year or part of the financial year who was in receipt of remuneration in the aggregate of not less than Rs. 8.50 Lacs per month or Rs. 1.02 Crore per financial year. The statement containing the names of the top ten employees in terms of remuneration drawn as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of this report. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

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

**Dinesh Mukati**
Chairman
(DIN: 07909551)

Place : Ahmedabad
Date : 30th June, 2020

## ANNEXURE TO THE BOARDS' REPORT

**ANNEXURE – F**

**FORM NO. MGT-9**

# EXTRACT OF ANNUAL RETURN

**as on the financial year ended on 31st March, 2020**
**[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<br>Indian Non-Government Company |
| (v) | Address of the Registered of the Company and contact details | A-1, Skylark Apartment, Satellite Road,<br>Satellite, Ahmedabad – 380015<br>Contact details:<br>Tel: 02717-234553-7 / 660550<br>Fax: 02717-660600<br>Email: sec@electrotherm.com |
| (vi) | Whether listed company | Yes |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Pvt. Ltd.<br>5th Floor, 506 to 508, Amarnath Business Centre-I, Beside Gala Business Centre, Nr. St. Xavier's College Corner, Off. C G Road, Navrangpura, Ahmedabad - 380 009.<br>Contact No. (079) 26465179<br>Fax No.(079) 26465179<br>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 | 27.16% |
| 2 | Steel | 24100 | 72.83% |

## 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<br>Address :<br>Room 201, Building 8,<br>Nanbin Garden, Binhong Road,<br>Jinhua, Zhejiang Province,<br>Postal Code : 321017 China | NA | Subsidiary Company | 100.00% | Section 2(87) |
| 2 | Jinhua Jahari Enterprises Limited<br>Address :<br>Room B1116 Shenhua Building,<br>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<br>Address:<br>Crystal Tower, 1st Floor, G. E. Road<br>Opp. Minocha Petrol Pump,<br>Telibandha<br>Raipur,<br>Chhattisgarh – 492006 | U10100CT2008PLC020943 | Subsidiary Company / Joint Venture Company | 52.63% | Section 2(87) |
| 4 | ET Elec-Trans Limited<br>Address :<br>A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015 | U34102GJ2008PLC055557 | Subsidiary Company | 80.49% | Section 2(87) |
| 5 | Hans Ispat Limited<br>Address:<br>A-1, Skylark Apartment, Satellite Road, Satellite, Ahmedabad – 380015 | U51109GJ1991PLC057955 | Subsidiary Company | 100.00% | Section 2(87) |
| 6 | Shree Ram Electro Cast Limited<br>Address:<br>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)<br>Address :<br>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 | |
| **A.** | **Promoters** | | | | | | | | | | |
| | **(1)** | **Indian** | | | | | | | | | |
| | | (a) Individual / HUF | 2502825 | - | 2502825 | 19.64 | 2502825 | - | 2502825 | 19.64 | - |
| | | (b) Central Govt. | - | - | - | - | - | - | - | - | - |
| | | (c) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| | | (d) Bodies Corp. | 975000 | - | 975000 | 7.65 | 975000 | - | 975000 | 7.65 | - |
| | | (e) Banks / FI | - | - | - | - | - | - | - | - | - |
| | | (f) Any other | - | - | - | - | - | - | - | - | - |
| | | **Sub-Total (A)(1)** | 3477825 | - | 3477825 | 27.29 | 3477825 | - | 3477825 | 27.29 | - |
| | **(2)** | **Foreign** | | - | | | | | | | |
| | | (a) NRIs – Individuals | 512500 | - | 512500 | 4.02 | 512500 | - | 512500 | 4.02 | - |
| | | (b) Other – Individuals | - | - | - | - | - | - | - | - | - |
| | | (c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| | | (d) Banks/ FI | - | - | - | - | - | - | - | - | - |
| | | (e) Any other | - | - | - | - | - | - | - | - | - |
| | | **Sub-Total (A)(2)** | 512500 | - | 512500 | 4.02 | 512500 | - | 512500 | 4.02 | - |
| | | **Total shareholding of Promoter (A) = (A)(1) + (A)(2)** | 3990325 | - | 3990325 | 31.31 | 3990325 | - | 3990325 | 31.31 | - |
| **B.** | **Public Shareholding** | | | | | | | | | | |
| | **1.** | **Institutions** | | | | | | | | | |
| | | (a) Mutual Funds | - | 9800 | 9800 | 0.08 | - | 9800 | 9800 | 0.08 | - |
| | | (b) Banks/ FI | 44195 | 100 | 44295 | 0.35 | - | 100 | 100 | 0.00 | (0.35) |
| | | (c) Central Govt. | - | - | - | - | - | - | - | - | - |
| | | (d) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| | | (e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| | | (f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| | | (g) FIIs | - | - | - | - | - | - | - | - | - |
| | | (h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| | | (i) Others (Specify) | - | - | - | - | - | - | - | - | - |
| | | Foreign Portfolio Investor | 576093 | - | 576093 | 4.52 | 639615 | - | 639615 | 5.02 | 0.50 |
| | | **Sub-Total (B)(1)** | **620288** | **9900** | **630188** | **4.95** | **639615** | **9900** | **649515** | **5.10** | **0.15** |
| | **2.** | **Non-Institutions** | | | | | | | | | |
| | | (a) Bodies Corp. | | | | | | | | | |
| | | (i) Indian | 3196667 | 1700 | 3198367 | 25.10 | 3073523 | 1700 | 3075223 | 24.13 | (0.97) |
| | | (ii) Overseas | - | 2000000 | 2000000 | 15.70 | 1000000 | 1000000 | 2000000 | 15.70 | - |
| | | (b) Individuals | | | | | | | | | |
| | | (i) Individual Shareholders holding nominal share capital upto ₹ 1 Lakh | 977499 | 28757 | 1006256 | 7.90 | 947622 | 27357 | 974979 | 7.65 | (0.25) |
| | | (ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh | 1430327 | 71200 | 1501527 | 11.78 | 1545029 | 71200 | 1616229 | 12.68 | 0.90 |

## 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 | |
| | | (c) | Others (Specify) | | | | | | | | | |
| | | | Clearing Member | 149563 | - | 149563 | 1.17 | 20745 | - | 20745 | 0.16 | (1.01) |
| | | | Non-Resident Indians | 162747 | 500 | 163247 | 1.28 | 172454 | 500 | 172954 | 1.36 | 0.08 |
| | | | HUF | 102541 | 0 | 102541 | 0.80 | 242844 | - | 242844 | 1.91 | 1.11 |
| | | | NBFC registered with RBI | 800 | - | 800 | 0.01 | - | - | - | - | (0.01) |
| | | **Sub-Total (B)(2)** | | **6020144** | **2102157** | **8122301** | **63.74** | **7002217** | **1100757** | **8102974** | **63.59** | **(0.15)** |
| | | **Total Public Shareholder (B) = (B)(1) + (B)(2)** | | **6640432** | **2112057** | **8752489** | **68.69** | **7641832** | **1110657** | **8752489** | **68.69** | **-** |
| **C.** | **Shares held by Custodian for GDRs & ADRs** | | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Grand Total (A+B+C)** | | | | **10630757** | **2112057** | **12742814** | **100.00** | **11632157** | **1110657** | **12742814** | **100.00** | **-** |

**(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 | - | - |
| 2 | Shailesh Bhandari | 848275 | 6.66 | 1.18 | 848275 | 6.66 | 1.18 | - |
| 3 | Mukesh Bhandari | 809500 | 6.35 | 1.18 | 809500 | 6.35 | 1.18 | - |
| 4 | Rakesh Bhandari | 512500 | 4.02 | - | 512500 | 4.02 | - | - |
| 5 | Ritu Bhandari | 243025 | 1.91 | - | 243025 | 1.91 | - | - |
| 6 | Nagesh Bhandari | 233125 | 1.83 | - | 233125 | 1.83 | - | - |
| 7 | Suraj Bhandari | 81100 | 0.64 | - | 81100 | 0.64 | - | - |
| 8 | Anurag Bhandari | 76050 | 0.60 | - | 76050 | 0.60 | - | - |
| 9 | Siddharth Bhandari | 65100 | 0.51 | - | 65100 | 0.51 | - | - |
| 10 | Mukesh Bhanwarlal Bhandari [HUF] | 60000 | 0.47 | - | 60000 | 0.47 | - | - |
| 11 | Indubala Bhandari | 51500 | 0.40 | - | 51500 | 0.40 | - | - |
| 12 | Narendra Dalal | 34500 | 0.27 | - | 34500 | 0.27 | - | - |
| 13 | Jyoti Bhandari | 375 | 0.00 | - | 375 | 0.00 | - | - |
| 14 | Reema Bhandari | 275 | 0.00 | - | 275 | 0.00 | - | - |
| | **Total** | **3990325** | **31.31** | **2.35** | **3990325** | **31.31** | **2.35** | **-** |

**(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 | | |
| | There is no Change during the year | | | | | | |

## 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** | | | **892208** | **7.00** |
| | | **At the end of the year** | | | **892208** | **7.00** |
| 4 | Jagdishkumar Amrutlal Akhani | **At the beginning of the year** | | | **746193** | **5.86** |
| | | 05/04/2019 | 9922 | 0.08 | 756115 | 5.93 |
| | | 21/06/2019 | 70050 | 0.55 | 826165 | 6.48 |
| | | 05/07/2019 | 35421 | 0.28 | 861586 | 6.76 |
| | | 19/07/2019 | (325525) | (2.55) | 536061 | 4.21 |
| | | 26/07/2019 | (1840) | (0.01) | 534221 | 4.19 |
| | | 02/08/2019 | (700) | (0.01) | 533521 | 4.19 |
| | | 30/08/2019 | 6727 | 0.05 | 540248 | 4.24 |
| | | 06/09/2019 | (164) | (0.00) | 540084 | 4.24 |
| | | 27/09/2019 | 70310 | 0.55 | 610394 | 4.79 |
| | | 30/09/2019 | 23244 | 0.18 | 633638 | 4.97 |
| | | 04/10/2019 | 19130 | 0.15 | 652768 | 5.12 |
| | | 11/10/2019 | (63826) | (0.50) | 588942 | 4.62 |
| | | 18/10/2019 | (20838) | (0.16) | 568104 | 4.46 |
| | | 25/10/2019 | (51621) | (0.41) | 516483 | 4.05 |
| | | 01/11/2019 | (7600) | (0.06) | 508883 | 3.99 |
| | | 08/11/2019 | 11520 | 0.09 | 520403 | 4.08 |
| | | 15/11/2019 | 9584 | 0.08 | 529987 | 4.16 |
| | | 22/11/2019 | 5950 | 0.05 | 535937 | 4.21 |
| | | 29/11/2019 | 10440 | 0.08 | 546377 | 4.29 |
| | | 06/12/2019 | 6043 | 0.05 | 552420 | 4.34 |
| | | 13/12/2019 | (3547) | (0.03) | 548873 | 4.31 |
| | | 20/12/2019 | 24524 | 0.19 | 573397 | 4.50 |
| | | 27/12/2019 | 8364 | 0.07 | 581761 | 4.57 |
| | | 31/12/2019 | 2647 | 0.02 | 584408 | 4.59 |
| | | 03/01/2020 | 12 | 0.00 | 584420 | 4.59 |
| | | 10/01/2020 | (29) | (0.00) | 584391 | 4.59 |
| | | 17/01/2020 | 120250 | 0.94 | 704641 | 5.53 |
| | | 24/01/2020 | (7634) | (0.06) | 697007 | 5.47 |
| | | 31/01/2020 | (135) | (0.00) | 696872 | 5.47 |
| | | 21/02/2020 | (1946) | (0.02) | 694926 | 5.45 |
| | | 06/03/2020 | (751) | (0.01) | 694175 | 5.45 |
| | | 20/03/2020 | (6500) | (0.05) | 687675 | 5.40 |
| | | 27/03/2020 | 492 | 0.00 | 688167 | 5.40 |
| | | 31/03/2020 | 111747 | 0.88 | 799914 | 6.28 |
| | | **At the end of the year** | | | **799914** | **6.28** |

| Sr. No. | Name of Shareholder | Date wise increase / decrease | | | Cumulative Shareholding | % of total share capital |
|---|---|---|---|---|---|---|
| | | Date | Increase / Decrease | % of total share capital | | |
| 5 | Aspire Emerging Fund | **At the beginning of the year** | | | **546093** | **4.29** |
| | | 24/05/2019 | (4389) | (0.03) | 541704 | 4.25 |
| | | 31/05/2019 | (44216) | (0.35) | 497488 | 3.90 |
| | | 14/06/2019 | (141500) | (1.11) | 355988 | 2.79 |
| | | 21/06/2019 | (55000) | (0.43) | 300988 | 2.36 |
| | | 29/06/2019 | (134349) | (1.05) | 166639 | 1.31 |
| | | 05/07/2019 | (22299) | (0.17) | 144340 | 1.13 |
| | | 09/08/2019 | (34149) | (0.27) | 110191 | 0.86 |
| | | 20/03/2020 | (50000) | (0.39) | 60191 | 0.47 |
| | | **At the end of the year** | | | **60191** | **0.47** |
| 6 | Arjun Leasing and Finance Pvt. Ltd. | **At the beginning of the year** | | | **370791** | **2.91** |
| | | 12/04/2019 | (43689) | (0.34) | 327102 | 2.57 |
| | | 29/06/2019 | (105451) | (0.83) | 221651 | 1.74 |
| | | 05/07/2019 | (300) | (0.00) | 221351 | 1.74 |
| | | 12/07/2019 | (8301) | (0.07) | 213050 | 1.67 |
| | | 19/07/2019 | (3773) | (0.03) | 209277 | 1.64 |
| | | 23/08/2019 | (12947) | (0.10) | 196330 | 1.54 |
| | | 30/09/2019 | 3349 | 0.03 | 199679 | 1.57 |
| | | 20/09/2019 | 39483 | 0.31 | 239162 | 1.88 |
| | | 27/09/2019 | 109269 | 0.86 | 348431 | 2.73 |
| | | 11/10/2019 | (14008) | (0.11) | 334423 | 2.62 |
| | | 18/10/2019 | (109269) | (0.86) | 225154 | 1.77 |
| | | 25/10/2019 | 19931 | 0.16 | 245085 | 1.92 |
| | | 01/11/2019 | (82) | (0.00) | 245003 | 1.92 |
| | | 15/11/2019 | (750) | (0.01) | 244253 | 1.92 |
| | | 29/11/2019 | (2050) | (0.02) | 242203 | 1.90 |
| | | 20/12/2019 | (640) | (0.01) | 241563 | 1.90 |
| | | 27/12/2019 | 75 | 0.00 | 241638 | 1.90 |
| | | 31/12/2019 | 4438 | 0.03 | 246076 | 1.93 |
| | | 03/01/2020 | (13) | (0.00) | 246063 | 1.93 |
| | | 17/01/2020 | 480 | 0.00 | 246543 | 1.93 |
| | | 31/01/2020 | (24) | (0.00) | 246519 | 1.93 |
| | | 28/02/2020 | (500) | (0.00) | 246019 | 1.93 |
| | | 20/03/2020 | (5000) | (0.04) | 241019 | 1.89 |
| | | 21/03/2020 | 14 | 0.00 | 241033 | 1.89 |
| | | 31/03/2020 | 986 | 0.01 | 242019 | 1.90 |
| | | **At the end of the year** | | | **242019** | **1.90** |
| 7 | Web Businesses.Com Global Limited | **At the beginning of the year** | | | **297599** | **2.34** |
| | | **At the end of the year** | | | **297599** | **2.34** |

## 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 | | |
| 8 | Highland Finances & Investment Private Limited | **At the beginning of the year** | | | **256155** | **2.01** |
| | | 19/04/2019 | (2301) | (0.02) | 253854 | 1.99 |
| | | 10/05/2019 | 631 | 0.00 | 254485 | 2.00 |
| | | 24/05/2019 | (300) | (0.00) | 254185 | 1.99 |
| | | 05/07/2019 | (478) | (0.00) | 253707 | 1.99 |
| | | 12/07/2019 | (3500) | (0.03) | 250207 | 1.96 |
| | | 09/08/2019 | 1118 | 0.01 | 251325 | 1.97 |
| | | 23/08/2019 | (40) | (0.00) | 251285 | 1.97 |
| | | 30/09/2019 | 8350 | 0.07 | 259635 | 2.04 |
| | | 04/10/2019 | (8849) | (0.07) | 250786 | 1.97 |
| | | 11/10/2019 | (597) | (0.00) | 250189 | 1.96 |
| | | 18/10/2019 | (45) | (0.00) | 250144 | 1.96 |
| | | 25/10/2019 | 679 | 0.01 | 250823 | 1.97 |
| | | 01/11/2019 | (99985) | (0.78) | 150838 | 1.18 |
| | | 15/11/2019 | 67 | 0.00 | 150905 | 1.18 |
| | | 22/11/2019 | 11933 | 0.09 | 162838 | 1.28 |
| | | 24/01/2020 | (12938) | (0.10) | 149900 | 1.18 |
| | | 07/02/2020 | 1569 | 0.01 | 151469 | 1.19 |
| | | 14/02/2020 | 11231 | 0.09 | 162700 | 1.28 |
| | | **At the end of the year** | | | **162700** | **1.28** |
| 9 | Froid Finance & Investment Private Limited | **At the beginning of the year** | | | **230250** | **1.81** |
| | | 10/05/2019 | 9900 | 0.08 | 240150 | 1.88 |
| | | 20/09/2019 | (1050) | (0.01) | 239100 | 1.88 |
| | | 11/10/2019 | (16) | (0.00) | 239084 | 1.88 |
| | | 18/10/2019 | (4436) | (0.03) | 234648 | 1.84 |
| | | 25/10/2019 | 4289 | 0.03 | 238937 | 1.88 |
| | | 01/11/2019 | 278 | 0.00 | 239215 | 1.88 |
| | | 08/11/2019 | 25 | 0.00 | 239240 | 1.88 |
| | | 15/11/2019 | 275 | 0.00 | 239515 | 1.88 |
| | | 22/11/2019 | (15500) | (0.12) | 224015 | 1.76 |
| | | 29/11/2019 | (3884) | (0.03) | 220131 | 1.73 |
| | | 06/12/2019 | 2990 | 0.02 | 223121 | 1.75 |
| | | 20/12/2019 | 1450 | 0.01 | 224571 | 1.76 |
| | | 31/01/2020 | 223 | 0.00 | 224794 | 1.76 |
| | | 07/02/2020 | (3) | (0.00) | 224791 | 1.76 |
| | | 28/02/2020 | (150) | (0.00) | 224641 | 1.76 |
| | | **At the end of the year** | | | **224641** | **1.76** |

## 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 | | |
| 10 | S J Infratech Private Limited | **At the beginning of the year** | | | **207282** | **1.63** |
| | | 19/07/2019 | (120738) | (0.95) | 86544 | 0.68 |
| | | 18/10/2019 | 15421 | 0.12 | 101965 | 0.80 |
| | | 25/10/2019 | (1118) | (0.01) | 100847 | 0.79 |
| | | 01/11/2019 | 19417 | 0.15 | 120264 | 0.94 |
| | | 08/11/2019 | (4220) | (0.03) | 116044 | 0.91 |
| | | 15/11/2019 | 49380 | 0.39 | 165424 | 1.30 |
| | | 22/11/2019 | (1240) | (0.01) | 164184 | 1.29 |
| | | 13/12/2019 | (4723) | (0.04) | 159461 | 1.25 |
| | | 20/12/2019 | (11285) | (0.09) | 148176 | 1.16 |
| | | 27/12/2019 | (1915) | (0.02) | 146261 | 1.15 |
| | | 10/01/2020 | (7888) | 0.06 | 154149 | 1.21 |
| | | 17/01/2020 | 3812 | 0.03 | 157961 | 1.24 |
| | | 31/01/2020 | (225) | (0.00) | 157736 | 1.24 |
| | | 21/02/2020 | (1972) | (0.02) | 155764 | 1.22 |
| | | 13/03/2020 | (1500) | (0.01) | 154264 | 1.21 |
| | | 31/03/2020 | 69513 | 0.55 | 223777 | 1.76 |
| | | **At the end of the year** | | | **223777** | **1.76** |
| 11 | 8 Square Capital | **At the beginning of the year** | | | **0** | **0.00** |
| | | 26/04/2019 | 59756 | 0.47 | 59756 | 0.47 |
| | | 31/05/2019 | 34500 | 0.27 | 94256 | 0.74 |
| | | 07/06/2019 | 10000 | 0.08 | 104256 | 0.82 |
| | | 14/06/2019 | 142020 | 1.11 | 246276 | 1.93 |
| | | 29/06/2019 | 178082 | 1.40 | 424358 | 3.33 |
| | | 05/07/2019 | 42989 | 0.34 | 467347 | 3.67 |
| | | 09/08/2019 | 34000 | 0.27 | 501347 | 3.93 |
| | | 27/03/2020 | 47621 | 0.37 | 548968 | 4.31 |
| | | **At the end of the year** | | | **548968** | **4.31** |
| 12 | Jainam Share Consultants Private Limited | **At the beginning of the year** | | | **0** | **0.00** |
| | | 12/04/2019 | 11000 | 0.09 | 11000 | 0.09 |
| | | 19/04/2019 | -10943 | (0.09) | 57 | 0.00 |
| | | 26/04/2019 | 43 | 0.00 | 100 | 0.00 |
| | | 03/05/2019 | 314 | 0.00 | 414 | 0.00 |
| | | 10/05/2019 | 44722 | 0.35 | 45136 | 0.35 |
| | | 17/05/2019 | -44911 | (0.35) | 225 | 0.00 |
| | | 24/05/2019 | -175 | (0.00) | 50 | 0.00 |
| | | 31/05/2019 | 2617 | 0.02 | 2667 | 0.02 |
| | | 07/06/2019 | -2418 | (0.02) | 249 | 0.00 |
| | | 14/06/2019 | -149 | (0.00) | 100 | 0.00 |

## 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 | | |
| | | 21/06/2019 | 2850 | 0.02 | 2950 | 0.02 |
| | | 29/06/2019 | 105683 | 0.83 | 108633 | 0.85 |
| | | 05/07/2019 | -107851 | (0.85) | 782 | 0.01 |
| | | 12/07/2019 | 40237 | 0.32 | 41019 | 0.32 |
| | | 19/07/2019 | -40747 | (0.32) | 272 | 0.00 |
| | | 02/08/2019 | 6778 | 0.05 | 7050 | 0.06 |
| | | 09/08/2019 | -680 | (0.01) | 6370 | 0.05 |
| | | 16/08/2019 | -4820 | (0.04) | 1550 | 0.01 |
| | | 23/08/2019 | 19521 | 0.15 | 21071 | 0.17 |
| | | 30/09/2019 | -17673 | (0.14) | 3398 | 0.03 |
| | | 06/09/2019 | 243361 | 1.91 | 246759 | 1.94 |
| | | 13/09/2019 | 1000 | 0.01 | 247759 | 1.94 |
| | | 20/09/2019 | 70 | 0.00 | 247829 | 1.94 |
| | | 27/09/2019 | -247054 | (1.94) | 775 | 0.01 |
| | | 30/09/2019 | 18200 | 0.14 | 18975 | 0.15 |
| | | 04/10/2019 | -18375 | (0.14) | 600 | 0.00 |
| | | 18/10/2019 | 150769 | 1.18 | 151369 | 1.19 |
| | | 25/10/2019 | 67687 | 0.53 | 219056 | 1.72 |
| | | 01/11/2019 | 103427 | 0.81 | 322483 | 2.53 |
| | | 08/11/2019 | -2480 | (0.02) | 320003 | 2.51 |
| | | 15/11/2019 | -8319 | (0.07) | 311684 | 2.45 |
| | | 06/12/2019 | -12450 | (0.10) | 299234 | 2.35 |
| | | 13/12/2019 | -294834 | (2.31) | 4400 | 0.03 |
| | | 03/01/2020 | -1975 | (0.02) | 2425 | 0.02 |
| | | 10/01/2020 | -2415 | (0.02) | 10 | 0.00 |
| | | 28/02/2020 | 292267 | 2.29 | 292277 | 2.29 |
| | | 27/03/2020 | 492 | 0.00 | 292769 | 2.30 |
| | | **At the end of the year** | | | **292769** | **2.30** |

***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 (Director) | 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 | | | | 65100 | 0.51 |
| | | At the end of the year | | | | 65100 | 0.51 |
| 3 | Suraj Bhandari^ (Whole-time Director) | At the beginning of the year | | | | 81100 | 0.65 |
| | | At the end of the year | | | | 81100 | 0.65 |
| 4 | Dinesh Mukati (Independent Director) | At the beginning of the year | | | | 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& (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 |
| 10 | Avinash Bhandari (Chief Executive Officer – Steel Division)$ | At the beginning of the year | | | | 0 | 0.00 |
| | | At the end of the year | | | | 0 | 0.00 |

***Note:***

* *Mr. Siddharth Bhandari, Whole-time Director of the Company ceased to be Director with effect from 30th September, 2019.*

^ *Mr. Suraj Bhandari, Additional Director & Whole-time Director was appointed with effect from 13th November, 2019.*

\# *Mr. Arun Kumar Jain, Independent Director resigned with effect from 17th August, 2019 and as such he ceased to be a Director of the Company.*

& *Mr. Pawan Gaur is holding shares in the name of Pawan Gaur (HUF). Mr. Pawan Gaur, Chief Financial Officer (CFO) of the Company resigned from the post of CFO with effect from 28th January, 2020.*

$ *Mr. Avinash Bhandari appointed as Chief Executive Officer (CEO) – Steel Division with effect from 12th February, 2020.*

## 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 |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| (i) Principal Amount | 2429.22 | 63.41 | - | 2492.63 |
| (ii) Interest due but not paid | 1.98 | As per Note | - | 1.98 |
| (iii) Interest accrued but not due | 4.27 | As per Note | - | 4.27 |
| **Total (i+ii+iii)** | **2435.47** | **63.41** | **-** | **2498.89** |
| Change in Indebtedness during the financial year | | | | |
| • Addition | - | - | - | - |
| • Reduction | (245.59) | (60.84) | - | (306.43) |
| **Net Change** | **(245.59)** | **(60.84)** | **-** | **(306.43)** |
| **Indebtedness at the end of the financial year** | | | | |
| (i) Principal Amount | 2186.38 | 2.57 | - | 2188.95 |
| (ii) Interest due but not paid | 3.50 | As per Note | - | 3.50 |
| (iii) Interest accrued but not due | As per Note | As per Note | - | As per Note |
| **Total (i+ii+iii)** | **2189.88** | **2.57** | **-** | **2192.46** |

***Note:***

*Loan accounts of the company have been classified as Non-Performing Assets by the Central Bank of India and Rare Asset Reconstruction Limited (being assignee of debts of Indian Overseas 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 Rs. 160.67 Crores for the financial year 2019-2020 and total amount of Rs. 1037.01 Crores upto 31st March, 2020.*

### 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)1 (upto 31/01/2020) | Mr. Shailesh Bhandari (Managing Director)1 | Mr. Siddharth Bhandari (Whole-time Director)# | Mr. Suraj Bhandari (Whole-time Director)^ | |
| 1. | **Gross salary**<br>(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 0.125 | 0.125 | - | - | 0.250 |
| | (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 | 0.025 | 0.025 | - | - | 0.050 |
| | (c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |

| Sr. No. | Particulars of Remuneration | Name of MD / WTD / Manager | | | | Total Amount |
|---|---|---|---|---|---|---|
| | | Mr. Mukesh Bhandari (Chairman)1 (upto 31/01/2020) | Mr. Shailesh Bhandari (Managing Director)1 | Mr. Siddharth Bhandari (Whole-time Director)# | Mr. Suraj Bhandari (Whole-time Director)^ | |
| 4. | Commission<br>- as % of profit<br>- others, specify | -<br>- | -<br>- | -<br>- | -<br>- | -<br>- |
| 5. | Others, please specify | - | - | - | - | - |
| | **Total (A)** | **0.150** | **0.150** | **-** | **-** | **0.300** |
| | Ceiling as per the Act (Rs.) | Within the ceiling limit prescribed under Companies Act, 2013 read with Schedule V of the Companies Act, 2013 | | | | |

***Note:***

* *Mr. Siddharth Bhandari, Whole-time Director of the Company ceased to be Director with effect from 30th September, 2019.*

^ *Mr. Suraj Bhandari, Additional Director & Whole-time Director was appointed with effect from 13th November, 2019.*

*The Company has not paid any remuneration to Whole-time Directors, during the financial year 2019-2020.*

1 *The Company has received approval from Central Government pursuant to Section 196 and 197 of the Companies Act, 2013 for payment of remuneration of Rs. 1,50,000/- per month to Mr. Mukesh Bhandari and Mr. Shailesh Bhandari for the period from 1st February, 2017 to 31st January, 2020. Further, Mr. Mukesh Bhandari ceased to be Chairman with effect from 1st February, 2020 and Mr. Shailesh Bhandari was re-appointed as a Managing Director for a further period of three years with effect from 1st February, 2020 and the payment of remuneration to Mr. Shailesh Bhandari with effect from 1st February, 2020 is subject to approval of lenders.*

**B. Remuneration to other directors:- Non-Executive Independent Director / Non-Executive Director**

(₹ in Crores)

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---|---|---|---|---|---|---|
| | | Mr. Dinesh Mukati | Mr. Pratap Mohan | Ms. Nivedita R. Sarda | Mr. Arun Kumar Jain# | |
| 1. | **Independent Directors**<br>● Fee for attending board / committee meetings<br>● Commission<br>● Others, please specify | 0.038<br>-<br>- | 0.038<br>-<br>- | 0.023<br>-<br>- | 0.008<br>-<br>- | 0.105<br>-<br>- |
| | **Total (1)** | **0.038** | **0.038** | **0.023** | **0.008** | **0.105** |
| 2. | **Other Non-Executive Directors**<br>● Fee for attending board / committee meetings<br>● Commission<br>● Others, please specify | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- |
| | **Total (2)** | **-** | **-** | **-** | **-** | **-** |
| | **Total (B) = (1+2)** | **0.038** | **0.038** | **0.023** | **0.008** | **0.105** |
| | **Total Managerial Remuneration** | **0.038** | **0.038** | **0.023** | **0.008** | **0.105** |
| | Overall Ceiling as per the Act (Rs.) | Within the ceiling limit prescribed under Companies Act, 2013 | | | | |

***Note:***

\# *Mr. Arun Kumar Jain, Independent Director resigned with effect from 17th August, 2019 and as such he ceased to be a Director of the Company.*

## ANNEXURE TO THE BOARDS' REPORT

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

(₹ in Crores)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total Amount |
|---|---|---|---|---|---|
| | | **Mr. Avinash Bhandari[!] CEO – Steel Division[$]** | **Mr. Fageshkumar R. Soni (Company Secretary)** | **Mr. Pawan Gaur (CFO)[&]** | |
| 1. | Gross salary<br>(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 0.12 | 0.13 | 0.38 | 0.63 |
| | (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 | 0.00 | 0.01 | 0.02 | 0.03 |
| | (c) Profits in lieu of salary under Section 17(3) of Income Tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission<br>- as % of profit<br>- others, specify | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| | **Total** | **0.12** | **0.14** | **0.40** | **0.66** |

*Note:*

[$] *Mr. Avinash Bhandari was appointed as a Chief Executive Officer (CEO) – Steel Division with effect from 12th February, 2020*

[&] *Mr. Pawan Gaur, Chief Financial Officer (CFO) of the Company resigned with effect from 28th January, 2020 and as such he ceased to be a CFO of the Company.*

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

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

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

**Dinesh Mukati**
Chairman
(DIN: 07909551)

Place : Ahmedabad
Date : 30th June, 2020

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**INDUSTRY STRUCTURE & DEVELOPMENTS**

**A. ENGINEERING & PROJECTS DIVISION:**

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

Greater part of financial year 2019-20 has been challenging for the Indian steel industry. Two months of first quarter were a bit affected by general election while monsoon had its influence in the second quarter. Before the industry could regain its lost ground, novel coronavirus (nCoV) evolved as a never-before health crisis, badly impacting financials of individuals, companies and countries around the globe. Apparently, it has already pushed the world into the biggest-ever economic crisis. Amidst these hurdles, however, the Engineering & Technologies (E&T) Division of Electrotherm (India) Limited still did well, falling just marginally short of achieving its highest ever sales for fifth consecutive year. Had the last few days of March 2020 been not locked down, the Company would have easily surpassed its last year's financial numbers.

The Company is committed and has endeavored to provide total solutions to its customers supplemented by supply of products that are most energy efficient, sturdy and have high uptime across all the segments that it caters to, viz. iron & steel making, foundry and heat-treatment industry. New technology and product developments that are based on customers' needs continued during the year which benefitted customers by improving their process efficiency while helped Company increase its market share by new customers' acquisition.

The Company has been intensely focused on enabling its customers produce high quality construction grade steel with the help of appropriate refining technology. Quality of steel produced through such integrated Induction Furnace – ERF® with ELdFOS® technology route has opened door for even infrastructure projects which were earlier limited to small housing projects. A good number of customers improved their own positioning by adopting to this integrated route by installing ERF® (LRF).

In order to improve efficiency of its customers' plant, the Company has established heavy-duty scrap poker this year, which also eliminates manual intervention while melting. This highly engineered equipment has great future as not only new plants will install it, even the existing ones will use it to enhance their process efficiency and reduce their dependency on labour. An effective and efficient custom-designed air pollution control system from your Company has also been highly appreciated by both existing and new steelmaking plants as it has helped them keep environment clean and pollution free. Further, introduction of high speed casters several year back enabling direct rolling of billets from caster (without pre-heating) has huge impact on operating cost reduction by steel mills, and the Company further strengthened this process by establishing inline billet heater which compensates only the lost temperature instead of complete cooling and re-heating. It saves money for Company's customers, protects environment and strengthens Company's positioning in the market.

In today's world, digitalization and automation of equipment offered are essential. E&T Division has been leading innovation in this field for quite some time now, and had elevated its major equipment on digital platform a couple of years back. However, this year the Company has made some of its process equipment compliant to Industrie 4.0 norms by placing them with Artificial Intelligence, making them available on Internet of Things (IoT), generating Big Data and minimizing need for human intervention by Robotic Process Automation (RPA). This has brought a paradigm shift in steelmaking through induction furnace – ladle furnace – caster route which will take the Company and its customers a long way. Digitalization and automation of individual equipment and processes through induction furnace – ladle furnace – caster route, supplemented by scrap processing equipment, hydraulic grab, scrap charger, scrap poker, lining vibrator, air pollution control system and other such special aids have made this route highly feasible for steelmaking up to 1 million ton capacity even as single unit. Such plants have lower capex and opex, at par quality of products and are environment friendly. They will certainly help to meet surge in steel demand that is expected by Government of India's budgeted spending of about INR 102 Lacs Crore on infrastructure development over next five years.

In foundry segment, as many plants are installing automatic moulding line for mass production, your Company's IGBT technology based multi-track induction furnaces will greatly help such plant in optimizing their production and efficiency while Company's market share will improve in high-end foundries. Similarly, this year the Company's heating & hardening vertical designed, developed and successfully commissioned a galvanizing line for a strip / sheet making plant. This is a great import substitute and will help Company consolidate its position in the segment.

E&T Division has been continuously growing its export, extending its footprint in new countries while consolidating its position in terrain where it has been doing business consistently. This year too, the Company has acquired customers in four new countries making its presence in 62 countries. 34.9% of Company's sales has been achieved from export this year and the pipeline is robust. The Company's export is expected to swell further in coming years through its turnkey projects for iron making, steelmaking, captive power plant and integrated plants.

Customer-centric new product development, both through in-house innovation and strategic collaborations and acquisitions, and continuous product improvement philosophy will help the Company to maintain its leadership position further improving its market share, sales revenue and profitability in times to come.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**B. STEEL & PIPE DIVISION:**

The year 2019-2020 was a year when the steel industry struggled for growth primarily on account of slowing down of the economy and substantial reduction in the GDP growth numbers. The impact of the slowing down of the economy was not only felt on the overall volumes, it was also reflected in the reduced prices of the finished goods during the year.

While the country's production of crude steel almost remained constant at 109.6 MT in the year 2019-2020 in comparison to 110.92 MT in the year 2018-2019, the Company registered an increase of its TMT bars production from 3.48 lakh tons to 3.68 lakhs tons (including production of 100% subsidiary Hans Ispat Ltd.). The Company's pipe production was at 1.50 lakh tons in the year 2019-2020 as against 1.74 lakh tons in the previous year 2018-2019.

Electrotherm's Steel Division was established in the year 2005 in Kutch, Gujarat. The Division produces TMT bars & ductile iron pipes and has a total manufacturing capacity of approximately 0.7 million tons per annum. The state-of-the-art steel plant at Kutch comprises of Blast furnaces, Sponge Iron Kilns, Induction Furnaces, Rolling Mills, Ladle Refining Furnace, and Pipe Making Facilities. ET TMT, in a short span of time, has emerged as the most preferred TMT bar brand in Gujarat.

ET TMT bars use a combination of Iron ore and Ladle Refining Furnace technology to produce the highest-quality steel that is refined to the fullest and meets the stringent Sulphur and Phosphorous BIS norms of 500 D grade. While the use of iron ore ensures tramp free steel, refining ensures low Sulphur and Phosphorous levels. This is why ET TMT bars are now being preferred for use in critical infrastructures and construction projects.

The construction/real estate industry in the country is seeing a serious shift in the quality of TMT bars it uses. Over the years, grade Fe415 has almost disappeared and has been replaced by Fe 500. We are seeing a further shift from Fe 500 to Fe 500D in the last 3 years.

5 years back, the Company changed its marketing strategy and decided to move from focus on retail and real-estate to real-estate + projects + high end infrastructure projects. The Company not only has made serious changes in the production process and the way steel is produced at its plant but also has changed its complete marketing strategy.

Over the last 3 years, the Company has received many approvals and certification from larger national level projects/Infrastructure development authorities including Research Design & Standard Organization (Indian Railways), Military Engineer services (India Army), Nuclear Power Corporation of India, Dedicated Freight Corridor Corporate of India Limited, Power Grid Corporate of India Limited and National Highway Authority of India. Today, the Company's product stands approved in more than 75 national and state level organizations for supplies in projects. The Company's Fe500 D production has increased from a mere 21% of total production in FY 2017-2018 to 43 % in 2019-2020 which clearly indicates the change in profile of it's customers and the applications of the products it is selling now. More and more steel TMT bars are now being produced through the LRF route to meet the stringent sulphur and phosphorus BIS norms needed for the infrastructure sector.

Innovation has always been the driving force behind all of company's endeavours. The Company has been delivering world-class innovative solutions to the construction industry and will continue to do so in the future. The goal is to be a part of the journey that helps India "Build It Right".

The Company is proud to be associated with some of the best dealers and distributors in Western India. They have helped us establish an extensive network, enabling us to reach to our clients and deliver products on time. It is this wide distribution network that makes various products like Cut & Bend bars, Epoxy Coated bars, Special Grade bars available to the customers conveniently.

The Company also produces BIS approved Epoxy Coated TMT Bars at a single location. This is one of its kind integrated facility in the country. This results in faster delivery, lower transportation cost, no damage and also saves time.

The Company has received many approvals in the last year for supply of its epoxy coated bars to prestigious infrastructure projects including Mumbai Trans Harbour Link, Mumbai Metropolitan Region Development Authority, Municipal Corporation of Greater Mumbai, City and Industrial Development Corporation, Thane Municipal Corporation, Maharashtra State Road Development Corporation. In view of the rising demand for the epoxy coated bars, the Company is doubling its production capacity. The epoxy coated bars expansion project is expected to go on stream in December - 2020.

It has now been 15 years since the start of the Ductile Iron Pipe Division and the Division is consistently growing and contributing to the overall growth of the group. The Division at individual level crossed INR 1,000 Cr mark in FY 2018-2019.

In FY 2019-2020, some maintenance jobs for plant improvement had been undertaken due to which the production was relatively less on Y-o-Y basis. Also the lockdown due to pandemic adversely affected the performance of the Pipe Division.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

FY 2020-2021 has started on a slow note due to ongoing lockdown and restrictions in the first quarter. As government increases its emphasis on water projects, it is expected that the division will recover from the current slowdown situation very fast. In fact, the Union Budget of FY 2020-2021 is envisaging a provision of huge fund of Rs. 11,500 Cr. under the programme of Jal Jivan Mission (JJM) under the Ministry of Jal Shakti. GOI is sharply focusing on all Urban & Rural Water Supply Schemes of the 'Nal se Jal' & 'Har Ghar Jal' to make our Hon'ble PM's dream of 'Piped Water to All' come true. 'Nal Se Jal' Scheme is likely to attract a fund of approx. Rs.3.6 Lakhs Crores in next 5 years. All these schemes are going to create enormous demand of DI Pipes across the Country.

Also to improve the profitability, the Division started their exports in year 2017 and now the export is contributing approx. 10 % of the total turnover of the Division helping in diversifying the markets geographically with improved realization.

The profitability of Division is likely to increase in the FY 2020-2021 as the Prices of Iron Ore, Coal are likely to remain stable. Also, the Company is taking initiatives and planning to add new value added Products in its products portfolio in line with International Standards which will help the company to reach the unexplored markets, both Domestic and International.

Overall outlook for the DI Pipe Division is expected to be positive in FY 2020-2021 looking at the huge demand emerging out of markets of Uttar Pradesh & Andhra Pradesh which will result into increased demand for the DI Pipes, mitigating the Capacity of all the DI Pipe Manufacturers which may keep the competition low, resulting into good profitability.

**C. ELECTRIC VEHICLE DIVISION:**

The Electric Vehicle Industry showed growth in two wheeler segment in FY 2019-20 with low speed scooters that do not need registration constituting 90 percent of all the E2Ws sold. Lithium Ion Variants have started getting attention in the E2W segment. The EV industry is taking shape with e-commerce companies adopting EV in their fleets, e-taxis being used for last mile transport, e-carts for short distance logistics and E2Ws for personal commute.

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"). The Company has entered into settlement with EARC, Invent and Rare ARC (for debts of Dena Bank) and Corporation Bank (now Union Bank of India) and Union Bank of India for payment of their debts. During the year, the Company has paid whole settlement amount to Vijaya Bank (Now Bank of Baroda), Standard Chartered Bank and International Finance Corporation (IFC).

**SEGMENT-WISE PERFORMANCE:**

The Business segment of the Company comprises of Engineering & Technologies Division, Special Steel Division and Electric Vehicle Division. The Segment wise performance of the Company for all the three divisions for the year ended on 31st March, 2020 is as under:

(₹ in Crores)

| Particulars | Engineering & Technologies Division | Special Steel Division | Electric Vehicle Division |
|---|---|---|---|
| Revenue from operations | 767.16 | 2056.93 | 16.86 |
| Segment Profit / (Loss) Before Financial Cost & Other Unallocable Item | 29.34 | 11.63 | (16.12) |
| Capital employed | (144.43) | 397.26 | 21.33 |

**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, 2020 was Rs. 2824.39 Crores as compared to Rs. 3462.37 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, 2020 was Rs. 1981.50 Crores as compared to Rs. 2500.01 Crores of previous financial year.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**Depreciation and amortization:**

Depreciation and amortization for the financial year ended on 31st March, 2020 is Rs. 129.99 Crores as compared to Rs. 138.46 Crores of the previous financial year.

**Finance Costs:**

Finance costs for the financial year ended on 31st March, 2020 is of Rs. 15.41 Crores as compared to Rs. 38.33 Crores of previous financial year.

Loan accounts of the company have been classified as Non-Performing Assets by the Central Bank of India and Rare Asset Reconstruction Limited (being assignee of debts of Indian Overseas 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 Rs. 160.67 Crores for the financial year 2019-20 and total amount of Rs. 1037.01 Crores upto 31st March, 2020.

**Profit Analysis:**

The Profit for the financial year ended on 31st March, 2020 is Rs. 44.98 Crores as compared to profit of Rs. 140.79 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 2019-2020 | Financial Year 2018-2019 | Change (%) | Reason significant changes of 25% or more as compared to previous year |
|---|---|---|---|---|---|
| 1. | Debtors Turnover (Days) | 43.72 | 37.67 | 16.06% | - |
| 2. | Inventory Turnover (Days) | 64.66 | 61.55 | 5.05% | - |
| 3. | Interest Coverage Ratio | 3.92 | 4.67 | (16.08)% | - |
| 4. | Current Ratio | 0.63 | 0.61 | 3.94% | - |
| 5. | Debt Equity Ratio | (2.25) | (2.22) | 1.33% | - |
| 6. | Operating Profit Margin (%) | 5.48% | 9.17% | (40.20)% | Total revenue of the company has been reduced by 18% which has impacted overall profitability of the company. |
| 7. | Net Profit Margin (%) | 1.50 | 4.05% | (63.04)% | |
| 8. | Return on Net Worth | (4.35) | (12.44) | (65.02)% | 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 recovery proceedings, attachment of properties and petition filed by financial creditor under Section 7 of the Insolvency and Bankruptcy Code, 2016 which may threaten the existence of your Company.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Internal Control System is designed to prevent operational risks through a framework of internal controls and processes. The Company has in place adequate system of internal control and internal audit commensurate with its size and the nature of its operations. Our internal control system ensures that all business transactions are recorded in a timely manner, 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. The Company is in process to strengthen its internal control system by implementing Standard Operating Procedures (SOP) for all its major areas in under the guidance of 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.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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 2019-20 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. On regular basis the Company take initiatives to provide training to its employees on environment, health and safety and also provide training on soft skill up-gradation to improve their skills as may be relevant to the respective functions. We are sincerely grateful to all employees for their close and constructive cooperation in 2019-2020. 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. The Company also hire contract labour on time-to-time basis for success and growth of the Company. As on 31st March, 2020, there were 2378 permanent employees employed by the company.

#### 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.

The ongoing spread of Novel Coronavirus (CoVID-19) Pandemic globally and in Gujarat, India, as per the various advisories and notifications from the Central and State Government from time-to-time and for health and safety of its employees and stakeholders, the Company has decided to temporarily/partially suspend / shutdown its production and office operations located at all three plants in Gujarat. During the temporarily/partially suspend / shutdown its production and office operations, the Company has adopted "Work from Home" policy for its employees. The production / office operations of the Company restarted on staggered basis after obtaining necessary approval/permissions and under the directions/notifications of the Central and State Government. The Company take necessary precautionary measures of health and safety at all the plants against the spread of CoVID-19 and has prepared Standard Operating Procedure (SOP) in accordance with various advisory/notifications of the Central and State Government. The Company has made necessary arrangement to ensure that the employees and stakeholders are safe and comfortable at work place.

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 RESPONSBILITY

The Company strives to be a socially responsible company and strongly believes in development which is beneficial for the society at large. We also wish to keep the environment clean and safe for the society by adhering to the best industrial practices, adopting best technologies and investing in greener initiatives, and so on. It is our intent to make a positive contribution to the society in which the Company lives and operates. CSR is an evolving business practice at Electrotherm that incorporates sustainable development into a company's business model and leaving a positive impact on social, economic and environmental factors.

At Electrotherm our purpose is to improve the quality of life of the communities, we serve and we also believe in returning to the society, what we earn. We also focus majorily on rural development and environment friendly initiatives. Providing healthcare & medical facilities to near by villagers, organizing mega health/dental check-up camps, organizing blood donation camp, focusing on basic education, swachh bharat and much more. Our CSR approach stands for eradicating extreme poverty & hunger, health & sanitation, basic needs fulfillment (sharing & caring), ensure environment sustainability, animal welfare activities in nearby villages etc.

The ongoing Coronavirus (Covid-19) Pandemic globally and in India is causing significant disturbance and slowdown of business activities. During the lockdown situation, the old age people, poor and needy people, migrated works are affected due to lockdown. The Company with the help of Ahmedabad Municipal Corporation had supplied more than 1500 food packets every day to old age people, poor and needy people, migrated works across the Ahmedabad city and the Company also provided tea and snacks to the Covid-19 worriers across the Ahmedabad City.

#### CAUTIONARY STATEMENT:

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

# REPORT ON CORPORATE GOVERNANCE

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

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

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

The Company is in compliance with Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), 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 31st March, 2020, the Board of Directors comprises of six (6) Directors, out of which two are Executive Directors and four are Non-Executive / Independent Directors (including Woman Director).

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

| Sr. No. | Name of Director | Category | 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. Dinesh Mukati (Chairman) | Non-Executive & Independent Director | - | - | - | - | - |
| 2. | Mr. Shailesh Bhandari (Managing Director) | Promoter & Executive Director | 10 | - | - | - | - |
| 3. | Mr. Suraj Bhandari (Additional Director & Whole-time Director) | Promoter & Executive Director | - | - | - | - | - |
| 4. | Mr. Mukesh Bhandari (Director) | Promoter & Non-Executive – Non-Independent Director | 3 | - | - | - | - |
| 5. | Mr. Pratap Mohan (Director) | Non-Executive & Independent Director | 1 | - | - | - | - |
| 6. | Ms. Nivedita Sarda (Woman Director) | Non-Executive & Independent 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. Shailesh Bhandari and Mr. Suraj Bhandari, who are father and son.

❖ **Shareholding of Non-Executive Independent Directors as on 31st March, 2020:**

| Name of Non-Executive Independent Director | No. of Equity Shares |
|---|---|
| Mr. Dinesh Mukati | 3000 |
| Mr. Pratap Mohan | 100 |
| Ms. Nivedita R. 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 31st March, 2020, five (5) Board Meetings were held on 28th May, 2019, 31st August, 2019, 13th November, 2019, 28th January, 2020 and 11th February, 2020.

Attendances of Directors at the Board Meetings and at the Last Annual General Meeting held on 30th September, 2019 are as under:

| Name of Director | Total Board Meetings held during tenure | Attendance | |
|---|---|---|---|
| | | Board Meetings | AGM held on 30th September, 2019 |
| Mr. Dinesh Mukati | 5 | 5 | Yes |
| Mr. Shailesh Bhandari | 5 | 5 | Yes |
| Mr. Mukesh Bhandari | 5 | 5 | Yes |
| Mr. Siddharth Bhandari* | 2 | 2 | Yes |
| Mr. Suraj Bhandari^ | 2 | 2 | NA |
| Mr. Pratap Mohan | 5 | 5 | Yes |
| Mr. Arun Kumar Jain# | 1 | 1 | NA |
| Ms. Nivedita Sarda | 5 | 3 | Yes |

* *Mr. Siddharth Bhandari, Whole-time Director of the Company ceased to be Director with effect from 30th September, 2019.*

^ *Mr. Suraj Bhandari, Additional Director & Whole-time Director was appointed with effect from 13th November, 2019.*

\# *Mr. Arun Kumar Jain, Independent Director resigned with effect from 17th August, 2019 and as such he ceased to be a Director of the Company.*

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 11th February, 2020.

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 11th February, 2020 to review the performance of Non-Independent Directors, Chairman and the Board as a whole and to assess the flow of information between the company management and the Board of Directors. All three 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.

❖ **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
- Legal & Compliance
- Strategic expertise
- Human Resource Development (HR)
- Technical and Research & Development
- Risk Management
- Marketing
- Financial expertise
- General Management

**The Directors have the following skills:**

| Sr. No. | Name of Directors | Skills / Expertise / Competencies |
|---|---|---|
| 1. | Mr. Dinesh Mukati | Operation and Production, HR, Strategic and General Management |
| 2. | Mr. Shailesh Bhandari | Marketing, Legal & Compliance, HR, Finance, Risk |
| 3. | Mr. Suraj Bhandari | Marketing, Operation and Production and General Management |
| 4. | Mr. Mukesh Bhandari | Technical and Research & Development |
| 5. | Mr. Pratap Mohan | Financial, Risk and Strategic |
| 6. | Ms. Nivedita Sarda | Legal & Compliance, Strategic and Finance |

**3. COMMITTEES OF BOARD:**

**A. AUDIT COMMITTEE:**

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

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

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

The Audit Committee comprises of three directors as members and all the members of Audit Committee are independent directors. At the beginning of the year 2019-2020, the Audit Committee comprised of Mr. Pratap Mohan, an Independent Director as a Chairman, Mr. Dinesh Mukati, Ms. Nivedita Sarda and Mr. Siddharth Bhandari as Members.

Mr. Siddharth Bhandari, Whole-time Director and Member of the Audit Committee of the Company ceased to be a Director with effect from 30$^{th}$ September, 2019.

At present, 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)

The Company Secretary acts as the Secretary to the Committee.

**(iii) Meetings and Attendance:**

During the financial year ended on 31st March, 2020, Four (4) Meetings of the Audit Committee were held on 27th May, 2019, 31st August, 2019, 13th November, 2019 and 11th February, 2020. 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 33rd 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. Dinesh Mukati | Member | 4 / 3 |
| Ms. Nivedita Sarda | Member | 4 / 3 |
| Mr. Siddharth Bhandari | Member | 2 / 2 |

**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 in this policy;

(e) Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel;

(f) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;

(g) To develop a succession plan for the Board and to regularly review the plan.

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

The Nomination and Remuneration Committee is in compliance with the provisions of Regulation 19 of the Listing Regulations and Section 178 of the Companies Act, 2013. Minutes of the Nomination and Remuneration Committee are circulated and discussed at the Board Meeting. At the beginning of the year 2019-2020, the Nomination and Remuneration Committee comprised of Mr. Dinesh Mukati, an Independent Director as a Chairman, Mr. Arun Kumar Jain and Mr. Mukesh Bhandari as Members.

Due to resignation and change in designation of director from time to time, the Board of Directors of the Company has re-constituted Nomination and Remuneration Committee from time to time. Mr. Arun Kumar Jain, Independent Director of the Company resigned with effect from 17th August, 2019 and Mr. Mukesh Bhandari, Chairman ceased to be member of the Nomination and Remuneration Committee with effect from 28th January, 2020.

The Board of Directors of the Company has re-constituted Nomination and Remuneration Committee w.e.f. 28th January, 2020. Now, the Nomination and Remuneration Committee comprises of following Members:

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

The Company Secretary acts as Secretary of the Committee.

**(iii) Meetings and attendance:**

During the financial year ended on 31st March, 2020, six Meetings of the Nomination and Remuneration Committee were held on 28th May, 2019, 31st August, 2019, 13th November, 2019, 28th January, 2020 and two meetings on 11th February, 2020.

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

| Name of Committee Members | Designation | Attendance |
|---|---|---|
| Mr. Dinesh Mukati | Chairman | 6 / 6 |
| Mr. Pratap Mohan | Member | 5 / 5 |
| Ms. Nivedita Sarda$ | Member | 2 / 2 |
| Mr. Arun Kumar Jain | Member | 1 / 1 |
| Mr. Mukesh Bhandari | Member | 4 / 4 |

$ *Ms. Nivedita Sarda, Independent Director appointed as Member of the Nomination and Remuneration Committee of the Company with effect from 28th January, 2020.*

**(iv) Remuneration Policy:**

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

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

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

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

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

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

The Non-Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The Board of Directors has approved the payment of sitting fees of Rs. 75,000/- to each Independent Non-Executive Director towards each of the Board meetings attended by them. During the financial year 2019-2020, the Company had paid sitting fees to Independent Non-Executive Directors as approved by the Board for attending Board meetings.

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

The details of sitting fees paid to Non-Executive / Independent Directors for the financial year 2019-2020 are as under:

| Name of Non-Executive Independent Director | Sitting Fees (Amount in Rs.) |
|---|---|
| Mr. Pratap Mohan | 3,75,000 |
| Mr. Dinesh Mukati | 3,75,000 |
| Ms. Nivedita Sarda | 2,25,000 |
| Mr. Arun Kumar Jain (up to 17th August, 2019) | 75,000 |

**(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 2019-2020 are as follows:

| Name of Executive Directors | Designation | Basic Salary (Rs.) | Allowances & PF Contribution (Rs.) | Total (Rs.) |
|---|---|---|---|---|
| Mr. Mukesh Bhandari | Chairman | 12,50,000 | 2,50,000 | 15,00,000 |
| Mr. Shailesh Bhandari | Managing Director | 12,50,000 | 2,50,000 | 15,00,000 |
| Mr. Siddharth Bhandari* | Whole-time Director | NIL | NIL | NIL |
| Mr. Suraj Bhandari^ | Additional Director and Whole-time Director | NIL | NIL | NIL |

* *Mr. Siddharth Bhandari, Whole-time Director of the Company ceased to be Director with effect from 30th September, 2019. During the year 2019-2020, the Company has not paid any remuneration to Mr. Siddharth Bhandari.*

^ *On recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company at their Board Meeting held on 13th November, 2019 appointed Mr. Suraj Bhandari as Additional Director and Whole-time Director of the Company subject to approval of shareholders at the ensuing Annual General Meeting of the Company for a period of three years with effect from 13th November, 2019 to 12th November, 2022 with monthly remuneration of Rs. 1,50,000/-, subject to approval of lenders for payment of remuneration.*

**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 Stakeholder Relationship Committee are circulated and discussed at the Board Meeting.

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

The Stakeholders Relationship Committee is 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. At the beginning of the year 2019-2020, the Stakeholders Relationship Committee comprised of Mr. Arun Kumar Jain, an Independent Director as a Chairman, Mr. Shailesh Bhandari and Mr. Siddharth Bhandari as Members.

Due to resignation / cessation of director from time to time, the Board of Director of the Company has re-constituted Nomination and Remuneration Committee from time to time. Mr. Arun Kumar Jain, Independent Director and Chairman of

Stakeholders Relationship Committee of the Company resigned from 17th August, 2019 and Mr. Siddharth Bhandari, Whole-time Director and Member of the Committee ceased to be as Director with effect from 30th September, 2019.

The Board of Director of the Company has re-constituted Stakeholders Relationship Committee w.e.f. 14th October, 2019. Now, the Stakeholders Relationship Committee comprises of following Members:

1. Ms. Nivedita R. Sarda - Chairman (Non-Executive & Independent Director)
2. Mr. Pratap Mohan - Member (Non-Executive & Independent Director)
3. Mr. Shailesh 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, three meetings of the Stakeholders Relationship Committee were held on 28th May, 2019, 13th November, 2019 and 11th February, 2020.

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

| Name of Committee Members | Designation | Attendance |
|---|---|---|
| Mr. Arun Kumar Jain | Chairman | 1 / 1 |
| Mr. Shailesh Bhandari | Member | 3 / 3 |
| Mr. Siddharth Bhandari | Member | 1 / 1 |
| Ms. Nivedita R. Sarda[$] | Chairperson | 1 / 2 |
| Mr. Pratap Mohan[!] | Member | 2 / 2 |

$ *Ms. Nivedita R. Sarda appointed as a Chairperson of Stakeholders Relationship Committee with effect from 31st August, 2019.*

! *Mr. Pratap Mohan appointed as a Member of Stakeholders Relationship Committee with effect from 14th October, 2019.*

**Details of Shareholders Complaints received during the year 2019-2020:**

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

| Complaint as on 01.04.2019 | Received during the year | Resolved during the year | Pending as on 31.03.2020 |
|---|---|---|---|
| 1 | NIL | 1 | NIL |

**SEBI Complaints Redress Systems (SCORES)**

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

**D. OTHER COMMITTEES**

**(i) SECURITIES ALLOTMENT COMMITTEE**

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

At the beginning of the year 2019-2020, the Securities Allotment Committee comprised of Mr. Shailesh Bhandari, Executive Director as a Chairman, Mr. Siddharth Bhandari and Mr. Arun Kumar Jain as Members.

Due to resignation / cessation of director from time to time, the Board of Directors of the Company has re-constituted Securities Allotment Committee from time to time. Mr. Arun Kumar Jain, Independent Director and Member of Securities Allotment Committee of the Company resigned from 17th August, 2019 and Mr. Siddharth Bhandari, Whole-time Director and Member of the Committee ceased to be Director with effect from 30th September, 2019.

The Board of Directors of the Company has re-constituted Securities Allotment Committee w.e.f. 14th October, 2019. Now, the Securities Allotment Committee comprises of following Members:

| | | | |
|---|---|---|---|
| 1. | Mr. Shailesh Bhandari | - | Chairman (Executive Director) |
| 2. | Mr. Dinesh Mukati | - | Member (Non-Executive & Independent Director) |
| 3. | Mr. Pratap Mohan | - | Member (Non-Executive & Independent Director) |

During the financial year ended on 31st March, 2020, no meeting of the Securities Allotment Committee was held.

**(ii) MANAGEMENT COMMITTEE**

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

At the beginning of the year 2019-2020, the Management Committee was comprised of Mr. Mukesh Bhandari, Chairman, Mr. Shailesh Bhandari and Mr. Dinesh Mukati as Members of the Committee. The Board of Directors of the Company at their meeting held on 11th February, 2020 had re-constituted the Management Committee as under:

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

During the financial year ended on 31st March, 2020, five (5) 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.

At the beginning of the year 2019-2020, the CSR Committee comprised of Mr. Shailesh Bhandari as Chairman, Mr. Pratap Mohan and Mr. Siddharth Bhandari as Members of the CSR Committee. Mr. Siddharth Bhandari, Whole-time Director and Member of the Corporate Social Responsibility (CSR) Committee of the Company ceased to be a Director with effect from 30th September, 2019.

The Board of Directors of the Company had re-constituted CSR Committee with effect from 14th October, 2019. Now, the CSR Committee comprises of following Members:

| | | | |
|---|---|---|---|
| 1. | Mr. Shailesh Bhandari | - | Chairman (Executive Director) |
| 2. | Mr. Dinesh Mukati | - | Member (Non-Executive & Independent Director) |
| 3. | Mr. Pratap Mohan | - | Member (Non-Executive & Independent Director) |

During the financial year ended on 31st March, 2020, one (1) meeting of the CSR Committee was held on 13th November, 2019.

## CORPORATE GOVERNANCE REPORT

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 |
|---|---|---|---|---|
| 33rd | 2018-19 | Ahmedabad Management Association (AMA), AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 | 30th September, 2019 11:00 a.m. | • No Special resolution was passed. |
| 32nd | 2017-18 | Ahmedabad Management Association (AMA), AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 | 28th September, 2018 10:00 a.m. | • No Special Resolution was passed. |
| 31st | 2016-17 | Ahmedabad Management Association (AMA), AITRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 | 5th September, 2017 10:00 a.m. | • To raise funds in the form of equity and / or convertible securities.<br>• Appointment of Mr. Siddharth Bhandari as Whole-time Director. |

(ii) **Extra Ordinary General Meetings**

No Extra Ordinary General Meeting was held during the financial year ended on 31st March, 2020.

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

During the financial year ended on 31st March, 2020, no resolution was passed through Postal Ballot.

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

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

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

5. **DISCLOSURES:**

(i) **Related Party Transactions:**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were on Arm's Length basis. There were no materially significant related party transactions during the year that may have potential conflict with the interest of the Company at large. The Company at the 28th Annual General Meeting held on 30th September, 2014 has approved all proposed related party transactions with annual limits. The details of related party transactions as per Indian Accounting Standard ("Ind AS") 24 are included in the notes to accounts of the Financial Statements.

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

(ii) **Code of Conduct:**

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. In compliance with the Code, Directors and Senior Management of the Company have affirmed compliance with the Code for year ended on 31st March, 2020. 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.

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

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

**(iv) Details of Non-Compliance and penalties imposed by stock exchanges:**

Following non-Compliances observed during last three years.

(i) During the financial year 2019-20, the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) have imposed penalty for non-compliance of provisions of Regulation 33(a) & (b) of the Listing Regulations related to delay in submission of quarterly and year to date standalone and consolidated financial results to the stock exchange within 45 days of the end quarter ended on 30th June, 2019.

(ii) During the financial year 2018-19, 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 30th September, 2018 and 31st 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 30th September, 2018 and 31st December, 2018, remitted Rs. 4,720/- and Rs. 1,03,840/- to NSE & BSE. The NSE vide its letter dated 11th 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.

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 5th September, 2017 to 18th January, 2018, (ii) composition of board with at least one woman director and filing of intermittent vacancy of woman Independent director caused due to resignation of Woman Independent director for the period from 8th February, 2018 to 24th 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 and no penalties, strictures were 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.

**(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 a Non- Executive Independent Director as Chairman. The position of the Chairman of the Board of Directors and the Managing Director are separate.

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.

3. The auditors have qualified the financial statements for the financial year 2019-2020. The Board has clarified/explained the same in Board's Report.

4. The Internal Auditor regularly reports to the Audit Committee.

## CORPORATE GOVERNANCE REPORT

**(vii) Policy on "Material" Subsidiaries:**

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

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

During the course of business of the Company, there are import and export of goods and materials. In view of the fluctuation of the foreign currency rate, the Company is exposed to the foreign exchange risk.

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 Regulations, the Managing Director has given the compliance certificate and the same is part of this Annual Report.

**6. MEANS OF COMMUNICATION:**

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

The Company has not made any presentations to the institutional investors or to the analysts during the financial year ended on 31st March, 2020.

**7. GENERAL SHAREHOLDER INFORMATION:**

| | |
|---|---|
| Day, Date & Time of 34th AGM | Monday, 17th August, 2020 at 10.00 AM |
| Venue of AGM | The Company is conducting meeting through VC/OAVM pursuant to the MCA circular dated 5th May, 2020 and as such there is no requirement to have a venue for the AGM. For instructions to attend the AGM through VC/OAVM, please refer to the Notice of 34th AGM. |
| Email for Investor Complaint | sec@electrotherm.com |
| Website | www.electrotherm.com |
| Financial Year | 1st April, 2019 to 31st March, 2020 |
| Dividend Payment Date | Not Applicable, as the Board of Directors has not recommended divided for the financial year ended on 31st March, 2020. |
| ISIN with NSDL & CDSL | INE822G01016 |

**Tentative Financial Calendar for 2020-2021** (from 1st April, 2020 to 31st March, 2021):

| | |
|---|---|
| Quarter ending on 30th June, 2020 | On or before 14th August, 2020 |
| Quarter ending on 30th September, 2020 | On or before 14th November, 2020 |
| Quarter ending on 31st December, 2020 | On or before 14th February, 2021 |
| Quarter ending on 31st March, 2021 | On or before 30th May, 2021 |

## CORPORATE GOVERNANCE REPORT

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

Equity Shares of your Company are listed on 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 2020-2021 has been paid to both Stock Exchanges.

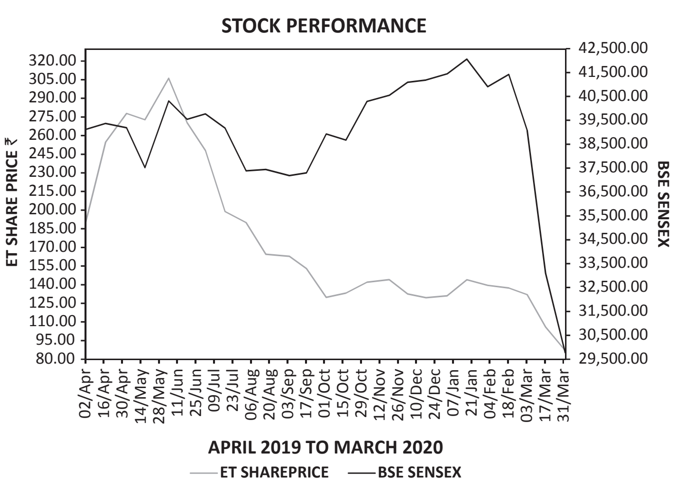
**B. Market Price Data:**

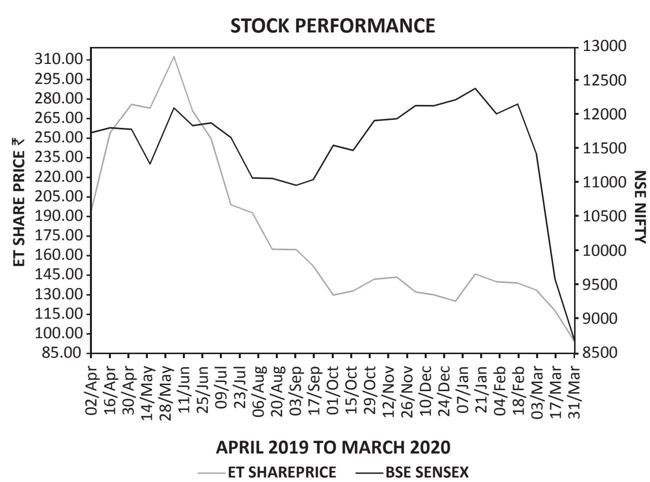
Market price data of equity shares of the Company having face value of Rs. 10/- on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for the financial period 2019-2020 are given below:

| Month | BSE – Share Price | | BSE Monthly Volume | NSE – Share Price | | NSE Monthly Volume |
|---|---|---|---|---|---|---|
| | High | Low | | High | Low | |
| April, 2019 | 304.00 | 176.85 | 3,75,561 | 305.25 | 176.60 | 20,47,656 |
| May, 2019 | 380.15 | 221.30 | 2,56,198 | 380.10 | 217.05 | 13,28,799 |
| June, 2019 | 306.15 | 225.00 | 1,93,980 | 312.50 | 225.05 | 10,42,255 |
| July, 2019 | 257.80 | 179.10 | 1,13,160 | 251.50 | 181.00 | 3,27,853 |
| August, 2019 | 190.00 | 114.55 | 1,28,929 | 192.90 | 114.20 | 4,78,956 |
| September, 2019 | 162.80 | 129.35 | 70,538 | 164.65 | 129.65 | 3,01,357 |
| October, 2019 | 144.95 | 124.05 | 2,39,210 | 144.00 | 121.65 | 5,72,641 |
| November, 2019 | 149.90 | 126.95 | 1,25,231 | 149.45 | 126.00 | 3,81,922 |
| December, 2019 | 134.40 | 118.25 | 1,48,512 | 132.75 | 110.00 | 2,59,389 |
| January, 2020 | 151.70 | 120.00 | 1,18,788 | 148.00 | 120.15 | 3,81,657 |
| February, 2020 | 169.80 | 127.00 | 1,41,188 | 169.80 | 125.00 | 4,95,986 |
| March, 2020 | 133.20 | 79.00 | 79,200 | 139.95 | 77.00 | 2,92,529 |

**C. Stock Performance:**

Performances of share price of the Company in comparison to BSE Sensex and Nifty for the financial year 2019-2020 are as under:



**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, dematerialisation / rematerialisation of shares, issue of duplicate / split / consolidation of shares etc.

**LINK INTIME INDIA PVT. LTD.**
5th Floor, 506 to 508, Amarnath Business Centre-I, Beside Gala Business Centre,
Nr. St. Xavier's College Corner, Off. C G Road, Navrangpura, Ahmedabad - 380 009.
Tel No. & Fax. No. : +91-79-2646 5179 • Email : ahmedabad@linkintime.co. • Website: www.linkintime.co.in

**E. Share Transfer System:**

Pursuant to amendment in Regulation 40(1) of the Listing Regulations, effective from 1st April, 2019, no shares can transferred in physical mode and any request for transfer of shares shall be processed for shares held in dematerialised form only. This restriction shall not be applicable to the request received for transmission or transposition of physical shares. The Company had sent communication to the shareholders encouraging them to dematerialise their holdings in the Company. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation.

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 within stipulated time. The Company has also obtained Quarterly Reconciliation of Share Capital Audit Report as per the Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 / Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018 and submitted the same to the Stock Exchanges within stipulated time.

**F. Distribution of shareholding as on 31st March, 2020:**

| Category | | | No. of Shareholders | | No. of Shares | |
|---|---|---|---|---|---|---|
| | | | Total | % of Shareholders | Total | % of Shares |
| 1 | - | 500 | 5853 | 92.51 | 489830 | 3.84 |
| 501 | - | 1000 | 210 | 3.32 | 160636 | 1.26 |
| 1001 | - | 2000 | 98 | 1.55 | 143070 | 1.12 |
| 2001 | - | 3000 | 33 | 0.52 | 84092 | 0.66 |
| 3001 | - | 4000 | 19 | 0.30 | 66876 | 0.53 |
| 4001 | - | 5000 | 21 | 0.33 | 96931 | 0.76 |
| 5001 | - | 10000 | 15 | 0.24 | 120436 | 0.95 |
| 10001 | & | Above | 78 | 1.23 | 11580943 | 90.88 |
| **Total** | | | **6327** | **100.00** | **12742814** | **100.00** |

**G. Categories of Shareholding as on 31st March, 2020:**

| Sr. No. | Category | No. of Shares | % to Share Capital |
|---|---|---|---|
| **A.** | **PROMOTERS SHAREHOLDING** | | |
| 1. | Promoters and Promoters Group | 39,90,325 | 31.31 |
| **B.** | **PUBLIC SHAREHOLDING** | | |
| 2. | Mutual Funds / UTI | 9,800 | 0.08 |
| 3. | FIIs/FPIs | 6,39,615 | 5.02 |
| 4. | Banks/Financial Institutions | 100 | 0.00 |
| 5. | Bodies Corporate | 30,75,223 | 24.13 |
| 6. | NRIs | 1,72,954 | 1.36 |
| 7. | Foreign Companies | 20,00,000 | 15.70 |
| 8. | Clearing Members | 20,745 | 0.16 |
| 9. | Indian Public & HUF | 28,34,052 | 22.24 |
| | **Total** | **1,27,42,814** | **100.00** |

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

The Shares of the Company are under compulsory trading in demat form. The details of dematerialisation of shares as on 31st March, 2020 is as under:

| Sr. No. | Particulars | No. of Shares | % of Paid up Capital |
|---|---|---|---|
| 1. | Held in Physical form | 11,10,657 | 8.72 |
| 2. | Held in Demat form | 1,16,32,157 | 91.28 |
| | **Total** | **1,27,42,814** | **100.00** |

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

As on 31st March, 2020, the Company does not have any GDRs/ADRs/Warrants or any convertible instruments.

**J. Plant Locations:**

| Engineering & Technologies Division | Special Steel and 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 financial year, the Company has not issued any securities or debt instruments and 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.

**C. Total fees for all services paid by the 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 Rs. 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 2019-2020, 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:**

During the financial year, 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.

## DECLARATION OF CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the Board Members and Senior Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year ended on 31st March, 2020.

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

Date: 30th June, 2020
Place: Ahmedabad

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## 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, 2020 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: 30th June, 2020
Place: Palodia

**Shailesh Bhandari**
Managing Director

## COMPLIANCE CERTIFICATE OF CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by Electrotherm (India) Limited ('the Company') for the year ended on 31st March, 2020 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 and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Listing Regulations.

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

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

**Bharat A. Prajapati**
Proprietor
FCS No. 9416
CP No. 10788
UDIN : F009416B000399113

Place: Ahmedabad
Date : 30th June, 2020

## 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) 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 **31st March, 2020** 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. Suraj Bhandari | 07296523 | 13/11/2019 |
| 4 | Mr. Dinesh Mukati | 07909551 | 05/09/2017 |
| 5 | Mr. Pratap Mohan | 03536047 | 05/09/2017 |
| 6 | Ms. Nivedita R. Sarda | 00938666 | 25/05/2018 |

Ensuring the eligibility 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
UDIN : F009416B000399124

Place: Ahmedabad
Date : 30th June, 2020

## INDEPENDENT AUDITOR'S REPORT

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

**Report on the audit of Standalone Ind AS 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, 2020, 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 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 state of affairs of the Company as at March 31, 2020, 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(b) of non- provision of interest on NPA accounts of banks of Rs.160.67 Crore (Net of Reversal of Rs.17.31 crore on its settlement), for the year under consideration and the total amount of such unprovided interest till date is Rs 1037.01 Crore. The exact amounts of the said non provisions of interest are not determined and accounted for by the Company and accordingly (a) Bankers/ ARCs Loan liabilities and the retained earnings (Loss) as on 31st March 2020 are understated by Rs.1037.01 Crore and (b) the profit for the year is overstated by Rs.160.67 Crore.*

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Companies Act 2013 ("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 audit opinion.

**Emphasis of Matter**

We draw attention to following Notes of Standalone Ind AS Financial Statements of the Company:-

(a) **Note No 15(e)** in respect of non-payment of Installments due to lender of the loan for the period from 31st December 2019 to 31st March 2020 and requested all lenders to allow this moratorium period for the payments and the lenders are yet to confirm the revised repayment schedule.

(b) **Note No 33(a)** in respect of treatment in the books of accounts of the assignment / settlements of debts of various banks and the financial institution and its waiver of principal and interest amount.

(c) **Note No 33(a)(i)(e)** in respect of Petition filed by Central Bank of India, a financial creditor under Section 7 of the Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal (NCLT), Ahmedabad.

(d) **Note No 35(d)** in respect of confirmation / reconciliation of few accounts of "Trade Receivables", "Trade Payable", "Advance from Customers", Advances Recoverable in Cash or Kind", and "Advance to suppliers and other parties".

(e) **Note No 37** in respect of pending litigations and recovery proceedings against the company and the Directors of the Company.

In Our opinion in respect of the above *Emphasis of Matter*, 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, 2020. These matters were addressed in the context of our audit of the Standalone Ind AS 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 (Other than those given in Basis for Qualified Opinion) | How the matter was addressed in our audit |
|---|---|
| **Revenue Recognition**<br>The principal products of the Company comprise Induction Furnaces, Steel and Electric Vehicles that are mainly sold through distributors and direct sale channels amongst others. Revenue is recognized when the customer obtains control of the goods.<br><br>We identified revenue recognition as a key audit matter because the Company and its external stakeholders focus on revenue as a key performance indicator. This could create an incentive for revenue to be overstated or recognized before control has been transferred. | In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:<br>• We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.<br>• We performed substantive testing by selecting samples of revenue transactions, recorded during the year by testing the underlying documents using statistical sampling.<br>• We carried out analytical procedures on revenue recognised during the year to identify unusual variances.<br>• We performed confirmation procedures on selected customer balances at the balance sheet date.<br>• We tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognised in the appropriate financial period.<br>• We tested manual journal entries posted to revenue to identify unusual items. |

**Other Information**

The Company's management and Board of Directors are responsible for the preparation of 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.

When we read the Board's Report including Annexure to Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

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

The statement has been prepared on the basis of the Standalone Ind AS Financial Statements. The Company, Management and Board of Directors are responsible for matter stated in section 134(5) of the Act with respect to the preparation and presentation of the Standalone Financial Statement that gives a true and fair view of the Net Profit for the year ended on March 31, 2020 and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India 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 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the statement, 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.

## INDEPENDENT AUDITOR'S REPORT

**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 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 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.
- 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 system in place and the operating effectiveness of such control.
- 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 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 Ind-AS Financial Statement 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 Board of Directors in their meeting on 30th June 2020. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statement, including the disclosures, and whether the Statement represents 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, 2020 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.

**Report on Other Legal and Regulatory Requirements**

(A) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Governmentof 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 for the year ended on 31st March 2020.

(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;

## INDEPENDENT AUDITOR'S REPORT

(e) On the basis of the written representations received from the directors as on March 31, 2020 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in '**Annexure B**': and

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 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 Ind AS Financial Statements- Refer Note No.31(a), 33 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; and

(iii) There is no fund which is pending to be transferred to the Investor Education and Protection Fund by the Company.

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

Place: Ahmedabad
Date: 30th June, 2020

**Hitesh Shah**
Partner
Membership No. 124095
UDIN: 20124095AAAABL9501

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

The **Annexure A** referred to in Independent Auditor's Report to the members of **Electrotherm (India) Limited** on the **Standalone Ind AS Financial Statements** for the year ended on **March 31, 2020** we broadly report that for the year under consideration:-

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(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 & Technologies 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. As informed to us, the discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.

(iii) The Company has granted loans, secured or unsecured to Companies, Firm or other parities covered in the register maintained under section 189 of the Act;

(a) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans; except Unsecured Loans considered doubtful by the Company, 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, there is no amount overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, 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.

(b) There are no undisputed amounts payable in respect of above dues which were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

| Name of the Statue | Nature of Dues | Amount | Period to which amount relates | Forum Where Dispute is Pending |
|---|---|---|---|---|
| CENTRAL EXCISE ACT,1944 | Excise duty | 0.00 | 2005-06 | Commissioner, Central Excise |
| | Excise duty | 11.65 | December-2005 to December-2008 | CESTAT |
| | Excise duty | 175.00 | April-2005 to March-2010 | CESTAT |
| | Excise duty (Advance Licence) | 22.41 | March-2011 to December-2011 | Commissioner, Central Excise |
| | Excise duty | 68.62 | October-2007 to September-2012 | Commissioner, Central Excise. |
| | Excise duty | 0.12 | April-2008 to July-2011 | CESTAT |
| | Excise duty | 57.38 | April-2009 to March-2010 | Commissioner, Central Excise |
| | Excise duty | 6.82 | February-2014 to March-2015 | Commissioner of Central GST Audit |
| | **SUB TOTAL** | **342.00** | | |
| FINANCE ACT,1944 | SERVICE TAX | 1.84 | April 2007 to March-2008 | Commissioner, Central Excise. |
| | **SUB TOTAL** | **1.84** | | |
| CUSTOM ACT,1962 | CVD | 7.27 | March-2011 to December 2011 | CESTAT |
| | Interest | 3.59 | May-2007 to February-2008 | CESTAT |
| | Custom Duty | 0.83 | March-2012 to January-2013 | Additional Commissioner |
| | Custom Duty | 0.02 | April 2011 | Commissioner of Custom (Preventive) |
| | **SUB TOTAL** | **11.71** | | |
| MAHARASHTRA VAT ACT, 2002 | VAT | 6.06 | 2009-10 | Deputy Commissioner of MVAT |
| | VAT | 23.09 | 2010-11 | Deputy Commissioner of MVAT |
| | **SUB TOTAL** | **29.15** | | |
| | **GRAND TOTAL** | **384.70** | | |

(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, 2020 (₹ in Crore) | | | Default From |
|---|---|---|---|---|
| | Principal | Interest | Total | |
| Central Bank of India* | 428.94 | 7.19 | 436.13 | March 2012 |
| Rare Asset Reconstruction Limited (assignee of Indian Overseas Bank)* | 189.95 | 0.01 | 189.96 | August 2011 |
| Invent Assets Securitization and Reconstruction Private Limited | 4.20 | - | 4.20 | December 2019 |
| Edelweiss Asset Reconstruction Company Limited | - | 0.21 | 0.21 | December 2019 |
| Corporation Bank | - | 0.95 | 0.95 | December 2019 |

*The above table does not include the interest which bank has not provided after the account has been classified as Non-Performing Assets (NPA). and the amount which has been assigned /settled by the lenders.

The Reserve Bank of India (RBI) has notified the COVID-19 Regulatory Packages, permitting lenders to grant a moratorium period for all installments falling due between March 1, 2020 to August 31, 2020 and of which complete details is given in note No. 15(e). The Company has not paid installments due for the quarter ended on December 31, 2019 of Rs 15.45 Crore and for the quarter ended on March 31, 2020 of Rs 25.13 Crore. The Company has requested all lenders to allow a moratorium period for the payments or re-schedule the payment of the installments amount not paid and moratorium period or revised schedule is yet to be confirmed.

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S 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) As explained to us, the Company has not entered into any non-cash transactions with its Directors or persons connected with them. 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

Place: Ahmedabad
Date: 30th June, 2020

**Hitesh Shah**
Partner
Membership No. 124095
UDIN: 20124095AAAABL9501

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**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, 2020.**

**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, 2020 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

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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.

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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 otherwise stated or reported to the management, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Hitesh Shah**
Partner
Membership No. 124095
UDIN: 20124095AAAABL9501

Place: Ahmedabad
Date: 30th June, 2020

## Standalone Balance Sheet as at March 31, 2020

(Rs In Crore)

| Particulars | Notes | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non Current Assets** | | | |
| a) Property, Plant and Equipment | 3 | 757.10 | 860.33 |
| b) Capital Work in Progress | 3 | 26.82 | 27.43 |
| c) Intangible Assets | 4a | 5.18 | 2.06 |
| d) Right of Use Assets | 4b | 2.19 | - |
| e) Financial Assets | | | |
| i) Investments | 5 | 45.98 | 46.06 |
| ii) Loans | 6 | - | - |
| iii) Other Financial Assets | 7 | 32.88 | 47.53 |
| f) Other Non Current Assets | 8 | 15.21 | 15.20 |
| **Total Non- Current Assets (A)** | | **885.36** | **998.61** |
| **Current assets** | | | |
| a) Inventories | 9 | 477.47 | 525.94 |
| b) Financial Assets | | | |
| i) Trade Receivables | 10 | 338.31 | 357.34 |
| ii) Cash and Cash Equivalent | 11 | 29.63 | 43.15 |
| iii) Bank Balance Other than (ii) Above | 11 | 16.63 | 15.88 |
| iv) Other Financial Assets | 7 | 1.55 | 1.43 |
| c) Current Tax Assets | 12 | 1.95 | 1.36 |
| d) Other Current Assets | 8 | 167.05 | 167.29 |
| **Total Current Assets (B)** | | **1,032.59** | **1,112.39** |
| **TOTAL ASSETS (A+B)** | | **1,917.95** | **2,111.00** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| a) Equity Share Capital | 13 | 12.74 | 12.74 |
| b) Other Equity | 14 | (984.17) | (1,133.76) |
| **Total Equity (A)** | | **(971.43)** | **(1,121.02)** |
| **Liabilities** | | | |
| **Non-current Liabilities** | | | |
| a) Financial Liabilities | | | |
| Borrowings | 15 | 1,242.66 | 1,405.22 |
| Other Financial Liabilities | 19 | 0.71 | - |
| b) Other Non-Current Liability | 20 | 2.75 | - |
| c) Provisions | 16 | 17.36 | 12.49 |
| **Total Non Current Liabilities (B)** | | **1,263.48** | **1,417.71** |
| **Current liabilities** | | | |
| a) Financial Liabilities | | | |
| i) Short Term Borrowings | 17 | 14.57 | 122.00 |
| ii) Trade Payables | 18 | - | - |
| Total Outstanding Dues Of : | | | |
| - Micro Enterprises & Small Enterprises | | 26.53 | 25.37 |
| - Other than Micro Enterprises & Small Enterprises | | 404.04 | 410.05 |
| iii) Other Financial Liabilities | 19 | 959.52 | 998.62 |
| b) Other Current Liabilities | 20 | 207.23 | 244.65 |
| c) Provisions | 16 | 14.01 | 13.62 |
| **Total Current Liabilities (C)** | | **1,625.90** | **1,814.31** |
| **TOTAL EQUITY AND LIABILITIES (A+B+C)** | | **1,917.95** | **2,111.00** |
| Summary of Significant accounting policies | 2.1 | | |
| The accompanying notes are an integral part of the finanical statements | | | |

As per our report of even date
**For Hitesh Prakash Shah & Co.**
Chartered Accountants
Firm Registration No: 127614W

**Hitesh Shah**
Partner
Membership No. 124095

Place : Ahmedabad
Date : 30th June 2020

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

**Dinesh Mukati**
Chairman
DIN:-07909551

**Shailesh Bhandari**
Managing Director
DIN:- 00058866

Place : Palodia
Date : 30th June 2020

**Fageshkumar R. Soni**
Company Secretary

## Standalone Statement of Profit and Loss for the Year ended March 31, 2020

(Rs In Crore)

| Particulars | Notes | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **Income** | | | |
| Revenue From Operations | 21 | 2,824.39 | 3,462.37 |
| Other Income | 22 | 25.73 | 18.90 |
| **Total Income** | | **2,850.12** | **3,481.27** |
| **Expenses** | | | |
| Cost of Raw Materials and Components Consumed | 23 | 1,871.20 | 2,340.63 |
| Purchases of Stock in Trade | 23 | 110.30 | 159.38 |
| Changes in Inventories of Finished Goods, Work in Progress | 24 | (4.91) | (70.63) |
| Employee Benefit Expense | 25 | 164.64 | 156.84 |
| Finance Costs | 26 | 15.41 | 38.33 |
| Depreciation and Amortisation Expense | 27 | 129.99 | 138.46 |
| Other Expenses | 28 | 554.05 | 577.47 |
| **Total expenses** | | **2,840.68** | **3,340.48** |
| **Profit Before Exceptional Items And Tax** | | **9.44** | **140.79** |
| Exceptional item | 29 | 35.54 | - |
| **Profit Before Tax** | | **44.98** | **140.79** |
| Tax Expense: | | | |
| Income Tax | 30 | - | - |
| **Profit for the Year** | | **44.98** | **140.79** |
| **Other comprehensive income / (loss)** | | | |
| **A. Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent period** | | | |
| Re-measurement gain / (loss) on defined benefit plans | | (2.70) | (1.35) |
| Income tax effect relating to these items | | - | - |
| **Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent period** | | **(2.70)** | **(1.35)** |
| **Total Other comprehensive income/(loss) for the year, net of tax** | | **(2.70)** | **(1.35)** |
| **Total comprehensive income for the year** | | **42.28** | **139.44** |
| **Earnings per equity share (nominal value of shares Rs 10) (Basic & Diluted)** | 39 | **35.31** | **110.50** |
| Summary of Significant accounting policies | 2.1 | | |
| The accompanying notes are an integral part of the finanical statements | | | |

As per our report of even date
**For Hitesh Prakash Shah & Co.**
Chartered Accountants
Firm Registration No: 127614W

**Hitesh Shah**
Partner
Membership No. 124095

Place : Ahmedabad
Date : 30th June 2020

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

**Dinesh Mukati**
Chairman
DIN:-07909551

**Shailesh Bhandari**
Managing Director
DIN:- 00058866

Place : Palodia
Date : 30th June 2020

**Fageshkumar R. Soni**
Company Secretary

## Standalone Cash Flow Statement for the Year Ended March 31, 2020

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **A: CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit Before Tax | 44.98 | 140.79 |
| **Adjustments to reconcile profit before tax to net cash flows:** | | |
| Depreciation on property, plant, equipment & Amortization of Assets | 129.99 | 138.46 |
| Finance income (including fair value changes in financial instruments) | (3.02) | (4.85) |
| Net Sundry Balances Written Off | 0.55 | 0.06 |
| Exceptional item | (35.54) | - |
| Net Sundry Balances Written Back | - | (7.84) |
| Provision For Doubtful Trade Receivables & Advances | - | (12.32) |
| (Profit)/Loss on Sale/Discard of Property, Plant & Equipments & Capital Work In Progress (Net) | 1.13 | (0.01) |
| Profit on Sale of Units of Mutual Fund | - | (0.01) |
| Provision For Warranty | (0.90) | 1.62 |
| Finance costs (including fair value changes in financial instruments) | 15.49 | 33.41 |
| Unrealized foreign exchange (gain)/loss | (14.30) | (6.22) |
| **Operating Profit before working capital changes** | **138.38** | **283.09** |
| **Working capital adjustments:** | | |
| Decrease/(Increase) in trade receivables | 32.14 | 34.74 |
| Decrease/(Increase) in inventories | 48.47 | (98.46) |
| Decrease/(Increase) in other non-current financial assets | - | (5.19) |
| (Decrease)/Increase in trade payables | (4.21) | 26.50 |
| (Decrease)/Increase in other current liabilities | (34.67) | 97.39 |
| (Decrease)/Increase in other non current liabilities | 2.75 | - |
| (Decrease)/Increase in other current financial liabilities | (13.17) | (14.58) |
| Decrease/(Increase) in other current financial assets & others | (0.21) | 1.14 |
| Decrease/(Increase) in other current Asset | 0.24 | 9.95 |
| (Decrease)/Increase in provisions | 3.46 | 2.13 |
| **Cash generated from operations** | **173.18** | **336.71** |
| Direct taxes paid (net) | (0.52) | (0.61) |
| **Net Cash (used in) generated from operating activities** | **172.66** | **336.10** |
| **B: CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of fixed assets & intangible assets (including CWIP and capital advances) | (22.75) | (72.41) |
| Proceeds from sale of Property Plant & Equipment | - | 0.25 |
| Purchase of Units of Mutual fund | - | (13.10) |
| Sale of Units of Mutual fund | - | 13.11 |
| Redemption/ (maturity) of bank deposits (Net) | 14.23 | - |
| Interest income | 2.78 | 5.41 |
| **Net Cash (used in) generated from investing activities** | **(5.74)** | **(66.74)** |

## Standalone Cash Flow Statement for the Year Ended March 31, 2020

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **C: CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Repayment of borrowings (Net) | (160.83) | (225.87) |
| Payment of Principal portion of Lease Liabilities | (1.83) | - |
| Interest & Other Finance Cost Paid | (17.78) | (27.16) |
| **Net Cash (used in) generated from financing activities** | **(180.44)** | **(253.03)** |
| **Net (Decrease)/ Increase in Cash and Cash Equivalents** | **(13.52)** | **16.33** |
| **Cash and Cash Equivalents at the beginning of the year** | **43.15** | **26.82** |
| **Cash and Cash Equivalents at the end of the year** | **29.63** | **43.15** |

Unrealized foreign exchange (gain)/loss

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2019 |
|---|---|---|
| Trade Receivable | (13.66) | (1.53) |
| Trade Payable | (0.64) | 0.23 |
| Borrowings | - | (4.92) |
| **Total** | **(14.30)** | **(6.22)** |

**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) Disclosure of change in liabilities arising from financing activities, including both arising from cash flows and non-cash changes are as per Note No. 15 (f).

As per our report of even date
**For Hitesh Prakash Shah & Co.**
Chartered Accountants
Firm Registration No: 127614W

**Hitesh Shah**
Partner
Membership No. 124095

Place : Ahmedabad
Date : 30th June 2020

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

**Dinesh Mukati**
Chairman
DIN:-07909551

**Shailesh Bhandari**
Managing Director
DIN:- 00058866

Place : Palodia
Date : 30th June 2020

**Fageshkumar R. Soni**
Company Secretary

## Statement of Change in Equity for the Year ended March 31, 2020

### A. EQUITY SHARE CAPITAL

(Rs In Crore)

| Particulars | No. of Shares | (Rs In Crore) |
|---|---|---|
| **Equity shares of Rs. 10 each issued, subscribed and fully paid** | | |
| **As at April 1, 2018** | **1,27,42,814** | **12.74** |
| Add: Issue of Equity Share Capital | - | - |
| **As at March 31, 2019** | **1,27,42,814** | **12.74** |
| Add: Issue of Equity Share Capital | - | - |
| **As at March 31, 2020** | **1,27,42,814** | **12.74** |

### B. OTHER EQUITY

(Rs In Crore)

| Particulars | Other Equity | | | | Total Other Equity |
|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | General Reserves | Retained Earnings | |
| **As at April 1, 2018** | **51.10** | **240.01** | **310.24** | **(1,874.55)** | **(1,273.20)** |
| Profit for the year | - | - | - | 140.79 | 140.79 |
| Other Comprehensive Income (Re-measurement loss on defined benefit plans) | - | - | - | (1.35) | (1.35) |
| Total Comprehensive Income | - | - | - | 139.44 | 139.44 |
| Transfer from General Reserve on Revaluation of Property, Plant & Equipment | - | - | (3.26) | 3.26 | - |
| **As at March 31, 2019** | **51.10** | **240.01** | **306.98** | **(1,731.85)** | **(1,133.76)** |
| Profit for the year | - | - | - | 44.98 | 44.98 |
| Add: Addition During the Year [Refer Note 14(a)] | 107.31 | - | - | - | 107.31 |
| Other Comprehensive Income / (Loss) (Re-measurement loss on defined benefit plans) | - | - | - | (2.70) | (2.70) |
| Total Comprehensive Income | 107.31 | - | - | 42.28 | 149.59 |
| Transfer from General Reserve on Revaluation of Property, Plant & Equipment | - | - | (3.26) | 3.26 | - |
| **As at March 31, 2020** | **158.41** | **240.01** | **303.72** | **(1,686.31)** | **(984.17)** |

As per our report of even date
**For Hitesh Prakash Shah & Co.**
Chartered Accountants
Firm Registration No: 127614W

**Hitesh Shah**
Partner
Membership No. 124095

Place : Ahmedabad
Date : 30th June 2020

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

**Dinesh Mukati**
Chairman
DIN:-07909551

**Shailesh Bhandari**
Managing Director
DIN:- 00058866

Place : Palodia
Date : 30th June 2020

**Fageshkumar R. Soni**
Company Secretary

## Notes to Standalone Financial Statements for the year ended March 31, 2020

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 Induction Furnace, Casting Machines, Transformers, Sponge and Pig Iron, Ferrous and Non-Ferrous Billets/ bars/ Ingots, Ductile Iron Pipes, Transmission Line Towers, Battery Operated Vehicles and Services relating to Steel Melting and other Capital Equipments.

The financial statements were authorized for issue in accordance with a resolution passed in Board Meeting held on June 30, 2020.

2. **BASIS OF PREPARATION AND BASIS OF MEASUREMENTOF FINANCIAL STATEMENTS:**

**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".

**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.

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

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

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

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

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

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

- Disclosures for valuation methods, significant accounting judgements, estimates and assumptions (Refer note 41 and 42)
- Quantitative disclosures of fair value measurement hierarchy (Refer note 41.2)
- Financial instruments (including those carried at amortised cost) (Refer note 42)

**d. REVENUE FROM CONTRACT WITH CUSTOMER:**

Revenue from contracts with customers is recognized to the extent that is probable that the economic benefits will flow to the company and revenue can be reliably measurable regardless of when payment is being received. Revenue is measured at 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 its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

However Goods & Service Tax is not received by 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 recognized.

**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 Goods and Service 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 Consideration**

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 Balances**

**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.

**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.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

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 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:**

**(i) Right of use assets**

The company recognizes right-of-use assets at the commencement date of the lease (i.e the date the underlying asset is available for use), Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| Assets Estimated | Useful Life |
|---|---|
| Right-of-use of office premises and Leasehold land | Over the balance period of lease agreement |

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in relating to Impairment of non-financial assets.

**(ii) Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**(iii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of office equipment that is considered to be low value amounting to Rs. 2 lakhs. Lease payments on short-term leases and leases of low-value assets are recognised as expense 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.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to 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 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 risks 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.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**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 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 are defined contribution plans. The Company has no obligation, other than the contributions payable to provident 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 Expenses 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 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.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**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) Taxes**

Pursuant to the Taxation Laws (Amendment) Ordinance 2019 issued by Ministry of Law and Justice (Legislative Department) dated September 20,2019 effective from April 01,2019 the company has opted to avail lower Tax rates of 22% (without any tax benefits) instead of existing tax rate of 30%.

**(b) 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.

Further details about gratuity obligations are given in Note 32.

## 2.3 NEW STANDARDS, APPENDICES TO IND AS AND AMENDMENTS ADOPTED BY THE COMPANY

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended March 31, 2019, except for the adoption of new standards effective as of April 1, 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, Ind AS 116 Leases using the modified retrospective method of adoption. The adoption of the standard did not have any material impact on the financial statements of the Company.

Several other amendments and interpretations apply for the first time in April 1, 2019, but do not have an impact on the financial statements of the Company.

**(a) Ind AS 116 Leases**

Ind AS 116 supersedes Ind AS 17 "Leases". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied to all lease contracts, identified under Ind AS 17, existing on April 1, 2019 using the modified retrospective method on the date of initial application.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessor will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

Pursuant to adoption of Ind AS 116, the Company recognised right-of-use assets and lease liabilities for those leases which were previously classified as operating leases, except for short-term leases amount and leases of low-value assets amounting to 2 lakhs. The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application and right of use asset at an amount equal to the lease liability adjusted for any prepayments/accruals recognised in the balance sheet as on March 31, 2019. There is no impact on retained earnings as on April 1, 2019.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of -use asset at the date of initial application.

Amount recognised in the Balance Sheet and statement of Profit and Loss refer note 31(b). Impact on the Statement of Cash flows [Increase / (Decrease)] for the year ended March 31, 2020 is as under: -

(₹ Rs in Crore)

| Particular | Year ended March 31, 2020 |
|---|---:|
| Net Cash flows from operating activities | 1.83 |
| Net Cash flows from financing activities | (1.83) |

**(b) Appendix C to Ind AS 12 "Uncertainty over Income Tax Treatment"**

Upon adoption of the Appendix C to Ind AS 12, the Company evaluated whether it has any uncertain tax positions which requires adjustments to provision for current tax. The Company has no ongoing disputes with Income Tax Authorities, in respect of any certain allowance / deduction which have been claimed during the year. The adoption of this appendix has not resulted any impact on the financial statements of the Company.

## 3 Property, plant and equipment

(Rs In Crore)

| Particulars | Freehold Land | Leasehold Land | Building | Plant and Machinery | Computer | Furniture and Fixtures | Office Equipment | Vehicles | Total | Capital Work in Progress |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | |
| **As at April 1, 2018** | **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 |
| **As at March 31, 2019** | **150.35** | **0.96** | **281.20** | **832.56** | **7.80** | **5.83** | **4.54** | **3.77** | **1,287.01** | **27.43** |
| Additions | - | - | 4.96 | 17.28 | 2.42 | 0.28 | 0.48 | 0.62 | 26.04 | 1.84 |
| Disposals / Capitalization | - | - | 0.01 | 1.26 | 0.68 | 1.37 | 0.43 | 0.22 | 3.97 | 2.45 |
| **As at March 31, 2020** | **150.35** | **0.96** | **286.15** | **848.58** | **9.54** | **4.74** | **4.59** | **4.17** | **1,309.08** | **26.82** |
| **Depreciation/Amortization and Impairment** | | | | | | | | | | |
| **As at 01 April 2018** | **-** | **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 | - |
| **As at March 31, 2019** | **-** | **0.03** | **41.84** | **375.84** | **3.93** | **2.07** | **1.54** | **1.43** | **426.68** | **-** |
| Depreciation for the Year | - | 0.01 | 13.20 | 110.96 | 2.27 | 0.45 | 0.83 | 0.41 | 128.13 | - |
| Disposals | - | - | - | 0.77 | 0.42 | 1.17 | 0.35 | 0.12 | 2.83 | - |
| **As at March 31, 2020** | **-** | **0.04** | **55.04** | **486.03** | **5.78** | **1.35** | **2.02** | **1.72** | **551.98** | **-** |
| **Net Block** | | | | | | | | | | |
| As at March 31, 2019 | 150.35 | 0.93 | 239.36 | 456.72 | 3.87 | 3.76 | 3.00 | 2.34 | 860.33 | 27.43 |
| **As at March 31, 2020** | **150.35** | **0.92** | **231.11** | **362.55** | **3.76** | **3.39** | **2.57** | **2.45** | **757.10** | **26.82** |

**Notes:-**

(a) Various Assets appearing in Capital Work in Progress and Capitalized during the year March 31, 2020 is Rs. 2.45 crore (March 31, 2019 of Rs. 2.58 crore) have been shown in addition in respective class of property, plant and equipments and as transfers from CWIP.

(b) There is a pari-pasu charge by way of Mortgage on Immovable Property, Plant and Equipments & hypothecation on all Movable Property, Plant & Equipments.

(c) 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.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**4(a) Intangible Assets** (Rs In Crore)

| Particulars | Software | Trademark | Total |
|---|---|---|---|
| **Cost** | | | |
| **As at April 1, 2018** | **0.62** | **0.02** | **0.64** |
| Additions | 1.83 | - | 1.83 |
| **As at March 31, 2019** | **2.45** | **0.02** | **2.47** |
| Additions | 3.34 | 0.01 | 3.35 |
| **As at March 31, 2020** | **5.79** | **0.03** | **5.82** |
| **Amortization and Impairment** | | | |
| **As at April 1, 2018** | **0.20** | **-** | **0.20** |
| Amortization for the Year | 0.21 | - | 0.21 |
| **As at March 31, 2019** | **0.41** | **-** | **0.41** |
| Amortization for the Year | 0.22 | 0.01 | 0.23 |
| **As at March 31, 2020** | **0.63** | **0.01** | **0.64** |
| **Net Block** | | | |
| **As at March 31, 2019** | **2.04** | **0.02** | **2.06** |
| **As at March 31, 2020** | **5.16** | **0.02** | **5.18** |

**4(b) Right of Use Assets** (Rs In Crore)

| Particulars | Right of Use Assets | |
|---|---|---|
| | Premises | Total |
| **Gross Carrying Vaue** | | |
| **As at April 1, 2019** | | |
| On Transition to Ind AS 116 | 3.82 | 3.82 |
| Additions | - | - |
| Disposals During the Year | - | - |
| **As at March 31, 2020** | **3.82** | **3.82** |
| **Accumulated Amortization** | | |
| **As at April 1, 2019** | | |
| On Transition to Ind AS 116 | - | - |
| Amortization Charged for the Year | 1.63 | 1.63 |
| Eliminated on disposal of assets | - | - |
| As at March 31, 2020 | 1.63 | 1.63 |
| **Net Carrying Value** | **2.19** | **2.19** |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**5 Investments** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Non-Trade Investments - Investments in Mutual Funds (Quoted) (at fair value through profit and loss) @** | | |
| - 21,503.949 (March 31, 2019 : 21,503.949) Units of IDFC STERLING VALUE FUND - REGULAR PLAN GROWTH | 0.06 | 0.11 |
| - 13,027.83 (March 31, 2019 : 13,027.83) Units of CANARA ROBECO EMERGING EQUITIES - REGULAR PLAN GROWTH | 0.10 | 0.12 |
| - 49,990 (March 31, 2019: 49,990) Units of Rs. 10 each UNION FOCUSED LARGECAP FUND-REGULAR PLAN-GROWTH | 0.04 | 0.05 |
| **Other unquoted investments in Government Securities (At Amortized Cost) #** | | |
| - National Saving Certificates | 0.00 | 0.00 |
| **Investment in Equity Instruments (Unquoted) : (at Cost Less Provision for Impairment) #** | | |
| **(a) Investment in unquoted Equity Share of Joint Ventures** | | |
| - 90,45,127 (March 31, 2019: 90,45,127) Equity Shares of Rs. 10 each of Bhaskarpara Coal Company Limited | 9.06 | 9.06 |
| Less:- Accumulated Impairment* | (2.13) | (2.13) |
| **(b) Investment in unquoted Equity Share of Subsidiary Company (at Cost) #** | | |
| - 38,00,000 (March 31, 2019: 38,00,000) Shares of Rmb 1 each of Jinhua Indus Enterprise Limited | 2.04 | 2.04 |
| - 3,64,20,000 (March 31, 2019:3,64,20,000) Equity Shares of Rs. 10/- each of Hans Ispat Limited | 36.46 | 36.46 |
| - 3,50,000 (March 31, 2019: 3,50,000) Equity Shares of Rs. 10/- each of Electrotherm Services Limited | 0.35 | 0.35 |
| - 7,78,000 (March 31, 2019: 7,78,000) Equity Shares of Rs. 100/- each At a Premium of Rs. 909/- of Shree Ram Electrocast Limited | - | - |
| - 7,24,400 (March 31, 2019 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) |
| **Total** | **45.98** | **46.06** |
| # Aggregate Book value (at cost) of Unquoted Investments | 48.63 | 48.63 |
| @ Aggregate Book Value (at cost) of quoted Investments | 0.30 | 0.30 |
| *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. State Bank of India has conducted auction under Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 and Movable & Immovable Property, Plant & Equipment and Inventory charged with the bank were sold during the year. In view of the said fact advances to the said subsidiary of Rs. 1.69 Crore,shown in Note no.8, has been treated as Doubtful advance to the Subsidiary Company.

(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, 2019 Rs. 2.13 Crore) in the value of investment in joint venture namely Bhaskarpara Coal Company Limited and in the value of investment in subsidiary namely ET Elec-Trans Limited Rs. 0.72 Crore (March 31, 2019 Rs. 0.72 Crore) has been provided as on April 1, 2016

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**6 Loans** (Rs In Crore)

| **Particulars** | **As at March 31, 2020** | **As at March 31, 2019** |
|---|---|---|
| **Unsecured, Considered doubtful** | | |
| Loan Receivable from Subsidiary- Credit Impaired | 4.18 | 4.18 |
| Less: Allowance for doubtful Receivable | (4.18) | (4.18) |
| **Total** | - | - |

**(a) Loan to subsidiary comprise** (Rs In Crore)

| **Particulars** | **Balance as at March 31, 2020** | **Balance as at March 31, 2019** |
|---|---|---|
| Electrotherm Services Limited | 4.18 | 4.18 |

| **Particulars** | **Maximum Amount Outstanding at any time during the Year Ended** | |
|---|---|---|
| | **March 31, 2020** | **March 31, 2019** |
| Electrotherm Services 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 was given for business purpose.

(d) Due to uncertainty of recovery, provision for impariment of the amount recoverable of Rs.4.18 Crore from Electrotherm Services Limited has been made, on the adoption of IND-AS on 1st April 2016.

**7 Other Financial Assets** (Rs In Crore)

| **Particulars** | **As at March 31, 2020** | **As at March 31, 2019** |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Sundry Deposits (Includes Bank Fixed Deposit of Rs.11.47 Crore (March 31, 2019: Rs. 12.89 crore) given as EMD) | 32.14 | 36.98 |
| In term deposit accounts (marked as lien against the LC/BG) (remaining maturity more than 12 months) | 0.74 | 10.55 |
| Loan to Employees | 0.59 | 0.38 |
| Interest Receivable | 0.96 | 1.05 |
| **Total** | **34.43** | **48.96** |
| Current | 1.55 | 1.43 |
| Non Current | 32.88 | 47.53 |
| **Total** | **34.43** | **48.96** |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**8 Other Assets** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Product Development Cost | 14.66 | 14.66 |
| Capital Advance | 0.55 | 0.54 |
| Advance to subsidiaries | 25.01 | 28.53 |
| Advance to Key Managerial Personnel | - | 0.02 |
| Enterprises owned or Significantly influenced by Key Managerial Personnel or their relative | 0.16 | 0.29 |
| Advances Recoverable In Cash or Kind (Net) | 33.16 | 33.53 |
| Advances to Staff | 0.28 | 0.79 |
| Advance to Suppliers and Other Parties | 81.55 | 85.26 |
| Prepaid Expenses | 4.49 | 3.17 |
| Balance with Revenue Authorities | 20.71 | 15.70 |
| **Unsecured, Considered Doubtful** | | |
| Advance to Suppliers and Other Parties - Credit Impaired | 19.97 | 19.97 |
| Advance to Subsidiary (Refer Note 5(a)) | 1.69 | - |
| Allowance for Doubtful Receivable | (19.97) | (19.97) |
| **Total** | **182.26** | **182.49** |
| Current | 167.05 | 167.29 |
| Non Current | 15.21 | 15.20 |
| **Total** | **182.26** | **182.49** |

**(a) Movement in Provision For Doubtful Receivable** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Balance at beginning of the year** | **19.97** | **32.29** |
| Movement in Provision For Doubtful Receivable on Advance to suppliers and other Parties | - | (12.32) |
| **Balance at end of the year** | **19.97** | **19.97** |

**(b) Advances to Subsidiaries** (Rs In Crore)

| Particulars | Balance as at March 31, 2020 | Balance as at March 31, 2019 |
|---|---|---|
| Jinhua Jahari Enterprise Limited | 0.34 | 2.11 |
| Jinhua Indus Enterprise Limited | 1.40 | 1.40 |
| Shree Ram Electrocast Limited | 1.69 | 1.75 |
| Hans Ispat Limited | 23.27 | 23.27 |
| **Total** | **26.70** | **28.53** |

| Particulars | Maximum Amount Outstanding at any time during the Year Ended | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| Jinhua Jahari Enterprise Limited | 0.34 | 2.11 |
| Jinhua Indus Enterprise Limited | 1.40 | 1.52 |
| Shree Ram Electrocast Limited | 9.00 | 24.48 |
| Hans Ispat Limited | 23.27 | 33.50 |

**(c)** The settlement of advances to subsidiaries and related parties is not planned but is likely to occur within twelve months.

**(d)** Advances to subsidiaries are given for the business purpose.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**9 Inventories {Refer Note No 35(f)}** (Rs In Crore)

| | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| a. | Raw Material [including goods in transit of Rs.3.91 Crore] (March 31, 2019 Rs. 4.64 Crore) | 149.49 | 197.60 |
| b. | Work-In-Progress | 159.13 | 208.92 |
| c. | Finished Goods / Stock in Trade [Including goods in transit of Rs. 17.86 Crore] (March 31, 2019 Rs. 7.87 Crore) | 117.51 | 62.81 |
| d. | Stores and Spares [including goods in transit of Rs.0.29 Crore] (March 31, 2019 Rs. 1.77 Crore) | 51.34 | 56.61 |
| **Total** | | **477.47** | **525.94** |

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

| | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **(A)** | **Trade receivables from other parties** | | |
| | Secured Considered Good | 71.63 | 99.34 |
| | Unsecured Considered Good | 219.65 | 220.54 |
| | Unsecured Considered Doubtful- Credit Impaired | 91.99 | 91.99 |
| | Less: Allowance for Doubtful Receivable | (91.99) | (91.99) |
| **(B)** | **Due from Related Parties** | | |
| | **(Unsecured, Considered Good)** | | |
| | - Subsidiaries Company | 36.91 | 27.92 |
| | - Enterprises owned or Significantly influenced by key managarial personnel or their relative | 9.67 | 9.54 |
| | - Relative of Key Managerial Personnel | 0.45 | - |
| | **(Unsecured, Considered Doubtful)** | | |
| | - Subsidiary Company - Credit Impaired | 0.51 | 0.51 |
| | Less: Allowance for Doubtful Receivable | (0.51) | (0.51) |
| **Total** | | **338.31** | **357.34** |

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Balance at beginning of the year** | **92.50** | **92.50** |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | - | - |
| **Balance at end of the year** | **92.50** | **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 Standalone Financial Statements for the year ended March 31, 2020

**11 Cash and Cash Equivalents** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Cash and Cash Equivalents (At Amortized Cost)** | | |
| **a. Balances with Bank** | | |
| - In Current Account | 28.64 | 42.22 |
| - In Deposit accounts (original maturity less than 3 months) | 0.33 | 0.40 |
| **b. Cash on hand** | **0.66** | **0.53** |
| **Total Cash and Cash Equivalents** | **29.63** | **43.15** |
| **Bank Balance Other than Cash and Cash Equivalents (At Amortized Cost)** | | |
| - Fixed Deposits with original maturity of more than 3 months but less than 12 months | 16.30 | 15.88 |
| - Interest accrued but not due | 0.33 | - |
| **Total** | **16.63** | **15.88** |

**12 Current Tax assets** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Income Tax Asset | 1.95 | 1.36 |
| **Total** | **1.95** | **1.36** |

**13 Equity share capital** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **Authorized Share Capital:** | | | |
| 2,50,00,000 (March 31, 2019: 2,50,00,000) Equity Shares of Rs.10/- each | 25.00 | 25.00 | 25.00 |
| 2,50,00,000 (March 31, 2019: 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, 2019: 2,85,90,000) Partially Convertible Partially Redeemable Preference Shares of Rs. 10/- each | 28.59 | 28.59 | 28.59 |
| | **78.59** | **78.59** | **78.59** |
| **Issued, subscribed and fully paid up:** | | | |
| **(a) Equity Shares** | | | |
| 1,27,42,814 (March 31, 2019: 1,27,42,814) Equity Shares of Rs.10/- each Fully paid up | 12.74 | 12.74 | 12.74 |
| | **12.74** | **12.74** | **12.74** |

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

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No of shares | (Rs In Crore) | No of shares | (Rs In Crore) |
| **Equity Shares :** | | | | |
| **At the beginning of the year** | **1,27,42,814** | **12.74** | **1,27,42,814** | **12.74** |
| Add: Shares issued during the year | - | - | - | - |
| **At the end of the year** | **1,27,42,814** | **12.74** | **1,27,42,814** | **12.74** |

**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 Standalone Financial Statements for the year ended March 31, 2020

The shareholders are not entitled to exercise any voting right either personally or proxy at any meeting of the Company in cases of calls or other sums payable have not been paid.

In the event of liquidation of the company, holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c) Rights, preference and restriction attached to Preference Shares**

- The face value of the Preference shares is Rs 10/- per share . The Preference share holder have voting right in their meeting. During the year, the company has not declared any dividend.

- In the event of liquidation of the company, the preference share holders will have priority over equity shares in the payment of dividend and repayment of capital .

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

- The face value of the PCPRPS is Rs 10/- per share . The preference share holder have voting right in their meeting. During the year, the company has not declared any dividend.

- In the event of liquidation of the company, the preference share holders will have priority over equity shares in the payment of dividend and repayment of capital.

- 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, 2020 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Edelweiss Asset Reconstruction Company Limited | 8,92,208 | 7.00 | 8,92,208 | 7.00 |
| Castleshine PTE Limited | 10,00,000 | 7.85 | 10,00,000 | 7.85 |
| Leadhaven PTE Limited | 10,00,000 | 7.85 | 10,00,000 | 7.85 |
| Western India speciality Hospital Limited | 9,75,000 | 7.65 | 9,75,000 | 7.65 |
| Mr. Shailesh Bhandari | 8,48,275 | 6.66 | 8,48,275 | 6.66 |
| Mr. Mukesh Bhandari | 8,09,500 | 6.35 | 8,09,500 | 6.35 |
| Jagdishkumar Amrutlal Akhani | 7,99,914 | 6.28 | 7,46,193 | 5.86 |

**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, 2019: 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, 2020).

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 Standalone Financial Statements for the year ended March 31, 2020

**14 Other equity**

| | Particulars | (Rs. In Crore) |
|---|---|---|
| **(a)** | **Capital Reserve** | |
| | **As at April 1, 2018** | **51.10** |
| | Increase/(decrease) during the Year | - |
| | **As at March 31, 2019** | **51.10** |
| | Increase/(decrease) during the Year | 107.31 |
| | **As at March 31, 2020** | **158.41** |
| **(b)** | **Securities Premium** | |
| | **As at April 1, 2018** | **240.01** |
| | Increase/(decrease) during the Year | - |
| | **As at March 31, 2019** | **240.01** |
| | Increase/(decrease) during the Year | - |
| | **As at March 31, 2020** | **240.01** |
| **(c)** | **General Reserves** | |
| | **As at April 1, 2018** | **310.24** |
| | Increase/(decrease) during the Year | (3.26) |
| | **As at March 31, 2019** | **306.98** |
| | Increase/(decrease) during the Year | (3.26) |
| | **As at March 31, 2020** | **303.72** |
| | **Retained Earnings** | |
| | **As at April 1, 2018** | **(1,874.55)** |
| | Profit for the year | 140.79 |
| | Other Comprehensive Income / (Loss) (Re-measurement loss on defined benefit plans) | (1.35) |
| | Transfer from Genral Reserve on Revaluation of Property, Plant & Equipment | 3.26 |
| | **As at March 31, 2019** | **(1,731.85)** |
| | Profit for the year | 44.98 |
| | Other Comprehensive Income / (Loss) (Re-measurement loss on defined benefit plans) | (2.70) |
| | Transfer from Genral Reserve on Revaluation of Property, Plant & Equipment | 3.26 |
| | **As at March 31, 2020** | **(1,686.31)** |
| | **Total Other Equity** | |
| | **As at March 31, 2019** | **(1,133.76)** |
| | **As at March 31, 2020** | **(984.17)** |

**a. Capital Reserve**

Capital Reserve is not available for distribution of profits.

During the year, after repayment of full settlement amount to International Finance Corporation and Standard Chartered Bank, the principal debt has been reduced by Rs 107.31 Crore (International Financial Corporation Rs.104.95 Crore; Standard Chartered Bank Rs. 2.36 Crore) and this amount has been accounted for as Capital Reserve.

**b. Securities Premium**

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

## Notes to Standalone Financial Statements for the year ended March 31, 2020

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. 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 / (loss) of the Company earned till date and net of appropriations.

**15 Borrowings {Refer Note No. 33}** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Secured** | | |
| Term Loans from Banks {Refer Note No. (a) & (c) below} | | |
| - Rupee Term Loan | 509.88 | 677.80 |
| Loans from Asset Reconstruction Companies {Refer Note No. (a) & (c) below } | | |
| - Rupee Term Loan | 1,676.50 | 1,562.70 |
| Term Loan from Financial Institutions {Refer Note No. (b) below} | | |
| - Foreign Currency Term Loan | - | 81.29 |
| **Unsecured Term Loan From Financial Institution** | | |
| - Foreign Currency Term Loan | - | 60.84 |
| Less: Current Maturity of Long Term Borrowing | (943.72) | (977.41) |
| **Total** | **1,242.66** | **1,405.22** |

**(a)** Rupee term 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 was secured by Pari Passu Charge over the movable assets and first Pari Passu Charge on immovable assets of the company and its charges over the assets have been satisfied during the year as its liabilites have been settled during the year.

**(c)** Borrowings whose balance are outstanding as on March 31, 2020 i.e Corporation bank carries interest @ 9.65% and Edelweiss Asset Reconstruction Company Limited carries interest @ 12% for the delay payment.

**(d)** **Company has defaulted in repayment of borrowings from Lenders. Details of the default are as follows:**

(Rs In Crore)

| Name of the Bank & Asset Reconstruction Company | Principal | Interest | Default From |
|---|---|---|---|
| Central Bank of India | 428.94 | 7.19 | March- 2012 |
| Corporation Bank | - | 0.95 | December-2019 |
| Rare Asset Reconstruction Limited (Assignee of debt of Indian Overseas Bank) | 189.95 | 0.01 | August -2011 |
| Invent Assets Securitization and Reconstruction Private Limited | 4.20 | - | December-2019 |
| | - | 0.21 | December-2019 |
| Edelweiss Asset Reconstruction Company Limited | Refer Note (e) below | | |
| **Total** | **623.09** | **8.36** | |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**(e) Deferrment of loan due to Covid 19**

The Reserve Bank of India (RBI) has notified Covid-19 Regulatory packages permitting lenders to grant a moratorium period for all installments falling due between March 01, 2020 to August 31, 2020. The Company has not paid installments due for the quarter ended on December 31, 2019 of Rs 15.45 Crore and for the quarter ended on March 31, 2020 of Rs 25.13 Crore. The Company has requested all lenders to allow a moratorium period for the payments or re-schedule the payment of the installments amount not paid and moratorium period or revised schedule is yet to be confirmed. The break up of the same is as under:-

(Rs In Crore)

| Name of the Bank & Asset Reconstruction Company | Principal | Default From |
|---|---|---|
| Invent Assets Securitization and Reconstruction Private Limited (this amount is already included in above table (d) above) | 4.20 | December-2019 |
| Edelweiss Asset Reconstruction Company Limited | 11.25 | |
| **Total (a)** | **15.45** | |
| Rare Asset Reconstruction Limited (Assignee of debt of Dena Bank) | 1.75 | March-2020 |
| Invent Assets Securitization and Reconstruction Private Limited | 4.20 | |
| Union Bank of India | 0.62 | |
| Edelweiss Asset Reconstruction Company Limited | 11.25 | |
| Corporation Bank | 7.31 | |
| **Total (b)** | **25.13** | |
| **Total (a+b)** | **40.58** | |

**f Net Debt Reconciliation** (Rs In Crore)

| Particulars | Long Term Borrowings | Short Term Borrowings | Interest Expenses |
|---|---|---|---|
| **As at March 31, 2018** | **2,523.75** | **197.10** | **-** |
| Interest Expenses | - | - | 23.57 |
| Foreign Exchange Adjustment | (4.92) | - | - |
| Net Outflow | (136.20) | (89.67) | (17.32) |
| **As at March 31, 2019** | **2,382.63** | **107.43** | **6.25** |
| Interest Expenses | - | - | 9.62 |
| Foreign Exchange Fluctuation | - | - | 0.23 |
| Settlement Waiver | (142.85) | - | - |
| Transfer | 107.43 | (107.43) | - |
| Net Outflow | (160.83) | - | (12.60) |
| **As at March 31, 2020** | **2,186.38** | **-** | **3.50** |

For Lease liability refer Note No. 31(b)

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

| Particulars | 0-1 Year | 1 - 3 Year | 3 and More Year |
|---|---|---|---|
| **Secured** | | | |
| Term Loans from Banks | | | |
| - Rupee Term Loan | 480.71 | 29.17 | - |
| Loans from Asset Reconstruction Companies | | | |
| - Rupee Term Loan | 463.01 | 851.24 | 362.25 |
| **Total** | **943.72** | **880.41** | **362.25** |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**16 Provisions** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Provision for Employee Benefits* | 26.02 | 19.86 |
| Provision for Others | 5.35 | 6.25 |
| **Total** | **31.37** | **26.11** |
| Current | 14.01 | 13.62 |
| Non Current | 17.36 | 12.49 |
| **Total** | **31.37** | **26.11** |

** 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:

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Opening Balance of Warranty | 6.25 | 4.63 |
| Net Additions/(Reversal) during the year | (0.90) | 1.62 |
| **Closing Balance** | **5.35** | **6.25** |

**17 Short Term Borrowings** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Secured Loan from Banks {Refer Note No. 33 }** | | |
| Working Capital Facilities {Refer Note No (a) below} | - | 107.43 |
| **Unsecured** | | |
| Loans repayable on demand from: - | | |
| Key Managerial Personnel | 0.31 | 0.31 |
| Relatives of Key Managerial Personnel | 0.17 | 0.17 |
| Enterprise Owned or significantly influenced by Key Managerial Personnel or Their Relative | 1.75 | 1.75 |
| Other Body Corporates | 0.34 | 0.34 |
| | **2.57** | **110.00** |
| 1,20,00,000 (March 31, 2019: 1,20,00,000) 6 % Non-Cumulative Redeemable Preference Shares Of Rs.10/- each Fully Paid Up, Redeemable At Par. | 12.00 | 12.00 |
| **Total** | **14.57** | **122.00** |

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

**18 Trade Payables {Refer Note No 35(d) & 37(a)}** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Total Outstanding dues of Micro and Small Enterprises | 26.53 | 25.37 |
| Total Outstanding dues of creditors other than Micro and Small Enterprises | | |
| Dues to Subsidiaries | 0.02 | 0.38 |
| Dues to Key Managerial Personnel | 0.04 | 0.03 |
| Dues to Relative of Key Managerial Personnel | - | 0.01 |
| Dues to Enterprise Owned or Significantly Influence by Key Managerial Personnel or Their Relative | 0.17 | 0.17 |
| Others | 403.81 | 409.46 |
| **Total** | **430.57** | **435.42** |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

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 Company has not received any claim for interest from any supplier as at the balance sheet date. Hence, disclosure as per MSME Act for interest is not required. These facts have been relied upon by the auditors. The disclosures relating to micro and small enterprises is as below:

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end - Trade Payable | 26.53 | 25.37 |
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end - Creditors for Capital Goods | 1.60 | - |
| 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, 2020 | As at March 31, 2019 |
|---|---|---|
| Creditors for Capital expenditure { Includes amount payable to MSME of Rs. 1.60 Crore(Previous Year Rs.Nil)} | 9.05 | 3.01 |
| Current Maturities of Long term borrowings {Refer Note No 33} | 943.72 | 977.41 |
| Amount Payable to Key Managerial Personnel | 0.05 | - |
| Lease Liability- Key Managerial Personnel | 0.29 | - |
| Lease Liability- Relative of Key Managerial Personnel | 0.14 | - |
| Lease Liability to others | 1.95 | - |
| Others | 5.03 | 18.20 |
| **Total** | **960.23** | **998.62** |
| Current | 959.52 | 998.62 |
| Non-Current | 0.71 | - |

### 20 Other liabilities

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Advance from Customers (Contract Liabilities) | 160.56 | 213.10 |
| Advance from Subsidiaries (Contract Liabilities) | - | 0.26 |
| Advance from enterprise owned or significantly influenced by Key Managerial Personnel (Contract Liabilities) | 0.01 | - |
| Interest accrued and due | 3.50 | 1.98 |
| Interest accrued but not due | - | 4.27 |
| Other Miscellaneous Liabilities | 0.10 | 0.25 |
| Statutory Dues Payable | 45.81 | 24.79 |
| **Total** | **209.98** | **244.65** |
| Current | 207.23 | 244.65 |
| Non Current | 2.75 | - |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**21 Revenue From Operations** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Revenue From Contracts With Customers** | | |
| Sales of Products (Finished Goods & Traded Goods) | 2,811.81 | 3,450.16 |
| Revenue From Service Contracts | 7.42 | 7.81 |
| **Total Revenue from Contracts with Customers** | **2,819.23** | **3,457.97** |
| Other Operating Income | 5.16 | 4.40 |
| **Total Revenue From Operations** | **2,824.39** | **3,462.37** |
| **i) Disaggregated Revenue Information** | | |
| **Types of Goods & Services** | | |
| (a) Engineering & Technologies Division | 759.74 | 935.65 |
| (b) Special Steel Division | 2,056.93 | 2,496.26 |
| (c) Electric Vehicle Division | 16.86 | 31.68 |
| (d) Revenue From Service Contracts with Customers | 7.42 | 7.81 |
| **Gross Revenue Company as a Whole** | **2,840.95** | **3,471.40** |
| Less:- Inter Segment Revenue | (16.56) | (9.03) |
| **Total Revenue From Operations** | **2,824.39** | **3,462.37** |
| India | 2,528.53 | 3,198.83 |
| Outside India | 290.70 | 259.14 |
| **Total Revenue From Contracts with Customers** | **2,819.23** | **3,457.97** |

**Set Out below is the amount of revenue recognised from:-** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Amount of Contract Liability (Advance From Customers) at the beginning of the year | 213.36 | 116.49 |
| Perfomance obligation satisfied during the year | 190.91 | 65.59 |

**Perfomance Obligation :-** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Within One Year | 799.00 | 973.65 |
| More than One Year | 148.98 | 148.02 |

**Contract Balances As At:** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Contract Balances** | | |
| Trade Receivables | 338.31 | 357.34 |
| Contract Liabilities (Advance from Customers) | 160.57 | 213.36 |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**21 Revenue From Operations** (Contd...)

**Reconciliation of the amount of Revenue recognised in the statement of Profit and Loss with the contract price** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Revenue as per Contract Price | 2,833.23 | 3,465.95 |
| Adjustments for Discounts & Rebates | 14.00 | 7.98 |
| **Revenue From Contracts with Customers** | **2,819.23** | **3,457.97** |

Revenue from sale of products are recorded at a point of time of Rs 2,811.81 Crore (March 31, 2019 Rs. 3,450.16 Crore) and those from sale of services are recognised over a period of time of Rs. 7.42 Crore (March 31, 2019 Rs. 7.81 Crore).

**22 Other Income** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Interest from Bank Deposits & Others | 3.02 | 4.85 |
| Vat Refund | 15.71 | - |
| Net Sundry Balances Written Back | - | 7.84 |
| Foreign Exchange Fluctuaion (net) | 3.55 | 5.50 |
| Miscellaneous Income (Includes Profit on sale of Investments of Rs. Nil {March 31, 2019 of Rs. 0.01 crore}) | 3.45 | 0.71 |
| **Total** | **25.73** | **18.90** |

**23 Cost of Raw Materials and Components Consumed** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Opening Inventory | 197.60 | 168.70 |
| Add: Purchases & Other Expenses | 1,823.09 | 2,369.53 |
| **Total** | **2,020.69** | **2,538.23** |
| Less: Closing Inventory | 149.49 | 197.60 |
| **Cost of Raw Material Consumed** | **1,871.20** | **2,340.63** |
| **Purchase of Stock in Trade** | | |
| Trading Purchase | 110.30 | 159.38 |

**24 Changes in Inventories of Finished Goods, Work in Progress** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Inventory at the beginning of the year** | | |
| - Work In Progress | 208.92 | 102.97 |
| - Finished Goods | 62.81 | 98.13 |
| **Sub Total** | **271.73** | **201.10** |
| **Inventory at the end of the Year** | | |
| - Work In Progress | 159.13 | 208.92 |
| - Finished Goods | 117.51 | 62.81 |
| **Sub Total** | **276.64** | **271.73** |
| **Decrease / (Increase) of Finished Goods & Work in Progress** | **(4.91)** | **(70.63)** |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Salaries, Wages, Allowances and Bonus | 154.24 | 148.22 |
| Contribution to Provident and other funds | 7.27 | 5.92 |
| Staff Welfare and Amenities | 3.13 | 2.70 |
| **Total** | **164.64** | **156.84** |

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Other Interest | 2.97 | 5.39 |
| Interest on Settlement | 9.62 | 23.57 |
| Interest on Statutory Dues | 1.12 | 3.03 |
| Interest on Lease Liability | 0.38 | - |
| Applicable loss on foreign currency transactions and translation | 0.23 | 4.92 |
| Bank Charges | 1.09 | 1.42 |
| **Total** | **15.41** | **38.33** |

**27 Depreciation and Amortisation Expense** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Depreciation and Amortization of Tangible Assets {Refer Note - 3} | 128.13 | 138.25 |
| Right of Use Asset {Refer Note 4(b)} | 1.63 | - |
| Amortization of Intangible Assets {Refer Note 4(a)} | 0.23 | 0.21 |
| **Total** | **129.99** | **138.46** |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**28 Other Expenses**

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Power & Fuel | 102.29 | 109.27 |
| Consumption of Stores & Spares | 139.34 | 154.99 |
| Labour & Job Charges | 108.45 | 115.80 |
| Machinery Repairs | 4.94 | 5.01 |
| Building Repairs | 1.21 | 0.63 |
| Other Repairs | 5.67 | 3.51 |
| Water Charges | 5.12 | 4.98 |
| Rates & Taxes | 4.01 | 2.93 |
| Fair Valuation Loss On Financial Assets | 0.09 | - |
| Disputed Tax Settlement Schemes {Refer Note 35(k)} | 23.87 | - |
| Insurance Premium (Net) | 4.35 | 2.81 |
| Delay Payment Charges of Custom Duty | 3.89 | 6.25 |
| Postage Telegram & Telephone Expenses | 1.68 | 1.59 |
| Loss on Sale/Discard of Property, Plant & Equipments (Net) | 1.13 | 0.01 |
| Conveyance Expenses | 1.09 | 1.11 |
| Travelling Expenses | 10.20 | 11.22 |
| Printing & Stationery | 0.41 | 1.63 |
| Vehicle Expenses | 1.30 | 1.56 |
| Security Expenses | 2.83 | 2.20 |
| CSR Activity | 0.63 | 0.40 |
| Subscription & Membership | 0.34 | 0.34 |
| Net Sundry Balances Written Off | 0.55 | 0.06 |
| Provision For Doubtful Debtors & Advances | - | (12.32) |
| Auditors' Remuneration: | | |
| - Audit Fees | 0.20 | 0.20 |
| - Other Matters | 0.01 | 0.01 |
| Legal & Professional Charges | 11.63 | 13.27 |
| Warranty Expenses | (0.06) | 2.77 |
| Guest House Expenses | 1.44 | 1.37 |
| Miscellaneous Expenses | 2.55 | 3.06 |
| Research & Development Expenses | - | 5.49 |
| Donation | 0.04 | 0.06 |
| Advertisement & Sales Promotion | 14.02 | 14.04 |
| Commission Expenses | 13.39 | 18.02 |
| Freight Outward & other Expenses (Net) | 87.44 | 105.20 |
| **Total** | **554.05** | **577.47** |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**29 Exceptional Item** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Waiver of interest on settlement of borrowings {Refer Note 35(l)} | 35.54 | - |
| **Total** | **35.54** | **-** |

**30 Income Tax**

**a Component of Income tax** (Rs In Crore)

| The Major component of income tax expense for the year ended March 31, 2020 & March 31, 2019 are: | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Current Tax** | | |
| Current Income Tax | - | - |
| **Deferred Tax** | | |
| Deferred Tax Expenses/(Benefit) | - | - |
| Tax in Respect of earlier years | - | - |
| Income tax expense reported in the Statement of Profit & Loss | - | - |
| **Other Comprehensive Income (OCI)** | | |
| Deferred tax related to items recognized 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, 2020 & March 31, 2019:**

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Accounting profit before tax | 44.98 | 140.79 |
| Enacted income tax rate in India applicable to the company | 25.17% | 31.20% |
| Tax using the Company's domestic tax rate | | |
| Tax effects of: | 11.32 | 43.92 |
| Income Tax allowances | (26.51) | (26.84) |
| Non-Deductible expenses | 36.32 | 46.30 |
| Unused Tax Loss | (21.03) | (61.20) |
| Others | (0.10) | (2.18) |
| **At the effective income tax Nil rate as at March 31, 2020 (Nil Rate as at March 31, 2019)** | **0.00** | **0.00** |

**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 of 8 years from the year in which losses arose. Presently, the Company has elected to excercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Law (Amendments) ordinance 2019, and accordingly the available MAT credit and unabsorbed additional depreciation loss for the financial year 2009-10 and 2010-11 will lapse. The company has incurred loss in all the consecutive years starting from Financial Year 2011-12 till 2015-16.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**Deferred Tax**

**Movement in deferred tax Assets (net) for the year ended 31st March, 2020** (Rs In Crore)

| Particulars | Opening Balance As at April 1, 2019 | To be Recognized in Profit & Loss Account | Closing Balance As at March 31, 2020 |
|---|---|---|---|
| **Tax effect of items constituting deferred tax liabilities :** | | | |
| Property, plant and equipment | 74.74 | (29.05) | 45.69 |
| **Total** | **74.74** | **(29.05)** | **45.69** |
| **Tax effect of items constituting deferred tax assets:** | | | |
| Asset on expenses allowed in year of payment | 2.93 | 4.18 | 7.11 |
| Unabsorbed Depreciation / Carried Forward Losses under Tax Laws | 400.57 | (126.81) | 273.76 |
| Investments | - | 0.02 | 0.02 |
| Lease Loan liability | - | 0.60 | 0.60 |
| Other adjustments | 34.93 | (5.28) | 29.65 |
| **Total** | **438.43** | **(127.29)** | **311.14** |
| **Net Deferred Tax Assets** | **363.69** | **(98.24)** | **265.45** |

**Movement in deferred tax Assets (net) for the year ended 31st March, 2020** (Rs In Crore)

| Particulars | Opening Balance As at April 1, 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 | 94.37 | (19.63) | 74.74 |
| **Total** | **94.37** | **(19.63)** | **74.74** |
| **Tax effect of items constituting deferred tax assets:** | | | |
| 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 |
| **Total** | **497.21** | **(58.78)** | **438.43** |
| **Net Deferred Tax Assets** | **402.84** | **(39.15)** | **363.69** |

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.

**31 Contingent Liabilities and Other Commitments**

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

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| i) VAT & CST Matters | 29.15 | 55.12 |
| ii) Service Tax Matters | 1.84 | 2.03 |
| iii) Custom Duty Matters | 11.71 | 14.21 |
| iv) Excise Duty Matters | 342.00 | 344.40 |
| v) Estimated amount of contracts remaining to be executed on capital account (net off advances) and not provided for | 4.05 | - |
| vi) Guarantees / Counter Guarantees (including un-utilized Letters of Credit and Counter Guarantee given for Bhaskarpara Coal Company Limited (JV) Rs 1.65 Crore (March 31, 2019 Rs 1.65 Crore). | 12.33 | 27.29 |

vii) Claims against the Company not acknowledged as debts amounting to Rs.1.09 Crore (As at March 31, 2019: Rs.1.09 Crore), are pending before various courts, authorities, arbitration, Consumer Dispute Redressal Forum etc.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

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.5.50 Crore (including interest) (As at March 31, 2019: Rs.5.18 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.

**(b) Lease**

The Company leasing arrangements are for premises, these ranges between 5 months to 5 years and are usually renewable on mutually agreed terms.

**(i) Lease liabilities as at March 31, 2020** (Rs In Crore)

| Particulars | Year ended March 31, 2020 |
|---|---|
| Current Lease Liabilities | 1.67 |
| Non-Current Lease Liabilities | 0.71 |
| **Total** | **2.38** |

**(ii) The following is the movement in the lease liability for the year ended March 31, 2020** (Rs In Crore)

| Particulars | Amount |
|---|---|
| **As at April 01, 2019** | **3.83** |
| Additions | - |
| Finance Cost Accured during the year | 0.38 |
| Deletions | - |
| Payment of lease Liabilies | 1.83 |
| **As at March 31, 2020** | **2.38** |

**(iii) The following are the expenses recognised in profit and loss** (Rs In Crore)

| Particulars | Amount |
|---|---|
| Depreciation Expenses of Right of Use Assets | 1.63 |
| Interest Expenses on Lease Liability | 0.38 |
| **Total** | **2.01** |

**(iv) Short Term Lease**

(a) The Company has certain operating leases for office premises (short term leases) and low value lease. Such leases are generally with the option of renewal against increased rent and premature termination of agreement on mutual consent of both the parties. Rental expenses of Rs 1.94 Crore (March 31, 2019: Rs 2.78 Crore) in respect of obligation under operating leases have been recognised in the Statement of Profit and Loss.

**(v) Leases liabilities**

(a) The Company has taken premises under various lease agreements and its breakup for future rent payable by the company as under:-

(Rs In Crore)

| Contractual maturities of lease liabilities on an undiscounted basis | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Within one year | 1.82 | 3.32 |
| After one year but not more than five years | 0.77 | 3.82 |

(b) The Company has taken certain land on lease for factory purposes. Since these are entirely prepaid, the Company does not have any future lease liability towards the same and therefore they are shown under Property, Plant and Equipments.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**(vi) Adoption of Ind AS 116 - Leases**

The Company has adopted IND AS 116 lease effective from April 1, 2019 using the modified retrospective approach and applied the Standard to its identified lease on a prospective basis. This has resulted in recognition on the Right of Use assets and a corresponding lease liability as at April 01, 2019. The Company has not restated comparative for the year ended March 31, 2019.

On transition, the adoption of new standard resulted in recognition of Right of Use Asset of Rs. 3.82 Crore and a lease liability of Rs. 3.83 Crore. The effect of this adoption is insignificant on profit for the year

**32 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 recognized the following amounts in the Statement of Profit and Loss–

(Rs In Crore)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Employers’ Contribution to Provident Fund (including contribution to Employees' Pension Scheme 1995) | 7.19 | 5.85 |

**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 Engineering & Technologies and Electric Vehicle Division having a gratuity plan is funded with Life Insurance Corporation of India and HDFC Bank while Special Steel Division is not having such fund in any gratuity scheme.

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Gratuity** | | |
| Current | 3.78 | 3.30 |
| Non-Current | 13.61 | 9.20 |
| **Total** | **17.39** | **12.50** |

**Significant assumptions :**

The significant actuarial assumptions were as follows: (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Discount Rate & Expected Rate of Return on Plan Assets | refer note* | refer note* |
| Salary Escalation Rate | 6% | 6% |

(Rs In Crore)

| Mortality rate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
|---|---|---|
| Attrition rate | refer note** | refer note** |

***Note***

**Discounting rate in Special Steel Division is 6.50% (Previous year 7.64%) and in Engineering & Technologies and Electric Vehicle Division 6.82% (Previous year 7.79%)*

*** Attrition rate in Special Steel Sivision is 10% (Previous year 10%) and in Engineering & Technologies and Electric Vehicle Division 2% (Previous year 2%)*

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**32.1 Gratuity**

**i) The amounts recognized 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) |
|---|---|---|---|
| **April 1, 2018** | **9.11** | **5.54** | **3.57** |
| Current service cost | 0.86 | - | 0.86 |
| Interest expense/(income) | 0.72 | 0.44 | 0.28 |
| **Total amount recognized in Profit or Loss** | **1.58** | **0.44** | **1.14** |
| Return on Plan Assets, Excluding Interest Income | - | (0.22) | 0.22 |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | (0.12) | - | (0.12) |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | 0.07 | - | 0.07 |
| **Total amount recognized in Other Comprehensive Income** | **(0.05)** | **(0.22)** | **0.17** |
| Benefit Paid Directly by the Employer | (0.48) | (1.09) | 0.61 |
| Benefits paid from the fund | (0.22) | (0.22) | - |
| **March 31, 2019** | **9.94** | **4.45** | **5.49** |

(Rs In Crore)

| Particulars | Present value of obligation (A) | Fair value of plan assets (B) | Net amount (A-B) |
|---|---|---|---|
| **April 1, 2019** | **9.94** | **4.45** | **5.49** |
| Current service cost | 0.87 | - | 0.87 |
| Interest expense/(income) | 0.77 | 0.35 | 0.42 |
| **Total amount recognized in Profit or Loss** | **1.64** | **0.35** | **1.29** |
| Return on Plan Assets, Excluding Interest Income | - | (0.03) | 0.03 |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | 0.53 | - | 0.53 |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | 1.12 | - | 1.12 |
| **Total amount recognized in Other Comprehensive Income** | **1.65** | **(0.03)** | **1.68** |
| Benefit Paid Directly by the Employer | (0.26) | - | (0.26) |
| Benefits paid from the fund | (0.57) | (0.59) | 0.02 |
| **March 31, 2020** | **12.40** | **4.18** | **8.22** |

(Rs In Crore)

| Categories of Assets | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Life Insurance Corporation of India | 1.56 | 1.46 |
| HDFC Bank | 2.62 | 2.99 |
| **Total** | **4.18** | **4.45** |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**(b) Non-Funded Plan**

(Rs In Crore)

| Particulars | Present value of obligation (A) | Fair value of plan assets (B) | Net amount (A-B) |
|---|---|---|---|
| **April 1, 2018** | **4.92** | **-** | **4.92** |
| Current service cost | 0.72 | - | 0.72 |
| Interest expense/(income) | 0.39 | - | 0.39 |
| **Total amount recognized in Profit or Loss** | **1.11** | **-** | **1.11** |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions | 0.71 | - | 0.71 |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | 0.38 | - | 0.38 |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | 0.09 | - | 0.09 |
| **Total amount recognized in Other Comprehensive Income** | **1.18** | **-** | **1.18** |
| Liability Transferred In / Acquisitions | 0.07 | | 0.07 |
| Benefit Paid Directly by the Employer | (0.27) | | (0.27) |
| **March 31, 2019** | **7.01** | **-** | **7.01** |

(Rs In Crore)

| Particulars | Present value of obligation (A) | Fair value of plan assets (B) | Net amount (A-B) |
|---|---|---|---|
| **April 1, 2019** | **7.01** | **-** | **7.01** |
| Current service cost | 0.85 | - | 0.85 |
| Interest expense/(income) | 0.54 | - | 0.54 |
| **Total amount recognized in Profit or Loss** | **1.39** | **-** | **1.39** |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions | - | | - |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | 0.45 | - | 0.45 |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | 0.57 | - | 0.57 |
| **Total amount recognized in Other Comprehensive Income** | **1.02** | **-** | **1.02** |
| Liability Transferred In / Acquisitions | 0.07 | | 0.07 |
| Benefit Paid Directly by the Employer | (0.32) | - | (0.32) |
| **March 31, 2020** | **9.17** | **-** | **9.17** |

**ii) The net liability disclosed above relates to plans are as follows:**

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Funded Plan** | | |
| - Present value of funded obligation | 12.40 | 9.94 |
| - Fair value of plan assets | 4.18 | 4.45 |
| **(Surplus) / Shortfall of funded plan** | **8.22** | **5.49** |
| **Unfunded Plan** | | |
| - Present value of funded obligation | 9.17 | 7.01 |
| - Fair value of plan assets | - | - |
| **(Surplus) / Shortfall of unfunded plan** | **9.17** | **7.01** |
| Company as a Whole | | |
| - Present value of funded obligation | 21.57 | 16.95 |
| - Fair value of plan assets | 4.18 | 4.45 |
| **(Surplus) / Shortfall of plan** | **17.39** | **12.50** |

**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, 2020 | March 31, 2019 |
| **Discount rate** | | |
| 1.0% increase | (1.68) | (1.26) |
| 1.0% decrease | 1.97 | 1.48 |
| **Future Salary** | | |
| 1.0% increase | 1.88 | 1.42 |
| 1.0% decrease | (1.65) | (1.26) |
| **Rate of Employee Turnover** | | |
| 1.0% increase | 0.11 | 0.21 |
| 1.0% decrease | (0.12) | (0.24) |

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

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

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

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

**iv) Maturity Analysis of benefits payable**

**Projected benefits payable in future years from the date of reporting:** (Rs In Crore)

| From the Fund | March 31, 2020 | March 31, 2019 |
|---|---|---|
| 1st Following Year | 1.71 | 1.33 |
| 2nd Following Year | 0.35 | 0.36 |
| 3rd Following Year | 0.51 | 0.53 |
| 4th Following Year | 0.75 | 0.48 |
| 5th Following Year | 0.85 | 0.69 |
| Sum of Years 6 to 10 | 4.43 | 4.24 |
| Sum of Years 11 and above | 21.71 | 19.53 |

| From the Employer | March 31, 2020 | March 31, 2019 |
|---|---|---|
| 1st Following Year | 1.40 | 1.07 |
| 2nd Following Year | 0.84 | 0.72 |
| 3rd Following Year | 0.88 | 0.71 |
| 4th Following Year | 0.83 | 0.71 |
| 5th Following Year | 0.84 | 0.65 |
| Sum of Years 6 to 10 | 3.76 | 3.08 |
| Sum of Years 11 and above | 6.70 | 5.66 |

Maturity Analysis of Benefit Payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**32.2 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.

**33. Default in repayment & Recovery and/or Recovery Proceedings by the Lenders against the company**

**(a) Default in repayment of loan, its settlement terms, accounting treatments, Cases before Debts Recovery Tribunal (DRT) / Hon'ble Metropolitan Magistrates, declaring the company and directors as willful defaulter by the bankers:**

i. **Central Bank of India**

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

(a) The company has defaulted in repayment of loan of Rs 436.13 Crore (Principal of Rs. 428.94 Crore and Interest of Rs. 7.19 Crore) in March 2012. The company is in negotiation with the bank for settlement.

**Case before Debts Recovery Tribunal (DRT):**

(b) Central Bank of India has filed Original Application against the Company & its guarantors (Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari) before the Debts 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 9th October 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 and for valuation of the said attached properties. Further action/ hearing is pending before the Hon'ble Recovery Officer.

**Willful Defaulter**

(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 and 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 the Hon'ble CBI Court for further proceedings.

**Petition under Insolvency and Bankruptcy Code (IBC)**

(e) The Company has received a copy of the petition from Central Bank of India, a financial creditor under section 7 of the Insolvency and Bankruptcy Code, 2016 filed before the National Company Law Tribunal (NCLT), Ahmedabad for initiating Corporate Insolvency Resolution Process (CIRP) against the Company, for an amount of Rs. 1059.59 Crore. The matter is yet to come up before the NCLT.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

ii. **Rare Asset Reconstruction 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 repayment of loan of Rs 189.96 Crore (after adjustment of repayment of Rs 10.05 Crore paid in current year) (Principal of Rs. 189.95 Crore and Interest of Rs. 0.01 Crore) in August 2011. Indian Overseas Bank has assigned its debts to Rare Asset Reconstruction Limited on September 28, 2017. The company is in the process of entering into a settlement agreement with Rare Asset Reconstruction 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 debts to Rare Asset Reconstruction Limited. However considering pending settlement, the outstanding loan amount is treated as current maturities of long term borrowings.

**Case before Debts Recovery Tribunal (DRT):**

(c) Rare Asset Reconstruction Limited (being assignee of debts of Indian Overseas Bank) ("Rare ARC") had filed Original Application against the Company & its guarantors Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari before the Debts 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. The Hon'ble Recovery Officer has passed order for release of Rs. 10 Crore from the account of company with Standard Chartered Bank to Rare ARC, sale of shares of the guarantors and payment of Rs. 0.05 Crore by Mr. Avinash Bhandari for non-disclosure of assets to be adjusted towards the dues. Further action / hearing is pending before Hon'ble Recovery Officer.

**Case under section 138 of the Negotiable Instruments Act, 1881:**

(d) Indian Overseas Bank had filed two 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 the said cases and these matters are pending for further proceedings before the respective Hon'ble Metropolitan Magistrates, Ahmedabad.

iii. **Syndicate Bank**

**Case before Debts Recovery Tribunal (DRT) and under section 138 of the Negotiable Instruments Act, 1881**

(a) In view of settlement/consent terms filed with Debt Recovery Tribunal, the recovery proceeding has been disposed off, as withdrawn.

(b) The bank has filed Case under section 138 of the Negotiable Instruments Act, 1881 against the company and its Directors/ Officers for dishonor of cheque of Rs 25 Crore and the said case is pending before the Hon'ble Metropolitan Magistrate, Ahmedabad and in view of the payment of settlement amount, the same 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 repayment of loan of Rs 116.73 Crore in April 2012. 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. 65.83 Crore (March 31, 2019: Rs. 40.96 Crore) has been adjusted against the total outstanding loan liability.

(c) As per the settlement aggrement with corporation bank, if the Company complies all the terms and conditions as per settlement agreement, upto September 2021, there will be a reduction in debt by Rs.Nil.

**Case before Debts Recovery Tribunal (DRT):**

(d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Application 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.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**Vijaya Bank**

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

(a) The company has defaulted in repayment of loan of Rs 79.60 Crore (Principal of Rs 59.94 Crore and Interest of Rs 19.66 Crore) in March 2012. The company has fully paid settlement amount as per terms and conditions given in settlement letter and No Due Certificate has been received.

**Accounting Treatment in Books**

(b) During the year, Company has made full payment of Rs. 60.00 Crore (Rs.43.33 crore till March 31, 2019) as per settlement terms along with interest of Rs.5.59 Crore (included in Financial Cost). After full compliance of settlement terms, there is reduction in debt by Rs 19.59 Crore. The waiver of Interest Amount of Rs 19.59 Crore is shown as exceptional item.

**Case before Debts Recovery Tribunal (DRT):**

(c) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Application filed by Vijaya Bank has been disposed on September 5, 2018 and thereafter on payment of entire settlement amount, the recovery proceedings before the Hon'ble Recovery Officer has been disposed off on November 13, 2019.

**Case under section 138 of the Negotiable Instruments Act, 1881:**

(d) The Bank had filed two 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 case of Rs. 25.00 Crore each) issued by the Company. In view of the settlement arrived with the Bank, on payment of the settlement amount, both the cases has been disposed off on March 9, 2019 and September 26, 2019, as withdrawn.

vi. **Rare Asset Reconstruction Limited (being an assignee of debts of Dena Bank)**

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

(a) The company has defaulted in repayment of loan of Rs 51.44 Crore (Principal of Rs 51.44 Crore) in September 2011. The bank has assigned this loan to Rare Asset Reconstruction Limited. The company has entered into settlement agreement with Rare Asset Reconstruction 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 repayment of debt to Rare Asset Reconstruction Limited, up to the balance sheet date of Rs. 12.25 Crore (March 31, 2019 is Rs.7 Crore) has been adjusted against the total outstanding loan liability.

(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.

**Case before Debts Recovery Tribunal (DRT):**

(d) In view of settlement / consent terms filed with DRT, the Original Application filed by Rare Asset Reconstruction 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 Defaulter:**

(e) Dena Bank has declared the Company as a wilful defaulter and reported the name of the 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 Limited ("Rare ARC") and the Company has entered into settlement agreement with Rare ARC and Rare ARC has agreed for withdrawal of declaration 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 repayment of Principal amount of Loan of Rs 49.40 Crore in May 2012. 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 repayment of debt to Union Bank of India, up to the balance sheet date of Rs. 26.55 Crore (March 31, 2019: Rs. 19.76 Crore), has been adjusted against the total outstanding loan liability.

(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 no reduction in debt.

**Cases before Debts Recovery Tribunal (DRT):**

(d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Application 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 terms and conditions:**

(a) The company has defaulted in repayment of loan of USD 25.24 Million (Principal of USD 23.00 Million and Interest USD 2.24 Million) in June 2011. The Company has entered into settlement agreement with the financial institution for the repayment of loan in July 2018. The company has fully paid settlement amount as per terms and conditions given in settlement agreement and No Due Certificate has been received. .

**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 fully paid settlement amount of USD 6.208 Million (March 31, 2019: USD 2.874 Million), which has been adjusted against the total outstanding liability of the debt.

(c) After full compliance of settlement terms, there is reduction in total debt and accordingly there is waiver of principal amount of the loan taken from Financial Institution, of Rs 104.95 Crore and the same has been shown as capital reserve and the waiver of Interest amount of Rs 14.01 Crore has been shown as exceptional item in the Statement of Profit and Loss.

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 terms and conditions:**

(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 to Edelweiss Asset Reconstruction Company Limited, up to the balance sheet date of Rs.322 Crore (March 31, 2019 is Rs. 259.50 Crore) has been adjusted against the total outstanding loan liability.

(d) Further, the company has allotted 2,85,90,000 Partially Convertible and Partially Redeemable Preference Shares (PCPRPS) of Rs. 10 each 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 Financial Year 2016-17.

(e) 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 terms and conditions:**

(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 amount 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

## Notes to Standalone Financial Statements for the year ended March 31, 2020

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 original 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.

(b) On June 18, 2019, the company has been allowed following revised schedule of repayment of dues of Invent Assets Securitization and Reconstruction Private Limited:-

| Sr. No. | Bank Name | Rescheduled Amount (Rs. in Crore) | Original Last Date of Payment | Revised Last Date of Payment |
|---|---|---|---|---|
| 1 | Oriental Bank of Commerce | 15.25 | 30.06.2020 | 30.06.2023 |
| 2 | Punjab National Bank | 63.09 | 15.03.2021 | 31.12.2023 |
| 3 | Allahabad Bank | 95.51 | 15.03.2021 | 31.12.2023 |

**Accounting Treatment in Books**

(c) The amount of repayment of debt to Invent Assets Securitization and Reconstruction Private Limited, up to the balance sheet date of Rs. 33.05 Crore (March 31, 2019 is Rs. 24.66 Crore) has been adjusted agasint the total outstanding loan liability.

(d) If all the terms and conditions of the settlements are fully complied, there would be a reduction in debt by Rs. 325.01 Crore.

**Case before Debt Recovery Tribunal (DRT):**

(e) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Application 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 terms and conditions:**

(a) The company has defaulted in repayment of working capital loan including Letter of Credit of Rs 19.60 Crore (Principal of Rs. 19.60 Crore) in December 2011.

**Accounting Treatment in Books**

(b) The amount of debt paid to Standard Chartered Bank, up to the balance sheet date of Rs. 15.30 Crore (March 31, 2019 is Rs. 12.20 Crore) has been adjusted against the total outstanding liability of the debt.

(c) After full compliance of settlement terms, there is reduction in debt by Rs 4.30 Crore. The waiver of principal amount after full and final payment as per the settlement agreement of the loan taken from bank of Rs 2.36 Crore is shown as capital reserve and waiver of Interest Amount of Rs 1.94 Crore is shown as exceptional item.

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

(a) During the financial year ended on March 31, 2019, Goods and Service Tax Department of Maharashtra has re-determined Value Added Tax liability (including interest and penalty) of Rs. 6.28 Crore for the financial year 2009-10 (March 31, 2019 Rs. 6.28 Crore) and Rs. 23.93 Crore for the financial year 2010-11 (March 31, 2019 Rs. 23.93 Crore) after adjustment of Rs. 4.00 Crore (March 31, 2019 Rs. 4.00 Crore) paid by the company under protest. During the year the company has paid Rs 1.07 Crore and have filed an appeal before the Deputy Commissioner of State Tax, Mumbai. On account of the said order presently the liability of the company is of Rs. 29.15 Crore (March 31, 2019: Rs. 30.21 Crore). 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) Loan accounts of the company have been classified as Non-Performing Assets by the Central Bank of India and Rare Asset Reconstruction Limited (being assignee of debts of Indian Overseas 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, 2019 | Reduction on Debt assignment/ Settlement | From April 1, 2019 to March 31, 2020 | Up to March 31, 2020 |
|---|---|---|---|---|
| Interest on Corporate Loan and working Capital Loan | 876.34 | (17.31) | 177.98 | 1037.01 |

**35. Additional Disclosures**

(a) The company was doing research project for development of CONTIFUR and for that Ministry of Steel had given partial financial assistance. However as per standard condition given in letter received from Ministry of Steel the project shall not be disposed within 10 years of installation without the written permission of Ministry of Steel. Product Development Cost for CONTIFUR Project disclosed under other Non-Current Assets includes total Research and Development expenses of Rs. 14.66 Crore (March 31, 2019: Rs. 14.66 Crore) and Rs. 9.45 Crore are part of Capital Work in Progress.

(b) 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 expenses thereof (including reversal of any claim).

(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. Nil (March 31, 2019 Rs. 5.46 Crore) has been charged to Statement of Profit & Loss during the year under consideration.

(d) Few account of “Trade Receivables”, “Trade payables”, “Advances from Customer”, “Advances Recoverable In Cash or Kind” and “Advance to Suppliers and Other Parties” are subject to confirmation/reconciliation and the same includes very old non-moving items and clearances of the cheques/negotiable instruments and therefore the same are subject to necessary adjustments for accounting or re-grouping / classification.

(e) 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/Settlement/ Payment, 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. During the year ended on March 31, 2020, Rs 52.57 Crore was recognized as expenses for inventories carried at net realizable value / inventory written down.

(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) During the year the company has written off/ discarded old /unusable property, plant & equipment of Rs. 1.13 Crore and has been shown as Loss on Sale/Discard of Property, Plant & Equipment’s (Net) under the head other expenses.

(i) In the Capital Work in Progress of Rs. 26.82 Crore (March 31, 2019 Rs. 27.43 Crore) the management believes that the uncompleted projects of Rs. 10.45 Crore (March 31, 2019: Rs. 10.45 Crore; which includes capital expenditure for CONTIFUR project) 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.

(j) During the year the company has not accounted benefit related to Merchandise Exports Incentive Scheme (“MEIS”) of Rs. 20.95 Crore (March 31, 2019: 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 issues 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) During the year, pursuant to the scheme of “Vera Samadhan Yojna – 2019” (Tax Dispute Scheme 2019) and Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019, the company has taken the benefit of the said schemes and have accounted Rs 23.87 Crore as Disputed Tax Settlement Scheme expenses under the head Other expenses.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

(l) On account of settlement with Banks & financial Institutions there is a waiver of interest of Rs 35.54 Crore (Standard Chartered Bank of Rs. 1.94 Crore, International Financial Corporation of Rs. 14.01 Crore & Vijaya Bank of Rs. 19.59 Crore) which has been shown as income as “Exceptional item” in the statement of the Profit and Loss.

**36. DIRECTOR’S REMUNERATION:**

The Company, as per the approval of the shareholders of the Company at the 30th 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 and Mr. Shailesh Bhandari with effect from February 1, 2017 till January 31, 2020.

Mr. Suraj Bhandari was appointed as a Whole-time Director of the Company for a period of three years commencing from November 13, 2019 to November 12, 2022 at remuneration of Rs. 1,50,000/- per month and Mr. Shailesh Bhandari was re-appointed as a Managing Director w.e.f. February 1, 2020 at remuneration of Rs.2,00,000/- per month. The above remuneration to both the Director’s are subject to approval from banks and financial institutions as the company has defaulted in repayment of loans.

**37. OTHER CASES:**

**(a)** Some of the creditors have filed cases of recovery against the company before the various Civil Courts / Commercial Courts for Rs 1.32 Crore (Previous Year Rs 1.32 Crore). The said amounts are excluding interest.

**(b)** 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 Chhadavada and Samakhiyali 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 5th September, 2018 confirmed the attachment of abovesaid 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. The ED has filed its reply and the matter is adjourned for filing of rejoinder and hearing.

**(c)** The Assistant Director, Directorate of Enforcement, Ahmedabad has filed a PMLA – Special Case No. 20/2018 on December 1, 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.

**(d)** 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.

**(e)** 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. Further the Company has filed a winding up petition of VRTL before the High Court of Hong Kong and the High Court of Hong Kong has passed the order for winding up of VRTL

**(f)** Mr. Siddharth Bhandari, one of the Promoter and erstwhile Whole-time Director and Dr. Rakesh Bhandari, one of the Promoter of the Company (“Petitioners”) 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. In one of the Interlocutory Application filed by Petitioners, the Hon’ble NCLT has passed order dated August 29, 2019 that some of the agenda items of Board of Directors Meeting dated August 31, 2019 shall be subject to final outcome of the petition. Now the petition is pending before the Hon’ble NCLT for hearing.

**(g)** Mr. Mukesh Bhandari – erstwhile Chairman & Promoter, Mr. Siddharth Bhandari – erstwhile Whole-time Director & Promoter and Dr. Rakesh Bhandari, Promoter of the Company (“Petitioners) 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 held by some of the shareholders. The petition was pending before the Hon’ble NCLT for admission as well as on maintainability. The

## Notes to Standalone Financial Statements for the year ended March 31, 2020

Petitioners have filed interim application seeking waiver of the mandatory requirement of section 244(1)(a) of the Companies Act, 2013 and hearing on the said application was completed and the order is reserved by the Hon'ble NCLT. Some of the Respondents have filed Interlocutory Applications for their discharge and the same are pending for hearing. The financial implication of this petition is not ascertainable at this point of time.

**(h)** Mr. Siddharth Bhandari – erstwhile Whole-time Director & Promoter, Dr. Rakesh Bhandari, Promoter and Mr. Mukesh Bhandari – erstwhile Chairman & Promoter of the Company have filed a petition before the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") under section 222 of the Companies Act, 2013 against the Company and three shareholders for suspension of their voting rights and non-participation in voting at the 33rd Annual General Meeting of the Company and for maintaining the existing status of Petitioner No. 1 Mr. Siddharth Bhandari. The Hon'ble NCLT vide order dated September 27, 2019 allowed the Company to go ahead with the 33rd Annual General Meeting and e-voting process, however, the agenda Item No. 2 of the AGM shall be subject to final outcome of the petition.

**(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. Thereafter, the Regional Director has issued letter for violations / irregularities of the Companies Act, 1956 / 2013 and the Company has replied to the same. Based on the same, the Registrar of Companies, Gujarat has issued letter for violations of the provisions of the Companies Act, 2013 and initiated prosecution against some of the directors / officers of the Company. Some of the directors / officer has challenged the said prosecution before the Hon'ble Gujarat High Court under section 463 of the Companies Act, 2013 and the said petition is pending for hearing before the Hon'ble Gujarat High Court.

**(j)** The Securities and Exchange Board of India (SEBI) had issued show cause notice to the Company and some of the directors / officers of the Company for alleged violations of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and for hearing before the adjudication officer. The matter is pending before the Adjudication Officer of the SEBI.

**(k)** Mr. Babu Devraj Badhiya has filed a Writ Petition in the nature of Public Interest Litigation (PIL) on February 4, 2019 before the Hon'ble Gujarat High Court with prayer for direction for compliance of various approvals / permissions issued by various authorities. The Hon'ble Gujarat High Court has passed order for not to carry out any further construction / development and the matter is pending before the Hon'ble Gujarat High Court.

**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**

| | | Principal Place of Business / Country of Incorporation | % of Holding as at March 31, 2020 | % of Holding as at March 31, 2019 |
|---|---|---|---|---|
| **i)** | **SUBSIDIARY COMPANIES** | | | |
| 1. | Jinhua Indus Enterprises Limited | China | 100.00 | 100.00 |
| 2. | Jinhua Jahari Enterprises Limited (Step down subsidiary)# | China | 0 | 0 |
| 3. | ET Elec-Trans Limited | India | 80.49 | 80.49 |
| 4. | Hans Ispat Limited | India | 100.00 | 100.00 |
| 5. | Shree Ram Electro Cast Limited* | India | 95.00 | 95.00 |
| 6. | Electrotherm Services Limited | India | 100.00 | 100.00 |
| **ii)** | **JOINT VENTURE COMPANY** | | | |
| 1. | Bhaskarpara Coal Company Limited | India | 52.63 | 52.63 |

*# 100% holding by Jinhua Indus Enterprises Limited*
** 5% shares of Shree Ram Electro Cast Limited are held by Electrotherm Services Limited*
*Method of Accounting: Investment in subsidiary and joint venture is at cost net of impairment*

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**(III) Enterprises owned or significantly influenced by Key Managerial 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 Managerial Personnel/Director of Companies**

| | | |
|---|---|---|
| 1. | Mr. Mukesh Bhandari$ | (Director) |
| 2. | Mr. Shailesh Bhandari | (Managing Director) |
| 3. | Mr. Suraj Bhandari | (Whole time Director w.e.f 13.11.2019) |
| 4. | Mr. Siddharth Bhandari | (Whole time Director / Director up to 30.09.2019) |
| 5. | Mr. Pawan Gaur | (Chief Financial Officer up to 28.01.2020) |
| 6. | Mr. Fageshkumar R Soni | (Company Secretary) |
| 7. | Mr. Avinash Bhandari | (Chief Executive Officer – Steel Division w.e.f. 28.01.2020) |

*$ Ceases to be Chairman from 01.02.2020*

**(V) Non-Executive/Independent Directors**

| | | |
|---|---|---|
| 1. | Mr. Dinesh Mukati | (Independent Director, Chairman w.e.f. 11.02.2020) |
| 2. | Ms. Nivedita R. Sarda | (Independent Director) |
| 3. | Mr. Pratap Mohan | (Independent Director) |
| 4. | Mr. Arun Kumar Jain | (Independent Director upto 17.08.2019) |

**(VI) Relatives of Key Managerial Personnel**

| | | |
|---|---|---|
| 1. | Mrs. Indubala Bhandari | (Mother of Director) |
| 2. | Mrs. Jyoti Bhandari | (Wife of Director) |
| 3. | Mr. Rakesh Bhandari | (Brother of Director) |
| 4. | Mr. Anurag Bhandari | (Son of Director) |
| 5. | Mrs. Reema Bhandari | (Wife of Managing Director) |
| 6. | Mr. Nagesh Bhandari | (Brother of Director) |
| 7. | Mrs. Neha Bhandari | (Director Son's Wife) |

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

(Rs. in Crores)

| SR. NO. | | NAME | SALES (Incl.Store Spare & Others) | | PURCHASE | | EXPENSES/ (INCOME) | | PAYMENT OF LIABILITY | | PURCHASE(SALE) OF FIXED ASSET | | LOAN/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 | 1.40 |
| | 2 | Jinhua Jahari Enterprises Ltd. | - | - | 17.25 | 24.28 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.31 | 1.47 |
| | 3 | ET Elec-Trans Ltd. | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.51 | 0.51 |
| | 4 | Shree Ram Electro Cast Ltd. | - | - | - | - | - | - | - | - | - | - | 9.67 | 90.00 | 9.61 | 90.30 | - | - | - | - | - | - | - | - | 1.69 | 1.75 |
| | 5 | Hans Ispat Ltd. | 3.76 | 2.86 | 17.11 | 4.81 | - | - | - | - | 0.03 | (0.19) | - | - | - | 23.27 | - | - | - | - | - | - | - | - | 60.19 | 51.20 |
| | 6 | Electrotherm Services Ltd. | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4.18 | 4.18 |
| (II) | | Enterprises Owned Or Significately Influnced by Key Managerial Personnel or their relatives | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | ETAIN Renewables Limited | - | - | - | - | - | - | - | 0.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2.32 | 2.13 |
| | 2 | EIL Software Services Offshore Pvt. Ltd. | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1.75) | (1.75) |
| | 3 | Bhandari Charitable Trust | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2.20 | 2.20 |
| | 4 | Electrotherm Solar Limited | - | - | 0.56 | 0.57 | - | 0.00 | - | 0.03 | - | 0.86 | - | 0.10 | - | 0.20 | - | - | - | - | - | - | - | - | 3.38 | 3.56 |
| | 5 | ETAIN Electric Vehicles Limited | - | - | - | 0.01 | - | - | - | 0.00 | - | - | - | 0.06 | - | 0.01 | - | - | - | - | - | - | - | - | 1.76 | 1.76 |
| (II) | | KEY MANAGERIAL PERSONNEL : | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | Mr. Mukesh Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.04 | - | - | 0.11 | - | - | 0.15 | 0.18 | (0.52) | (0.24) |
| | 2 | Mr. Shailesh Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.01 | - | - | 0.06 | - | - | 0.15 | 0.18 | (0.09) | (0.07) |
| | 3 | Mr. Avinash Bhandari | - | - | - | - | - | - | 0.05 | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.12 | 0.18 | (0.08) | - |
| | 4 | Mr. Pawan Gaur | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.41 | 0.44 | (0.00) | 0.02 |
| | 5 | Mr. Fageshkumr R. Soni | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.14 | 0.14 | (0.01) | (0.00) |
| | 6 | Mr. Arun Kumar Jain | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.02 | 0.05 | - | - | - | (0.01) |
| | 7 | Mr. Dinesh Mukati | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.05 | 0.05 | - | - | - | (0.01) |
| | 8 | Ms. Nivedita Sarda | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.02 | 0.02 | - | - | - | - |
| | 9 | Mr. Pratap Mohan | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.05 | 0.05 | - | - | - | (0.01) |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

| SR. NO. | NAME | SALES (Incl.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 MANAGERIAL PERSONNEL : | | | | | | | | | | | | | | | | | | | | | | | | |
| | (With whom Transaction has been taken Place during the year) | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Mrs. Indubala Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.05 | 0.06 | - | - | - | - | (0.00) | (0.00) |
| 2 | Mrs. Jyoti Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.02 | - | - | 0.09 | - | - | 0.27 | 0.27 | (0.29) | (0.15) |
| 3 | Mr. Rakesh Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (0.02) | (0.02) |
| 4 | Mr.Nagesh Bhandari | - | - | - | - | - | - | - | - | - | - | 0.50 | - | 0.50 | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Mr. Anurag Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.04 | - | - | - | - | - | - |
| 6 | Mrs.Reema Bhandari | 0.38 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.45 | - |
| 7 | Mrs.Neha Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.07 | 0.11 | - | (0.01) |

***Note :***

*The remuneration to the key managerial personnel does not Include the provisions made for gratuity and leave encashment, as it is determined on an acturial basis for the company as a whole.*

*Terms and conditions of transactions with related parties*

*Outstanding balances at the year end are unsecured and settlement occures 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, 2019 of Rs. 7.54 Crore). This assessment is undertaken at each financial year through examining the financial possition of the related party and the market in which the related party operates.*

**39 EARNINGS PER SHARE (EPS):**

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

| Particulars | | 2019-20 | 2018-19 |
|---|---|---|---|
| Profit for the year | (Rs. In Crore) | 44.98 | 140.79 |
| Weighted Average No. of Shares for the Earning Per Share Computation for Basic and Diluted | (Nos. in Crore) | 1.27 | 1.27 |
| Earnings Per Share (Basic & Diluted) | (In Rs.) | 35.31 | 110.50 |
| Nominal Value of Shares | (In Rs.) | 10.00 | 10.00 |

**40 Segment Reporting**

The segment report is given in consolidated financial statements.

**41 Financial Instruments, Fair Value Measurements, Financial Risks & Capital Management**

**41.1 Category wise Classification of Financial Instruments** (Rs In Crore)

| Particulars | March 31, 2020 | | |
|---|---|---|---|
| | FVPL | Amortized cost | Carrying Value |
| **Financial assets** | | | |
| Trade receivables | - | 338.31 | 338.31 |
| Cash and Cash Equivalents | - | 29.63 | 29.63 |
| Other Bank balances | - | 16.63 | 16.63 |
| Investments in mutual fund units | 0.20 | - | 0.20 |
| Investments in Unquoted Equity of Joint Venture & Subsidiary Companies net of Accumulated Impairment & Other Investments | - | 45.78 | 45.78 |
| Other financial assets | - | 34.43 | 34.43 |
| **Total financial assets** | **0.20** | **464.78** | **464.98** |
| **Financial liabilities** | | | |
| Trade payables | - | 430.57 | 430.57 |
| Short term Borrowings | - | 14.57 | 14.57 |
| Non-Current Borrowings | - | 1,242.66 | 1,242.66 |
| Other financial liabilities | - | 960.23 | 960.23 |
| **Total financial liabilities** | **-** | **2,648.03** | **2,648.03** |

(Rs In Crore)

| Particulars | March 31, 2019 | | |
|---|---|---|---|
| | FVPL | Amortized cost | Carrying Value |
| **Financial assets** | | | |
| Trade receivables | - | 357.34 | 357.34 |
| Cash and Cash Equivalents | - | 43.15 | 43.15 |
| Other Bank balances | - | 15.88 | 15.88 |
| Investments in mutual fund units | 0.28 | - | 0.28 |
| Investments in Unquoted Equity of Joint Venture & Subsidiary Companies net of Accumulated Impairment & Other Investments | - | 45.78 | 45.78 |
| Other financial assets | - | 48.96 | 48.96 |
| **Total financial assets** | **0.28** | **511.11** | **511.39** |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

(Rs In Crore)

| Particulars | March 31, 2019 | | |
|---|---|---|---|
| | FVPL | Amortized cost | Carrying Value |
| **Financial liabilities** | | | |
| 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 | - | 998.62 | 998.62 |
| **Total financial liabilities** | **-** | **2,961.26** | **2,961.26** |

**41.2 Category-wise Classification of Financial Instruments**

**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 reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

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

(Rs In Crore)

| Particulars | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Investments in quoted mutual fund** | | | | | |
| As at March 31, 2020 | 5 | 0.20 | - | - | 0.20 |
| As at March 31, 2019 | 5 | 0.28 | - | - | 0.28 |

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 maximize 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.

**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 amortized cost**

The management assessed that cash and cash equivalents, Bank Balance other than cash and cash equivalents, trade receivables, trade payables, investments in unquoted equity of joint venture / subsidiary company and government securities, other financial assets, short term borrowings, non current borrowings and other current financial liabilities approximate their carrying amounts.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**42 Financial Instrument Risk, Management, Objectives & Policies**

**42.1 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 company 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.

**42.2 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. 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 brorrowers, 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 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 31,2020** (Rs In Crore)

| Particulars | Trade Receivables | Loans | Advances to Suppliers & Others | Total |
|---|---|---|---|---|
| Gross carrying amount | 430.81 | 4.18 | 101.52 | 536.51 |
| Credit loss rate | 21.47% | 100.00% | 19.67% | 21.74% |
| Expected credit losses (loss allowance provision) | 92.50 | 4.18 | 19.97 | 116.65 |
| **Carrying amount** | **338.31** | **-** | **81.55** | **419.86** |

**ii) 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 |
| **Carrying amount** | **357.34** | **-** | **85.26** | **442.60** |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

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

| Particulars | Trade Receivables | Loans | Advances to Suppliers & Others | Total |
|---|---|---|---|---|
| Loss allowance as on March 31, 2018 | (92.50) | (4.18) | (19.97) | (116.65) |
| Changes in loss allowance | - | - | - | - |
| **Loss allowance as on March 31, 2019** | **(92.50)** | **(4.18)** | **(19.97)** | **(116.65)** |
| Changes in loss allowance | - | - | - | - |
| **Loss allowance as on March 31, 2020** | **(92.50)** | **(4.18)** | **(19.97)** | **(116.65)** |

### 42.3 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.

**Maturities of financial liabilities**

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

(Rs In Crore)

| As at March 31, 2020 | Payable Upto 31.03.2021 | 01.04.2021 to 31.03.2023 | 3 years or More than 3 years |
|---|---|---|---|
| Trade Payables | 430.57 | - | - |
| Borrowings | 943.72 | 880.41 | 362.25 |
| Short term Borrowings | 2.57 | - | - |
| Preference Shares | 12.00 | - | - |
| Other Financial liabilities | 15.80 | 0.64 | 0.07 |
| **Total** | **1,404.66** | **881.05** | **362.32** |

(Rs In Crore)

| As at March 31, 2019 | Payable Upto 31.03.2021 | 01.04.2021 to 31.03.2023 | 3 years or 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 | 21.21 | - | - |
| **Total** | **1,556.04** | **823.41** | **581.81** |

**42.4 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 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 unhedge foreign currency risk at the end of reporting period are as follows:** (Rs In Crore)

| Particulars | As at March 31, 2020 | |
|---|---|---|
| | USD | Euro |
| **Financial assets** | | |
| Trade receivables | 0.74 | - |
| Net exposure to foreign currency risk (assets) | 0.74 | - |
| **Financial liabilities** | | |
| Trade payables | 0.04 | 0.01 |
| Borrowings | | |
| Net exposure to foreign currency risk (liabilities) | 0.04 | 0.01 |
| Net exposure to foreign currency risk | 0.70 | -0.01 |
| Net Exposure In Indian Currency (Rs) | 53.40 | -0.46 |

(Rs In Crore)

| Particulars | As at March 31, 2019 | |
|---|---|---|
| | USD | Euro |
| **Financial assets** | | |
| Trade receivables | 0.89 | - |
| Net exposure to foreign currency risk (assets) | 0.89 | - |
| **Financial liabilities** | | |
| 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 (Rs) | 35.77 | -0.73 |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

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

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

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

| Particulars | As at March 31, 2020 | |
|---|---|---|
| | Rupee / USD | Rupee / Euro |
| **Impact on Profit or loss** | | |
| Increase by 5% | 2.67 | (0.02) |
| Decrease by 5% | (2.67) | 0.02 |

(Rs In Crore)

| Particulars | As at March 31, 2019 | |
|---|---|---|
| | Rupee / USD | Rupee / Euro |
| **Impact on Profit or loss** | | |
| Increase by 5% | 1.79 | (0.04) |
| Decrease by 5% | (1.79) | 0.04 |

**43 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 maximize 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, 2020 | As at March 31, 2019 |
|---|---|---|
| Equity share capital | 12.74 | 12.74 |
| Other Equity | (984.17) | (1,133.76) |
| **Total Equity** | **(971.43)** | **(1,121.02)** |

## Notes to Standalone Financial Statements for the year ended March 31, 2020

**44 Corporate Social Responsibility (CSR)**

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The funds are utilised on the activities which are specified in Schedule VII of the Companies Act, 2013. The utilisation is done by way of contribution towards various activities.

(a) Gross amount as per the limits of Section 135 of the Companies Act, 2013: Rs. 0.63 Crore. (Previous year: Nil)

(b) Amount spent during the year ended 31st March 2020: Rs. 0.63 Crore. (Previous year: Rs. 0.40 Crore)

(Rs In Crore)

| Particulars | Amount Contributed | Amount to be contributed | Total |
|---|---|---|---|
| (i) Construction/acquisition of any assets | - | - | - |
| (ii) On purpose other than (i) above | 0.63 | - | 0.63 |
| **Total** | **0.63** | **-** | **0.63** |

**45 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 June 30, 2020, there were no subsequent events to be recognized or reported that are not already disclosed elsewhere in the financial statements.

**46** On March 24, 2020, the Government of India ordered a nationwide lockdown to prevent community spread of Covid-19 in India resulting in significant reduction in economic activities. The company has carried out its initial assessment of the likely adverse impact on economic environment in general and financial risk because of Covid-19. The company is in the business of manufacturing steel, pipe and steel melting equipment, Transformers, etc. The demand for the Company products is expected to be lower in the short term, though the same is not likely to have a continuing impact on the business of the Company. Further, the Management believes that there may not be significant impact of Covid-19 pandemic on the financial position and performance of the company, in the long-term.

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

As per our report of even date
**For Hitesh Prakash Shah & Co.**
Chartered Accountants
Firm Registration No: 127614W

**Hitesh Shah**
Partner
Membership No. 124095

Place : Ahmedabad
Date : 30th June 2020

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

**Dinesh Mukati**
Chairman
DIN:-07909551

**Shailesh Bhandari**
Managing Director
DIN:- 00058866

Place : Palodia
Date : 30th June 2020

**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, 2020, 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 Ind AS 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, 2020, 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(b) of non-provision of interest on NPA accounts of banks of Rs 132.07 Crore (Net of Reversal), for the year under consideration and the total amount of such unprovided interest till March 31, 2020 is Rs.1109.94 Crore. The exact amounts of the said non provisions of interest are not determined and accounted for by the group and accordingly (a) Bankers/ARCs Loan liabilities and the retained earnings (Loss) as on 31st March 2020 are understated by Rs.1109.94 Crore and (b) the profit for the year is overstated Rs.132.07Crore.*

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Companies Act 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the group and its joint venture 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 opinion.

**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 loans, in subsidiary Shree Ram Electro Cast Limited, affecting the going concern of the said company.
3. We draw attention on Note No. 37(c) that during the year, ET Elec-Trans Limited has a cash loss of Rs 0.00 Crore and accumulated losses of Rs 1.48 Crore, which has fully eroded the net worth of the said company. These conditions, indicate the existence of a material uncertainty that may cast significant doubt about the said Company's ability to continue as a going concern.

**Emphasis of Matter**

1. Note No 32(a) of the accompanying Consolidated Ind AS Financial Statements in respect of treatment in the books of accounts of the assignment / settlements of debts of various banks and the financial institution and its waiver of principal and interest amount.
2. Note No 14(f) of the accompanying Consolidated Ind AS Financial Statements in respect of non-payment of Instalments due to lenders of the loan for the period from 31st December 2019 to 31st March 2020 and requested all lenders to allow this moratorium period for the payments and the lenders are yet to confirm the revised repayment schedule.
3. Note No 32(a)(i)(e) of the accompanying Consolidated Ind AS Financial Statements in respect of Petition filed by Central Bank of India, a Financial creditor under Section 7 of the Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal (NCLT), Ahmedabad.
4. Note No 34(d) of the accompanying Consolidated Ind AS Financial Statements in respect of confirmation / reconciliation of few

accounts of "Trade Receivables", "Trade Payable", "Advance from Customers", Advances Recoverable in Cash or Kind", and "Advance to suppliers and other parties".

5. Note No 36 of the accompanying Consolidated Ind AS Financial Statements in respect of pending litigations and recovery proceedings against the company and the Directors of the Company.

   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 Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statement 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 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 (Other than those given in Basis for Qualified Opinion) | How the matter was addressed in our audit |
|---|---|
| **Revenue Recognition**<br>• The principal products of the Group comprise Induction Furnaces, Steel and Electric Vehicles that are mainly sold through distributors and direct sale channels amongst others. Revenue is recognized when the customer obtains control of the goods.<br>• We identified revenue recognition as a key audit matter because the Group and its external stakeholders focus on revenue as a key performance indicator. This could create an incentive for revenue to be overstated or recognized before control has been transferred. | In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:<br>• We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.<br>• We performed substantive testing by selecting samples of revenue transactions, recorded during the year by testing the underlying documents using statistical sampling.<br>• We carried out analytical procedures on revenue recognised during the year to identify unusual variances.<br>• We performed confirmation procedures on selected customer balances at the balance sheet date.<br>• We tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognised in the appropriate financial period.<br>• We tested manual journal entries posted to revenue to identify unusual items. |

**Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon ("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 Ind AS 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 Ind AS Financial Statements**

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these Consolidated Ind AS 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

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

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 Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS 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 are responsible for overseeing the financial reporting process of each entity.

**Auditor's Responsibilities for the Audit of the Consolidated Ind AS 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 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 30th June, 2020. 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 Ind AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS 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.

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

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, 2020 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**

1. We did not audit the Financial Statements/ Financial information of two subsidiaries included in the Statement, whose Financial Statements / Financial information reflect total assets (before consolidation adjustments) of Rs. 61.93 crore, total revenues (before consolidation adjustments) of Rs 396.25 crore, total net loss after tax (before consolidation adjustments) of Rs 8.83 crore, total comprehensive Loss (before consolidation adjustments) of Rs 8.88 crore and net cash outflows (before consolidation adjustments) of Rs. 4.60 crore for the year ended 31st March,2020, as considered in the Statement. These Financial statements have been audited/ reviewed, by other auditors whose reports have been furnished to us by the Management and our opinion and conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors and the procedures performed by us as stated under Auditor's Responsibilities section above.
2. There are two subsidiaries which are located outside India whose Financial statements / Financial and other information have been prepared in accordance with accounting principles generally accepted in their respective countries and are unaudited whose Financial statements / Financial information reflect total assets (before consolidation adjustments) Rs 5.41 Crores, total revenues (before consolidation adjustments) of Rs 17.07 crore, total net Profit after tax (before consolidation adjustments) of Rs 0.35 crore, total comprehensive Income (before consolidation adjustments) of Rs 0.35 crore and net cash Inflow (before consolidation adjustments) of Rs. 0.37 crore for the year ended 31st March,2020, as considered in the Statement. These unaudited financial statements have been furnished to us by the Board of Directors 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 is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial statements are not material to the Group.

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 the same were audited by other auditors and as noted in the 'Other Matters' paragraph, we report, to the extent applicable for the year under consideration:

   (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 Group so far as it appears from our examination of those books;

   (c) 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;

   (d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under section 133 of the Act.

   (e) On the basis of the written representations received from the directors of the Company as on March 31, 2020 and taken on record by the Board of Directors of the Group and the reports of the statutory auditors of its subsidiary companies, and joint venture, none of the directors of the Group and joint venture is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements of the Group and its Joint Venture, refer to our separate Report in **"Annexure A"** to this report;

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

(g) 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.

(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:

(i) The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its Consolidated Ind AS Financial position of the Group – Refer Note 30, 32 and 36 to the Consolidated Ind AS Financial Statements;

(ii) The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;

(iii) 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, 2020.

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

Place: Ahmedabad
Date: 30th June, 2020

**Hitesh Shah**
Partner
Membership No. 124095
UDIN: 20124095AAAABM1961

## 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, 2020]**

**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 (hereinafter referred to as "the Holding Company"), its indian subsidiaries to whom Internal Financial Controls is applicable(the Holding Company and its indian subsidiaries together referred to as "the Group") and its Joint venture, as of and for the year ended March 31, 2020, we have audited the internal Financial controls over Financial reporting of Group and joint venture as of that date.

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

The respective Board of Directors of the Group and its joint venture is responsible for establishing and maintaining internal Financial controls based on the internal control over Financial reporting criteria established by the Group and its joint venture 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 Group and its joint venture'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 Group and its joint venture'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 Group and its joint venture'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 Group and its joint venture ; (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 Group and its joint venture are being made only in accordance with authorisations of management and directors of the Group and its joint venture ; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group and its joint venture's assets that could have a material effect on the Financial statements.

## ANNEXURE A TO THE CONSOLIDATED AUDITOR'S REPORT

**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 Group and its joint venture has maintained in all material respects, except stated otherwise or reported to the Group and its joint venture 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 31,2020, based on the internal control over Financial reporting criteria established by the Group and its joint venture 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: 30th June, 2020

**Hitesh Shah**
Partner
Membership No. 124095
UDIN: 20124095AAAABM1961

## Consolidated Balance Sheet as at March 31, 2020

(Rs In Crore)

| Particulars | Notes | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non Current Assets** | | | |
| a) Property, Plant and Equipment | 3 | 781.40 | 910.19 |
| b) Capital Work in Progress | 3 | 27.59 | 28.89 |
| c) Goodwill | | 36.46 | 36.46 |
| d) Intangible Assets | 4 | 5.18 | 2.06 |
| e) Right of Use Assets | | 2.19 | - |
| f) Financial Assets | | | |
| i) Investment in Joint Venture | 5 | 6.94 | 6.93 |
| ii) Investments | 5 | 0.21 | 0.43 |
| iii) Other Financial Assets | 6 | 40.70 | 55.48 |
| g) Other Non Current Assets | 7 | 15.77 | 15.76 |
| **Total Non- Current Assets (A)** | | **916.44** | **1,056.20** |
| **Current assets** | | | |
| a) Inventories | 8 | 490.49 | 563.12 |
| b) Financial Assets | | | |
| i) Trade Receivables | 9 | 316.30 | 333.72 |
| ii) Cash and Cash Equivalent | 10 | 30.41 | 47.38 |
| iii) Bank Balance Other than (ii) Above | 10 | 16.63 | 15.88 |
| iv) Other Financial Assets | 6 | 2.00 | 1.82 |
| c) Current Tax Assets | 11 | 2.92 | 2.39 |
| d) Other Current Assets | 7 | 144.89 | 148.18 |
| **Total Current Assets (B)** | | **1,003.64** | **1,112.49** |
| **TOTAL ASSETS (A+B)** | | **1,920.08** | **2,168.69** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| a) Equity Share Capital | 12 | 12.74 | 12.74 |
| b) Other Equity | 13 | (1,106.06) | (1,234.71) |
| **Total Equity (A)** | | **(1,093.32)** | **(1,221.97)** |
| **Liabilities** | | | |
| **Non-current Liabilities** | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | 14 | 1,272.65 | 1,443.21 |
| ii) Other Financial Liabilities | 15 | 0.74 | 0.03 |
| b) Other Non-Current Liability | | 2.75 | - |
| c) Provisions | 16 | 18.01 | 13.06 |
| **Total Non Current Liabilities (B)** | | **1,294.15** | **1,456.30** |
| **Current liabilities** | | | |
| a) Financial Liabilities | | | |
| i) Short Term Borrowings | 17 | 29.42 | 152.27 |
| ii) Trade Payables | 18 | | |
| Total Outstanding Dues Of : | | | |
| - Micro Enterprises & Small Enterprises | | 26.90 | 25.74 |
| - Other than Micro Enterprises & Small Enterprises | | 422.14 | 450.56 |
| iii) Other Financial Liabilities | 15 | 1,017.41 | 1,041.53 |
| b) Other Current Liabilities | 19 | 209.05 | 250.26 |
| c) Provisions | 16 | 14.33 | 14.00 |
| **Total Current Liabilities (C)** | | **1,719.25** | **1,934.36** |
| **TOTAL EQUITY AND LIABILITIES (A+B+C)** | | **1,920.08** | **2,168.69** |
| 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 Hitesh Prakash Shah & Co.**
Chartered Accountants
Firm Registration No: 127614W

**Hitesh Shah**
Partner
Membership No. 124095

Place : Ahmedabad
Date : 30th June 2020

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

**Dinesh Mukati**
Chairman
DIN:-07909551

**Shailesh Bhandari**
Managing Director
DIN:- 00058866

Place : Palodia
Date : 30th June 2020

**Fageshkumar R. Soni**
Company Secretary

## Consolidated Statement of Profit and Loss for the Year ended March 31, 2020

(Rs In Crore)

| Particulars | Notes | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **Income** | | | |
| Revenue From Operations | 20 | 3,199.92 | 4,040.18 |
| Other Income | 21 | 26.42 | 20.05 |
| **Total Income** | | **3,226.34** | **4,060.23** |
| **Expenses** | | | |
| Cost of Raw Materials and Components Consumed | 22 | 2,171.93 | 2,837.46 |
| Purchases of Stock in Trade | 22 | 102.37 | 159.38 |
| Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade | 23 | 9.62 | (81.45) |
| Employee Benefit Expense | 24 | 171.85 | 164.46 |
| Finance Costs | 25 | 15.55 | 38.42 |
| Depreciation and Amortisation Expense | 26 | 134.21 | 142.82 |
| Other Expenses | 27 | 632.24 | 657.23 |
| **Total expenses** | | **3,237.77** | **3,918.32** |
| **Profit / (Loss) Before Exceptional Items And Tax** | | **(11.43)** | **141.91** |
| Exceptional item | 28 | 35.54 | - |
| **Profit / (Loss) Before Tax** | | 24.11 | 141.91 |
| **Tax Expense:** | 29 | | |
| Income Tax | | (0.02) | (0.08) |
| Deferred Tax | | - | - |
| **Total Tax Expense** | | **(0.02)** | **(0.08)** |
| Deferred Tax | | - | - |
| **Profit / (Loss) for the Year** | | **24.09** | **141.83** |
| Profit From Joint Venture | | 0.01 | 0.02 |
| **Profit / (Loss) for the Year** | | **24.10** | **141.85** |
| **Other comprehensive income / (loss)** | | | |
| **A. Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent period** | | | |
| Re-measurement gain / (loss) on defined benefit plans | | (2.76) | (1.44) |
| Income tax effect relating to these items | | - | - |
| **Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent period** | | **(2.76)** | **(1.44)** |
| **Total Other comprehensive income/(loss) for the year, net of tax** | | **(2.76)** | **(1.44)** |
| **Total comprehensive income for the year** | | **21.34** | **140.41** |
| **Profit for the year attributable to :** | | | |
| Equity holders of the parent | | 24.10 | 141.85 |
| Non Controlling interest | | - | - |
| **Total comprehensive income attributable to :** | | | |
| Equity holders of the parent | | 21.34 | 140.41 |
| Non Controlling interest | | - | - |
| **Earnings per equity share (nominal value of shares Rs 10 each) (Basic & Diluted)** | 39 | 18.92 | 111.34 |
| 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 Hitesh Prakash Shah & Co.**
Chartered Accountants
Firm Registration No: 127614W

**Hitesh Shah**
Partner
Membership No. 124095

Place : Ahmedabad
Date : 30th June 2020

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

**Dinesh Mukati**
Chairman
DIN:-07909551

**Shailesh Bhandari**
Managing Director
DIN:- 00058866

Place : Palodia
Date : 30th June 2020

**Fageshkumar R. Soni**
Company Secretary

## Consolidated Cash Flow Statement for the Year Ended March 31, 2020

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **A: CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit / (Loss) Before Tax | 24.11 | 141.91 |
| **Adjustments to reconcile profit before tax to net cash flows:** | | |
| Depreciation on property, plant, equipment & Amortization of Assets | 134.21 | 142.82 |
| Finance income (including fair value changes in financial instruments) | (3.59) | (5.41) |
| Net Sundry Balances Written Off | 0.63 | (6.61) |
| Provision For Doubtful Trade Receivables & Advances | - | (15.51) |
| Exceptional item | (35.54) | - |
| (Profit)/Loss on Sale/Discard of Property, Plant & Equipments & Capital Work In Progress (Net) | 13.23 | - |
| Profit on Sale of Units of Mutual Fund | - | (0.01) |
| Provision For Warranty | (0.90) | - |
| Profit From Joint Venture | 0.01 | 0.02 |
| Finance costs (including fair value changes in financial instruments) | 15.64 | 38.42 |
| Unrealized foreign exchange (gain)/loss | (13.96) | (6.32) |
| **Operating Profit before working capital changes** | **133.84** | **289.31** |
| **Working capital adjustments:** | | |
| Decrease/(Increase) in trade receivables | 30.44 | 45.27 |
| Decrease/(Increase) in inventories | 72.63 | (115.02) |
| Decrease/(Increase) in other non-current financial assets | - | (15.38) |
| (Decrease)/Increase in trade payables | (26.95) | 13.00 |
| (Decrease)/Increase in other current liabilities | (38.46) | 104.81 |
| (Decrease)/Increase in other non current liabilities | 2.75 | - |
| (Decrease)/Increase in other current financial liabilities | (3.14) | (16.49) |
| (Decrease)/Increase in other current financial assets | (0.21) | (0.12) |
| Decrease/(Increase) in other non current Asset | - | - |
| Decrease/(Increase) in other current Asset | 3.29 | 35.26 |
| (Decrease)/Increase in provisions | 3.42 | 3.83 |
| **Cash generated from operations** | **177.61** | **344.47** |
| Direct taxes paid (net) | (0.53) | (0.88) |
| **Net Cash (used in) generated from operating activities** | **177.08** | **343.59** |
| **B: CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of fixed assets & intangible assets (including CWIP and capital advances) | (23.73) | (77.99) |
| Proceeds from sale of Property Plant & Equipment | 10.91 | 0.25 |
| Purchase of Units of Mutual fund | - | (13.10) |
| Sale of Units of Mutual fund | 0.13 | 13.11 |
| Increase in Investment in Joint Venture | (0.01) | (0.02) |
| Redemption/maturity of bank deposits(having original maturity of more than three months) | 14.36 | 5.14 |
| Interest income | 3.29 | 5.80 |
| **Net Cash (used in) generated from investing activities** | **4.95** | **(66.81)** |

## Consolidated Cash Flow Statement for the Year Ended March 31, 2020

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **C: CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Repayment of borrowings (Net) | (179.25) | (229.92) |
| Payment of Dividend/ Transfer to Investor Education Fund | - | - |
| Payment of Principal portion of Lease Liabilities | (1.83) | - |
| Finance Cost (Net) | (17.92) | (32.17) |
| **Net Cash (used in) generated from financing activities** | **(199.00)** | **(262.09)** |
| **Net (Decrease)/ Increase in Cash and Cash Equivalents** | **(16.97)** | **14.69** |
| **Cash and Cash Equivalents at the beginning of the year** | **47.38** | **32.69** |
| **Cash and Cash Equivalents at the end of the year** | **30.41** | **47.38** |

**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) Disclosure of change in liabilities arising from financing activities, including both arising from cash flows and non-cash changes are as per Note No. 14 (f).

As per our report of even date
**For Hitesh Prakash Shah & Co.**
Chartered Accountants
Firm Registration No: 127614W

**Hitesh Shah**
Partner
Membership No. 124095

Place : Ahmedabad
Date : 30th June 2020

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

**Dinesh Mukati**
Chairman
DIN:-07909551

**Shailesh Bhandari**
Managing Director
DIN:- 00058866

Place : Palodia
Date : 30th June 2020

**Fageshkumar R. Soni**
Company Secretary

## Consolidated Statement of Change in Equity for the year ended March 31, 2020

### A. EQUITY SHARE CAPITAL

| Particulars | No. of Shares | (Rs In Crore) |
|---|---|---|
| **Equity shares of Rs. 10 each issued, subscribed and fully paid** | | |
| **As at April 1, 2018** | **1,27,42,814** | **12.74** |
| Add: Issue of Equity Share Capital | - | - |
| **As at March 31, 2019** | **1,27,42,814** | **12.74** |
| Add: Issue of Equity Share Capital | - | - |
| **As at March 31, 2020** | **1,27,42,814** | **12.74** |

### B. OTHER EQUITY

(Rs In Crore)

| Particulars | Other Equity | | | | Total Other Equity |
|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | General Reserves | Retained Earnings | |
| **As at April 1, 2018** | **51.26** | **253.79** | **352.76** | **(2,032.93)** | **(1,375.12)** |
| Profit for the year | - | - | - | 141.85 | 141.85 |
| Other Comprehensive Income (Re-measurement loss on defined benefit plans) | - | - | - | (1.44) | (1.44) |
| Total Comprehensive Income | - | - | - | 140.41 | 140.41 |
| Transfer from General Reserve on Revaluation of Property, Plant & Equipment | - | - | (3.39) | 3.39 | - |
| **As at March 31, 2019** | **51.26** | **253.79** | **349.37** | **(1,889.13)** | **(1,234.71)** |
| Profit for the year | - | - | - | 24.10 | 24.10 |
| Add: Addition During the Year (Refer Note 13(a) | 107.31 | - | - | - | 107.31 |
| Other Comprehensive Income / (Loss) (Re-measurement loss on defined benefit plans) | - | - | - | (2.76) | (2.76) |
| Total Comprehensive Income | 107.31 | - | - | 21.34 | 128.65 |
| Transfer from General Reserve on Revaluation of Property, Plant & Equipment | - | - | (3.39) | 3.39 | - |
| **As at March 31, 2020** | **158.57** | **253.79** | **345.98** | **(1,864.40)** | **(1,106.06)** |

As per our report of even date
**For Hitesh Prakash Shah & Co.**
Chartered Accountants
Firm Registration No: 127614W

**Hitesh Shah**
Partner
Membership No. 124095

Place : Ahmedabad
Date : 30th June 2020

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

**Dinesh Mukati**
Chairman
DIN:-07909551

**Shailesh Bhandari**
Managing Director
DIN:- 00058866

Place : Palodia
Date : 30th June 2020

**Fageshkumar R. Soni**
Company Secretary

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**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, 2020. The Principal business of the Group is the manufacturing of Induction Furnace, Casting Machines, Transformers, Sponge and Pig Iron, Ferrous and Non-Ferrous Billets/ bars/ Ingots, Ductile Iron Pipes, Transmission Line Towers, Battery Operated Vehicles and Services relating to Steel Melting and other Capital Equipments.

The consolidated Financial Statements were authorized for issue in accordance with a resolution passed in the board meeting held on June 30, 2020.

**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 (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.

The consolidated financial statements are presented in Indian Rupee and all the values are rounded to the nearest Crore, except otherwise indicated and provide comparative information in respect of the previous period. Further Amounts which are less than 0.01 Crore have been presented as "0".

**2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, for the year ended March 31, 2020. In the preparation of consolidated financial statements, investment in subsidiary has been accounted for in accordance with Ind AS 110 on 'Consolidated financial statements. 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 in India 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) The financial statements of the subsidiary outside India are prepared in accordance with the principles general accepted in their respective countries. 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.

v) The subsidiaries considered in the consolidated financial statements are:-

| Name of the Group | Country of Incorporation | % of Ownership Interest as at March 31, 2020 |
|---|---|---|
| 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 | India | 100.00% |

**5% shares of Shree Ram Electro Cast Limited are held by Electrotherm Services Limited, Subsidiary.*

**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, 2020 |
|---|---|---|
| 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.

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.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**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.

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

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

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

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

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

- Disclosures for valuation methods, significant accounting judgements, estimates and assumptions.
- Quantitative disclosures of fair value measurement hierarchy.
- Financial instruments (including those carried at amortised cost).

**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 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 Property, Plant and Equipment 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 Property, Plant and Equipment, 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.

An item of property, plant and equipment acquired in exchange for a non-monetary asset is measured at fair value unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received, nor the asset given up is reliably measurable.

CWIP comprises of cost of Property, Plant and Equipment 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:

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

(b) 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.

**E. INTANGIBLE ASSETS:**

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

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

Intangible assets in the form of software are amortised on straight line basis over a period of six years and trademarks are amortised on straight line method over a period of five years. 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.

**F. 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.

**G. BORROWING COSTS:**

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

**H. LEASES:**

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

**Group as a lessee:**

**Right of use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e the date the underlying asset is available for use), Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| Assets Estimated | Useful Life |
|---|---|
| Right-of-use of office premises and Leasehold land | Over the balance period of lease agreement |

If ownership of the leased asset transfers to the group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in relating to Impairment of non-financial assets.

**Lease Liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating the lease, if the lease term reflects the group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of office equipment that is considered to be low value amounting to Rs. 2 lakhs. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**I. FINANCIAL INSTRUMENTS:**

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

**Financial assets**

Initial recognition and measurement

All financial assets are recognised initially at fair value plus in the case of financial assets not recorded at fair value through 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.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

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 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.

**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

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

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.

### J. INVENTORIES:

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

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

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

### K. REVENUE 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, 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

**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.

**L. 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 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 Consolidated Statement of Profit and Loss. Actuarial gain and loss is recognised in full in the period in which they occur in the Consolidated 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.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the group operates and generate taxable income.

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.

Deferred Tax Assets and deferred Tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current liabilities and deferred tax relates to the same taxable entity and same taxation authority.

### N. 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.

### 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 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.

**R. CONTINGENT LIABILITIES**

**S.** 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 group 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 group 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 Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the 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.

**Taxes**

Pursuant to the Taxation Laws (Amendment) Ordinance 2019 issued by Ministry of Law and Justice (Legislative Department) dated September 20,2019 effective from April 01,2019, generally, the group has opted to avail lower Tax rates of 22% (without any tax benefits) instead of existing tax rate of 30%.

**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.

For Further Detail about gratuity obligations Refer Note no (31)

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

### 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

**New and amended standards**

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended March 31, 2019, except for the adoption of new standards effective as of April 1, 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, Ind AS 116 Leases using the modified retrospective method of adoption. The adoption of the standard did not have any material impact on the financial statements of the Group.

Several other amendments and interpretations apply for the first time in April 1, 2019, but do not have an impact on the financial statements of the Group.

**a. Ind AS 116 Leases**

Ind AS 116 supersedes Ind AS 17 "Leases". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Effective April 1, 2019, the Group Ind AS 116 "Leases" and applied to all lease contracts, identified under Ind AS 17, existing on April 1, 2019 using the modified retrospective method on the date of initial application.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessor will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Group is the lessor.

Pursuant to adoption of Ind AS 116, the Group recognised right-of-use assets and lease liabilities for those leases which were previously classified as operating leases, except for short-term leases amount and leases of low-value assets amounting to 2 lakhs. The Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application and right of use asset at an amount equal to the lease liability adjusted for any prepayments/ accruals recognised in the balance sheet as on March 31, 2019. There is no impact on retained earnings as on April 1, 2019.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of -use asset at the date of initial application.

Amount recognised in the Balance Sheet and statement of Profit and Loss refer note 30(b). Impact on the Statement of Cash flows (Increase / (Decrease) for the year ended March 31, 2020 is as under: -

(₹ Rs in Crore)

| Particular | Year ended March 31, 2020 |
|---|---|
| Net Cash flows from operating activities | 1.83 |
| Net Cash flows from financing activities | (1.83) |

**b. Appendix C to Ind AS 12 "Uncertainty over Income Tax Treatment"**

Upon adoption of the Appendix C to Ind AS 12, the group evaluated whether it has any uncertain tax positions which requires adjustments to provision for current tax. The group has ongoing disputes with Income Tax Authorities, in respect of certain allowance / deduction which have been claimed and against which appeal before the Higher Authorities is pending and accordingly it has not reached the finality, the amount involved is not material and the group has huge carried forward Unabsorbed depreciation and business loss and therefore the adoption of this appendix, does not material impact on the financial statements of the group.

**3 Property, plant and equipment**

(Rs In Crore)

| Particulars | Freehold Land | Leasehold Land | Building | Plant and Machinery | Computer | Furniture and Fixtures | Office Equipment | Vehicles | Total | Capital Work in Progress |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | |
| **As at April 1, 2018** | **169.02** | **0.96** | **281.75** | **818.37** | **5.41** | **4.17** | **2.83** | **4.74** | **1,287.25** | **17.38** |
| Additions | 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 |
| **As at March 31, 2019** | **169.25** | **0.96** | **289.57** | **866.94** | **7.84** | **5.88** | **4.66** | **4.84** | **1,349.94** | **28.89** |
| Additions | - | - | 4.96 | 17.50 | 2.42 | 0.28 | 0.48 | 0.62 | 26.26 | 2.60 |
| Disposals / Capitalization | 17.29 | - | 3.57 | 2.83 | 0.69 | 1.38 | 0.44 | 0.27 | 26.47 | 3.90 |
| **As at March 31, 2020** | **151.96** | **0.96** | **290.96** | **881.61** | **9.57** | **4.78** | **4.70** | **5.19** | **1,349.73** | **27.59** |
| **Depreciation/Amortization and Impairment** | | | | | | | | | | |
| **As at 01 April 2018** | **-** | **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 | - |
| **As at March 31, 2019** | **-** | **0.02** | **43.36** | **386.85** | **3.96** | **2.10** | **1.56** | **1.89** | **439.75** | **-** |
| Depreciation and Impairment for the Year | - | 0.01 | 13.41 | 114.78 | 2.27 | 0.45 | 0.85 | 0.58 | 132.35 | - |
| Disposals | - | - | 0.91 | 0.77 | 0.42 | 1.17 | 0.35 | 0.15 | 3.77 | - |
| **As at March 31, 2020** | **-** | **0.03** | **55.86** | **500.86** | **5.81** | **1.38** | **2.06** | **2.32** | **568.33** | **-** |
| **Net Block** | | | | | | | | | | |
| As at March 31, 2019 | 169.25 | 0.94 | 246.21 | 480.09 | 3.88 | 3.78 | 3.10 | 2.95 | 910.19 | 28.89 |
| **As at March 31, 2020** | **151.96** | **0.93** | **235.10** | **380.75** | **3.76** | **3.40** | **2.64** | **2.87** | **781.40** | **27.59** |

(a) Various Assets appearing in Capital Work in Progress and Capitalized during the year March 31, 2020 Rs. 3.90 crore (March 31, 2019 Rs. 2.58 crore) have been shown in addition in respective class of property, plant and equipments and as transfers from 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) 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.

(d) In Subsidiary Shree Ram Electro Cast Limited Property, plant and equipment were tested for impairment as on 01st April 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 Company recognized impairment charge as on 01st April 2016 of Rs. 29.89 Crore.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**4(a) Intangible Assets** (Rs In Crore)

| Particulars | Software | Trademark | Total |
|---|---|---|---|
| **Cost** | | | |
| **As at April 1, 2018** | **0.62** | **0.02** | **0.64** |
| Additions | 1.83 | - | 1.83 |
| **As at March 31, 2019** | **2.45** | **0.02** | **2.47** |
| Additions | 3.34 | 0.01 | 3.35 |
| **As at March 31, 2020** | **5.79** | **0.03** | **5.82** |
| **Amortization and Impairment** | | | |
| **As at April 1, 2018** | **0.20** | **-** | **0.20** |
| Amortization for the Year | 0.21 | - | 0.21 |
| **As at March 31, 2019** | **0.41** | **-** | **0.41** |
| Amortization for the Year | 0.22 | 0.01 | 0.23 |
| **As at March 31, 2020** | **0.63** | **0.01** | **0.64** |
| **Net Block** | | | |
| **As at March 31, 2019** | **2.04** | **0.02** | **2.06** |
| **As at March 31, 2020** | **5.16** | **0.02** | **5.18** |

**4(b) Right of Use Assets** (Rs In Crore)

| Particulars | Right of Use Assets | |
|---|---|---|
| | **Premises** | **Total** |
| **Gross Carrying Vaue** | | |
| **As at April 1, 2019** | | |
| On Transition to Ind AS 116 | 3.82 | 3.82 |
| Additions | - | - |
| Disposals During the Year | - | - |
| **As at March 31, 2020** | **3.82** | **3.82** |
| **Accumulated Amortization** | | |
| **As at April 1, 2019** | | |
| On Transition to Ind AS 116 | - | - |
| Amortization Charged for the Year | 1.63 | 1.63 |
| Eliminated on disposal of assets | - | - |
| As at March 31, 2020 | 1.63 | 1.63 |
| **Net Carrying Value** | **2.19** | **2.19** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**5 Investments**

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Non Trade Investments-Investment in Mutual Funds (Quoted) - (at fair value through profit and loss) @** | | |
| - 21,503.949 (March 31, 2019 : 21,503.949) Units of IDFC Sterling Value Fund - Regular Plan Growth | 0.06 | 0.11 |
| - 13,027.83 (March 31, 2019 : 13,027.83) Units of Canara Robeco Emerging Equities - Regular Plan Growth | 0.10 | 0.12 |
| - 49,990 (March 31, 2019: 49,990) Units of Rs. 10 each Union Focused Largecap Fund-Regular Plan-Growth | 0.04 | 0.05 |
| - Nil (March 31, 2019: 1,00,000) units of Axis Hybrid Series 27 (1351 Days) Growth | - | 0.14 |
| **Other unquoted investments in Government Securities (At Amortized Cost) #** | | |
| - National Saving Certificates | 0.01 | 0.01 |
| **Total** | 0.21 | 0.43 |
| **Current** | - | - |
| **Non current** | 0.21 | 0.43 |
| **Investment in unquoted Equity Share of Joint Ventures #** | | |
| - 90,45,127 (March 31, 2019: 90,45,127) Equity Shares of Rs. 10 each of Bhaskarpara Coal Company Limited | 9.07 | 9.06 |
| Less:- Accumulated Impairment * | (2.13) | (2.13) |
| **Total** | **6.94** | **6.93** |
| # Aggregate Book Value (at cost) of Unquoted Investments | 9.07 | 9.07 |
| @ Aggregate Book Value (at cost) of quoted Investments | 0.30 | 0.40 |
| * 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 joint venture 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, 2019 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, 2020 | As at March 31, 2019 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Sundry Deposits (Includes Bank Fixed Deposit of Rs.11.47 Crore (March 31, 2019: 12.89 crore) given as EMD) | 39.96 | 44.93 |
| In term deposit accounts (marked as lien against the LC/BG) (remaining maturity more than 12 months) | 0.74 | 10.55 |
| Loan to Employees | 0.59 | 0.38 |
| Interest receivable | 1.41 | 1.44 |
| **Total** | **42.70** | **57.30** |
| Current | 2.00 | 1.82 |
| Non Current | 40.70 | 55.48 |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**7 Other Assets** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Unsecured, Considered Good** | | |
| Product Development Cost | 14.66 | 14.66 |
| Capital Advance | 1.11 | 1.10 |
| Advances Recoverable In Cash or Kind (Net) | 34.11 | 34.35 |
| Advance to key management personnel | - | 0.02 |
| Enterprises owned or Significantly influenced by Key Managerial Personnel or their relative | 0.16 | 0.29 |
| Advances to Staff | 0.28 | 0.79 |
| Advance to Suppliers and Other Parties | 84.19 | 92.69 |
| Prepaid Expenses | 4.63 | 3.25 |
| Balance with Revenue Authorities | 21.52 | 16.79 |
| **Unsecured, Considered Doubtful** | | |
| Advance to Suppliers and Other Parties - Credit Impaired | 19.97 | 19.97 |
| Allowance for Doubtful Receivable | (19.97) | (19.97) |
| **Total** | **160.66** | **163.94** |
| **Current** | **144.89** | **148.18** |
| **Non Current** | **15.77** | **15.76** |

**Movement in Provision For Doubtful Receivable** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Balance at beginning of the year** | **19.97** | **32.29** |
| Movement in Provision For Doubtful Receivable on Advance to suppliers and other Parties | 0.00 | (12.32) |
| **Balance at end of the year** | **19.97** | **19.97** |

**8 Inventories {Refer Note No.34(f)}** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| a. Raw Material [including goods in transit of Rs. 3.91 Crore] (March 31, 2019 Rs. 4.64 Crore) | 149.84 | 205.02 |
| b. Work-In-Progress | 159.49 | 212.87 |
| c. Finished Goods / Stock in Trade [Including goods in transit of Rs. 18.29 Crore] (March 31, 2019 Rs. 7.87 Crore) | 124.20 | 80.43 |
| d. Trading Goods | 0.35 | 0.36 |
| e. Stores and Spares [including goods in transit of Rs. 0.29 Crore] (March 31, 2019 Rs. 1.77 Crore) | 56.61 | 64.44 |
| **Total** | **490.49** | **563.12** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**9 Trade Receivables**

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **(A) Trade receivables from other parties** | | |
| Secured Considered Good | 71.63 | 99.34 |
| Unsecured Considered Good | 234.55 | 224.84 |
| Unsecured Considered Doubtful- Credit Impaired | 95.36 | 95.36 |
| Less: Allowance for Doubtful Receivable | (95.36) | (95.36) |
| **(B) Due from Related Parties** | | |
| (Unsecured, Considered Good) | | |
| - Enterprises owned or Significantly influenced by key management personnel or their relative | 9.67 | 9.54 |
| - Relative of Key Managerial Personnel | 0.45 | - |
| **Total** | **316.30** | **333.72** |

**Movement in expected credit loss allowance**

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Balance at beginning of the year** | **95.36** | **98.55** |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | - | -3.19 |
| **Balance at end of the year** | **95.36** | **95.36** |

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, 2020 | As at March 31, 2019 |
|---|---|---|
| **Cash and Cash Equivalents (At Amortized Cost)** | | |
| **a. Balances with Bank** | | |
| - In Current Account | 29.38 | 46.41 |
| - In Deposit accounts (original maturity less than 3 months) | 0.33 | 0.40 |
| **b. Cash on hand** | **0.70** | **0.57** |
| **Total Cash and Cash Equivalents** | **30.41** | **47.38** |
| **Other Bank Balances** | | |
| - Fixed Deposits with original maturity of more than 3 months but less than 12 months | 16.30 | 15.88 |
| - Interest accrued but not due | 0.33 | - |
| **Total** | **16.63** | **15.88** |

**11 Current Tax assets**

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Income Tax Asset | 2.92 | 2.39 |
| **Total** | **2.92** | **2.39** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**12 Equity share capital** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **Authorized:** | | | |
| 2,50,00,000 (March 31, 2019: 2,50,00,000 and April 1, 2018: 2,50,00,000) Equity Shares of Rs.10/- each | 25.00 | 25.00 | 25.00 |
| 2,50,00,000 (March 31, 2019: 2,50,00,000 and April 1, 2018: 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, 2019: 2,85,90,000 and April 1, 2018: 2,85,90,000) Partially Convertible Partially Redeemable Preference Shares of Rs. 10/- each | 28.59 | 28.59 | 28.59 |
| | **78.59** | **78.59** | **78.59** |
| **Issued, subscribed and fully paid up:** | | | |
| **(a) Equity Shares** | | | |
| 1,27,42,814 (March 31, 2019: 1,27,42,814 and April 1, 2018: 1,27,42,814) Equity Shares of Rs.10/- each Fully paid up | 12.74 | 12.74 | 12.74 |
| **Total** | **12.74** | **12.74** | **12.74** |

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

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No of shares | (Rs In Crore) | No of shares | (Rs In Crore) |
| **Equity Shares :** | | | | |
| **At the beginning of the year** | **1,27,42,814** | **12.74** | **1,27,42,814** | **12.74** |
| Add: Shares issued during the year | - | - | - | - |
| **At the end of the year** | **1,27,42,814** | **12.74** | **1,27,42,814** | **12.74** |

**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**

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

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

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

| Name of Shareholder | As at March 31, 2020 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Edelweiss Asset Reconstruction Company Ltd | 8,92,208 | 7.00 | 8,92,208 | 7.00 |
| Castleshine PTE Limited | 10,00,000 | 7.85 | 10,00,000 | 7.85 |
| Leadhaven PTE Limited | 10,00,000 | 7.85 | 10,00,000 | 7.85 |
| Western India speciality Hospital Limited | 9,75,000 | 7.65 | 9,75,000 | 7.65 |
| Mr. Shailesh Bhandari | 8,48,275 | 6.66 | 8,48,275 | 6.66 |
| Mr. Mukesh Bhandari | 8,09,500 | 6.35 | 8,09,500 | 6.35 |
| Jagdishkumar Amrutlal Akhani | 7,99,914 | 6.28 | 7,46,193 | 5.86 |

**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, 2019: 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, 2020).

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) |
|---|---|---|
| (a) | **Capital Reserve** | |
| | **As at April 1, 2018** | **51.26** |
| | Increase/(decrease) during the Year | - |
| | **As at March 31, 2019** | **51.26** |
| | Increase/(decrease) during the Year | 107.31 |
| | **As at March 31, 2020** | **158.57** |
| (b) | **Securities Premium** | |
| | **As at April 1, 2018** | **253.79** |
| | Increase/(decrease) during the Year | - |
| | **As at March 31, 2019** | **253.79** |
| | Increase/(decrease) during the Year | - |
| | **As at March 31, 2020** | **253.79** |
| (c) | **General Reserves** | |
| | **As at April 1, 2018** | **352.76** |
| | Increase/(decrease) during the Year | (3.39) |
| | **As at March 31, 2019** | **349.37** |
| | Increase/(decrease) during the Year | (3.39) |
| | **As at March 31, 2020** | **345.98** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**13 Other equity** (Contd...)

| Particulars | (Rs In Crore) |
|---|---|
| **Retained Earnings** | |
| **As at April 1, 2018** | **(2,032.93)** |
| Profit for the year | 141.85 |
| Other Comprehensive Income (Re-measurement loss on defined benefit plans) | (1.44) |
| Transfer from General Reserve on Revaluation of Property, Plant & Equipment | 3.39 |
| **As at March 31, 2019** | **(1,889.13)** |
| Profit for the year | 24.10 |
| Other Comprehensive Income / (Loss) (Re-measurement loss on defined benefit plans) | (2.76) |
| Transfer from General Reserve on Revaluation of Property, Plant & Equipment | 3.39 |
| **As at March 31, 2020** | **(1,864.40)** |
| **Total Other Equity** | |
| **As at March 31, 2019** | **(1,234.71)** |
| **As at March 31, 2020** | **(1,106.06)** |

a. **Capital Reserve**

Capital Reserve is not available for distribution of profits.

During the year, after repayment of full settlement amount to International Finance Corporation and Standard Chartered Bank, the principal debt has been reduced by Rs 107.31 Crore (International Financial Corporation Rs.104.95 Crore; Standard Chartred Bank Rs. 2.36 Crore) and this amount has been accounted for as Capital Reserve.

b. **Securities Premium**

Securities Premium is used to record the premium on issue of shares and is utilized 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(a)}** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Secured** | | |
| Term Loans from Banks {Refer Note No. (a), (b) & (d) below} | | |
| - Rupee Term Loan | 546.29 | 714.21 |
| Loans from Asset Reconstruction Companies {Refer Note No. (a), (b) & (d) below } | | |
| - Rupee Term Loan | 1,717.95 | 1,607.14 |
| Term Loan from Financial Institutions {Refer Note No. (c) below} | | |
| - Foreign Currency Term Loan | - | 81.29 |
| **Unsecured** | | |
| Term Loan From Financial Institution | | |
| - Foreign Currency Term Loan | - | 60.84 |
| **Term Loan From Other** | | |
| - Loans from Key Managerial Personnel | 0.04 | 0.03 |
| **Less: Current Maturity on Long Term Borrowing** | **(991.63)** | **(1,020.30)** |
| **Total** | **1,272.65** | **1,443.21** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**(a)** Rupee Term 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, Chhadawada –Bhachau, Juni Jithardi - Vadodara, Village : Budharmora - Kutch and Siriguppa - Bellary and 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 Group.

Further Loan from Invent Assets Securitisation & Reconstution Pvt Ltd are secured by all present and future goods, books debts and all other Movable Assets.

**(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.

First charge on the entire currents assets of the Company, both present and future.

**(c)** External Commercial Borrowings was having secured by Pari Passu Charge over the movable assets and first Pari Passu Charge on immovable assets of the group and its charges over the assets have been satisfied during the year as its liabilites have been settled during the year.

**(d)** Borrowings whose balance are outstanding as on March 31, 2020 i.e Corporation bank carries interest @ 9.65% and Edelweiss Asset Reconstruction Company Limited carries interest @ 12% for the delay payment.

Note: During the year under consideration, In case of Shree Ram Electro Cast Limited, the asset of the company on which charge has been taken by the bank, the said assets has been sold through Auction by the bank.

**(e)** **Company has defaulted in repayment of borrowings from Lenders. Details of the default are as follows:**

(Rs. In Crore)

| Name of the Bank & Asset Reconstruction Company | Principal | Interest | Default From |
|---|---|---|---|
| Central Bank of India | 428.94 | 7.19 | March- 2012 |
| Corporation Bank | - | 0.95 | December-2019 |
| Bank of Baroda | 23.41 | - | April-2014 |
| Rare Asset Reconstruction Limited (assignee of debt of Indian Overseas Bank) | 189.95 | 0.01 | August -2011 |
| Invent Assets Securitization and Reconstruction Private Limited | 4.20 | - | December-2019 |
| Edelweiss Asset Reconstruction Company Limited | - | 0.21 | December-2019 |
| State Bank of India | 27.86 | - | December-2011 |
| **Total** | **674.35** | **8.36** | |

**(f)** **Deferrment of loan due to Covid 19**

The Reserve Bank of India (RBI) has notified Covid-19 Regulatory packages permitting lenders to grant a moratorium period for all installments falling due between March 01, 2020 to August 31, 2020. The Group has not paid installments due for the quarter ended on December 31, 2019 of Rs 16.95 Crore and for the quarter ended on March 31, 2020 of Rs 27.13 Crore. The Group has requested all lenders to allow a moratorium period for the payments or re-schedule the payment of the installments amount not paid and moratorium period or revised schedule is yet to be confirmed. The break up of the same is as under :-

| Name of the Bank & Asset Reconstruction Company | Principal | Default From |
|---|---|---|
| Invent Assets Securitization and Reconstruction Private Limited (this amount is already included in above table (d) above) | 5.70 | December-2019 |
| Edelweiss Asset Reconstruction Company Limited | 11.25 | |
| **Total (a)** | **16.95** | |
| Rare Asset Reconstruction Limited (Assignee of debt of Dena Bank) | 1.75 | March-2020 |
| Invent Assets Securitization and Reconstruction Private Limited | 6.20 | |
| Union Bank of India | 0.62 | |
| Edelweiss Asset Reconstruction Company Limited | 11.25 | |
| Corporation Bank | 7.31 | |
| **Total (b)** | **27.13** | |
| **Total (a+b)** | **44.08** | |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**(g) Repayment Schedule as per Sanction is as under: -** (Rs. In Crore)

| Particulars | 0-1 Year | 1 - 3 Year | 3 and More Year |
|---|---|---|---|
| **Secured** | | | |
| Term Loans from Banks | | | |
| - Rupee Term Loan | 517.12 | 29.17 | - |
| Loans from Asset Reconstruction Companies | | | |
| - Rupee Term Loan | 474.51 | 872.36 | 371.08 |
| Unsecured Loan From Others | | | |
| - Key Managerial Personnel | - | - | 0.04 |
| **Total** | **991.63** | **901.53** | **371.12** |

**(h) Net Debt Reconciliation**

| Particulars | Long Term Borrowings | Short Term Borrowings | Interest Expenses |
|---|---|---|---|
| As at March 31, 2018 | 2,608.68 | 227.37 | - |
| Interest Expenses | - | - | 23.57 |
| Foreign Exchange Adjustment | (4.92) | - | - |
| Net Outflow | (140.25) | (89.67) | (17.32) |
| **As at March 31, 2019** | **2,463.51** | **137.70** | **6.25** |
| Interest Expenses | - | - | 9.64 |
| Foreign Exchange Fluctuation | - | - | 0.23 |
| Others | 0.02 | - | - |
| Settlement Waiver | (142.85) | - | - |
| Transfer | 107.43 | (107.43) | - |
| **Net Outflow** | **(163.83)** | **(15.42)** | **(12.62)** |
| **As at March 31, 2020** | **2,264.28** | **14.85** | **3.50** |

For Lease liability refer Note No. 30(b)

**15 Other Financial Liabilities** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Creditors for Capital expenditure {Includes amount payable to MSME of Rs. 1.60 Crore(Previous Year Rs.Nil)} | 9.05 | 3.01 |
| Current Maturity on Long Term Borrowing | 991.63 | 1,020.30 |
| Lease Liability to others | 1.95 | - |
| Lease Liability- Key Managerial Personnel | 0.29 | - |
| Lease Liability- Relative of Key Managerial Personnel | 0.14 | - |
| Amount Payable to Key Management Personnal | 0.05 | - |
| Others | 15.04 | 18.23 |
| **Total** | **1,018.15** | **1,041.56** |
| Current | 1,017.41 | 1,041.53 |
| Non Current | 0.74 | 0.03 |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**16 Provisions** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Provision for Employee Benefits* | 26.99 | 20.79 |
| Provision for Other | 5.35 | 6.25 |
| Provision for Income Tax | - | 0.02 |
| **Total** | **32.34** | **27.06** |
| Current | 14.33 | 14.00 |
| Non Current | **18.01** | **13.06** |

** 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:

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Opening Balance | 6.25 | 4.63 |
| Net Additions during the year | (0.90) | 1.62 |
| **Closing balance** | **5.35** | **6.25** |

**17 Short Term Borrowings** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Secured Loan from Banks {Refer Note No. 32(a)}** | | |
| Working Capital Facilities (Refer Note No (a) for security purpose) | 14.85 | 137.70 |
| **Unsecured** | | |
| **Loans repayable on demand from: -** | | |
| 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 | 0.31 |
| **Total** | **17.42** | **140.27** |
| 1,20,00,000 (March 31, 2019: 1,20,00,000) 6 % Non-Cumulative Redeemable Preference Shares Of Rs.10/- each Fully Paid Up, Redeemable At Par. | 12.00 | 12.00 |
| **Total** | **29.42** | **152.27** |

(a) Secured by First Pari-passu charge on the entire fixed assets & immovable properties of the company situated at Village : Budharmora - Kutch, Siriguppa - Bellary and personal guarantee of some of the directors of the Group. Further Loan from Invent Assets Securitisation & Reconstution Pvt Ltd are secured by all present and future goods, books debts and all other Movable Assets.

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.

First charge on the entire currents assets of the Company, both present and future.

Personal Guarantees of Mr. Mukesh Bhandari and Mr. Shailesh Bhandari, Directors of the Group.

In the case of Shree Ram Electro Cast Limited, during the year under consideration, the asset stated in para above para (a) has been sold through Auction by the Bank.

During the year, as per the order of the Debt Recovery Tribunal the Bank of Baorda has recovered the amount of Rs 3.52 Crore from all the Bank Accounts of the Hans Ispat Limited and the said amount has been adjusted against the outstanding debt of the company.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**18 Trade Payables**

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Total Outstanding dues of Micro and Small Enterprises | 26.90 | 25.74 |
| Total Outstanding dues of creditors other than Micro and Small Enterprises | | |
| Others | 421.93 | 450.36 |
| Dues to Enterprise Owned or Significantly Influence by Key Managerial Personnel or Their Relative | 0.17 | 0.17 |
| Dues to Key Managerial Personnel | 0.04 | 0.03 |
| **Total** | **449.04** | **476.30** |

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 Company has not received any claim for interest from any supplier as at the balance sheet date. Hence, disclosure as per MSME Act for interest is not required. These facts have been relied upon by the auditors.The disclosures relating to micro and small enterprises is as below:

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end - Trade Payable | 26.90 | 25.74 |
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end - Creditors for Capital Goods | 1.60 | - |
| 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, 2020 | As at March 31, 2019 |
|---|---|---|
| Advance from Customers (Contract Liabilities) | 161.38 | 216.00 |
| Advance from enterprise owned or significantly influenced by Key Managerial Personnel | 0.01 | - |
| Interest accrued and due | 3.50 | 1.98 |
| Interest accrued but not due | - | 4.27 |
| Other Miscellaneous Liabilities | 0.43 | 0.57 |
| Statutory Dues Payable | 46.48 | 27.44 |
| **Total** | **211.80** | **250.26** |
| Current | 209.05 | 250.26 |
| Non-Current | 2.75 | - |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**20 Revenue From Operations** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Revenue From Contracts With Customers** | | |
| Sales of Products (Finished Goods & Traded Goods) | 3,187.34 | 4,027.97 |
| Revenue From Service Contracts | 7.42 | 7.81 |
| **Total Revenue from Contracts with Customers** | **3,194.76** | **4,035.78** |
| Other Operating Income | 5.16 | 4.40 |
| **Total Revenue From Operation** | **3,199.92** | **4,040.18** |
| i) Disaggregated revenue Information | | |
| Types of Goods & Services | | |
| (a) Engineering & Technologies Division | 759.74 | 935.66 |
| (b) Special Steel Division | 2,056.93 | 2,496.26 |
| (c) Electric Vehicle Division | 16.86 | 31.68 |
| (d) Other | 412.65 | 577.80 |
| (e) Revenue From Service Contracts with Customers | 7.42 | 7.81 |
| **Gross Revenue** | **3,253.60** | **4,049.21** |
| Less:- Inter segment Revenue | (53.68) | (9.03) |
| **Total Revenue From Operation** | **3,199.92** | **4,040.18** |
| India | 2,904.06 | 3,776.64 |
| Outside India | 290.70 | 259.14 |
| **Total Revenue From Contracts with Customers** | **3,194.76** | **4,035.78** |

**Set Out below is the amount of revenue recognised from:-** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Contract Liability (Advance From Customers) at the beginning of the year | 216.00 | 116.64 |
| Performance obligation satisfied during the year | 194.09 | 65.73 |

**Perfomance Obligation :-** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Within one Year | 799.00 | 973.67 |
| More than One Year | 148.98 | 148.02 |

**Contract Balances As At:** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Contract Balances** | | |
| Trade Receivables | 316.30 | 333.72 |
| Contract Liabilities (Advance from Customers) | 161.39 | 216.00 |

**Reconciliation of the amount of Revenue recognized in the statement of Profit and Loss with the contract price** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Revenue as per Contract Price | 3,213.64 | 4,049.49 |
| Adjustments for Discounts & Rebates | 18.88 | 13.71 |
| **Revenue From Contracts with Customers** | **3,194.76** | **4,035.78** |

Revenue from sale of products are recorded at a point of time of Rs 3187.34 Crore (March 31, 2019 Rs. 4027.97 Crore) and those from sale of services are recognized over a period of time of Rs. 7.42 Crore (March 31, 2019 Rs. 7.81 Crore).

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**21 Other Income** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Interest from Bank Fixed Deposits & Others | 3.59 | 5.41 |
| Vat Refund | 15.71 | - |
| Foreign Exchange Gain (Net) | 3.59 | 5.61 |
| Net Discount and Claims and net amounts written back | - | 7.84 |
| Miscellaneous Income (Includes Profit on sale of Investments of Rs. Nil {March 31, 2019 of Rs. 0.01 crore}) | 3.53 | 1.19 |
| **Total** | **26.42** | **20.05** |

**22 Cost of Raw Materials and Components Consumed** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Opening Inventory | 205.02 | 171.03 |
| Add: Purchases & Other Expenses | 2,116.75 | 2,871.45 |
| **Total** | **2,321.77** | **3,042.48** |
| Less: Closing Inventory | 149.84 | 205.02 |
| **Cost of Raw Material Consumed** | **2,171.93** | **2,837.46** |
| **Details of Raw Material Consumed** | | |
| **Purchase of Stock in Trade** | | |
| Trading Purchase | 102.37 | 159.38 |

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

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Inventory at the beginning of the year** | | |
| - Work In Process | 212.87 | 104.69 |
| - Stock In Trade | 0.36 | 0.56 |
| - Finished Goods | 80.43 | 106.96 |
| **Sub Total** | **293.66** | **212.21** |
| **Inventory at the end of the Year** | | |
| - Work In Process | 159.49 | 212.87 |
| - Stock In Trade | 0.35 | 0.36 |
| - Finished Goods | 124.20 | 80.43 |
| **Sub Total** | **284.04** | **293.66** |
| **Total** | **9.62** | **(81.45)** |

**24 Employee Benefit Expense** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Salaries, Wages, Allowances and Bonus | 160.98 | 155.31 |
| Contribution to Provident and other funds | 7.60 | 6.31 |
| Staff Welfare and amenities | 3.27 | 2.84 |
| **Total** | **171.85** | **164.46** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**25 Finance Costs** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Interest Expenses on Bank and Other Loan | 0.14 | 0.08 |
| Other Interest | 2.97 | 5.39 |
| Interest on Settlement | 9.62 | 23.57 |
| Interest on Statutory Dues | 1.12 | 3.03 |
| Interest on Lease Liability | 0.38 | - |
| Applicable loss on foreign currency transactions and translation | 0.23 | 4.92 |
| Other Borrowing Cost & Charges | 1.09 | 1.43 |
| **Total** | **15.55** | **38.42** |

**26 Depreciation and Amortisation Expense** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Depreciation and Impairment of tangible assets (Refer note - 3) | 132.35 | 142.61 |
| Right of Use Asset {Refer Note 4(b)} | 1.63 | - |
| Amortization of intangible assets (Refer note - 4{a}) | 0.23 | 0.21 |
| **Total** | **134.21** | **142.82** |

**27 Other Expenses** (Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Power and Fuel | 141.53 | 159.04 |
| Stores and Spares | 147.83 | 164.31 |
| Job Charges | 115.57 | 123.99 |
| Machinery Repairs | 4.96 | 5.06 |
| Building Repairs | 1.21 | 0.63 |
| Other Repairs | 5.84 | 3.84 |
| Water Charges | 5.21 | 5.01 |
| Rates & Taxes | 4.47 | 3.56 |
| Fair Valuation Loss On Financial Assets | 0.09 | - |
| Disputed Tax Settlement Schemes{Refer Note 34(l)} | 24.23 | - |
| Insurance Premium ( Net ) | 4.57 | 2.98 |
| Delay Payment Charges of Custom Duty | 3.89 | 6.25 |
| Postage Telegram & Telephone Expenses | 1.73 | 1.63 |
| Loss on Sale/Discard of Property, Plant & Equipments (Net) | 1.13 | 0.01 |
| Loss on Auction of Fixed Asset and Inventories | 12.29 | - |
| Conveyance Expenses | 1.09 | 1.11 |
| Travelling Expenses | 10.23 | 11.24 |
| Printing and Stationery | 0.42 | 1.65 |
| Vehicle Expenses | 1.30 | 1.57 |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**27 Other Expenses** (Contd...)

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Security Expenses | 2.83 | 2.20 |
| CSR Activity | 0.63 | 0.40 |
| Subscription & Membership | 0.37 | 0.37 |
| Net Sundry Balances Written Off | 0.63 | 1.23 |
| Provision For Doubtful Debtors and Advances | - | (15.51) |
| Auditors' Remuneration: | | |
| - Audit Fees | 0.20 | 0.24 |
| - Tax Audit Fees | - | 0.01 |
| - Other Matters | 0.01 | 0.02 |
| Legal and Professional Charges | 11.95 | 14.12 |
| Warranty Expenses | (0.06) | 2.77 |
| Guest House Expenses | 1.44 | 1.37 |
| Miscellaneous Expenses | 3.15 | 3.86 |
| Research & Development Expenses | - | 5.49 |
| Donation | 0.04 | 0.06 |
| Advertisement & Sales Promotion | 14.04 | 14.16 |
| Commission | 13.75 | 18.29 |
| Freight Outward and other Expenses (Net) | 95.67 | 116.27 |
| **Total** | **632.24** | **657.23** |

**28 Exceptional Item**

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Waiver of interest on settlement of borrowings {Refer Note 34(m)} | 35.54 | - |
| **Total** | **35.54** | **-** |

**29 Income Tax**

**a Component of Income tax**

(Rs In Crore)

| The Major component of income tax expense for the year ended March 31, 2020 & March 31, 2019 are: | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Current Tax** | | |
| Current Income Tax | 0.02 | 0.08 |
| **Deferred Tax** | | |
| Deferred Tax Expenses/(Benefit) | - | - |
| Tax in Respect of earlier years | - | - |
| **Income tax expense reported in the Statement of Profit & Loss** | **-** | **-** |
| **Other Comprehensive Income (OCI)** | | |
| Deferred tax related to items recognized 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, 2020 & March 31, 2019:**

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Accounting profit before tax | 24.11 | 141.91 |
| Enacted income tax rate in India applicable to the company | 25.17% | 31.20% |
| Tax using the Company's domestic tax rate | | |
| Tax effects of: | 6.07 | 44.28 |
| Income Tax allowances | (26.59) | (26.92) |
| Non-Deductible expenses | 39.64 | 46.78 |
| Unused Tax Loss | (19.42) | (63.09) |
| Loss and Unabsorbed Depreciation of the Current Year to be Carried forward | 0.08 | 0.51 |
| Tax on Capital Gain | 0.01 | - |
| Others | 0.23 | (1.48) |
| At the effective income tax 0.08% rate as at March 31, 2020 (0.05% Rate as at March 31, 2019) | 0.02 | 0.08 |

**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 of 8 years from the year in which losses arose. Presently, the group has elected to excercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Law (Amendments) ordinance 2019, and accordingly the available MAT credit & unabsorbed additional depreciation loss for Financial Year 2009-10 & 2010-11 will lapse. The group has incurred loss in all the consecutive years starting from Financial Year 2011-12 till 2016-17.

**Deferred Tax**

**Movement in deferred tax Assets (net) for the year ended 31st March, 2020** (Rs In Crore)

| Particulars | Opening Balance As at April 1, 2019 | To be Recognized in Profit & Loss Account | Closing Balance As at March 31, 2020 |
|---|---|---|---|
| **Tax effect of items constituting deferred tax liabilities :** | | | |
| Property, plant and equipment | 78.43 | (30.29) | 48.14 |
| **Total** | **78.43** | **(30.29)** | **48.14** |
| **Tax effect of items constituting deferred tax assets:** | | | |
| Asset on expenses allowed in year of payment | 3.08 | 4.14 | 7.22 |
| Unabsorbed Depreciation / Carried Forward Losses under Tax Laws | 439.42 | (135.40) | 304.02 |
| Investments | - | 0.02 | 0.02 |
| Lease Loan liability | - | 0.60 | 0.60 |
| Other adjustments | 35.98 | (5.48) | 30.50 |
| **Total** | **478.48** | **(136.12)** | **342.36** |
| **Net Deferred Tax Assets** | **400.05** | **(105.83)** | **294.22** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

(Rs In Crore)

| Particulars | Opening Balance As at April 1, 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 |
| **Total** | **98.53** | **(20.10)** | **78.43** |
| **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 |
| Investments | 39.41 | (3.43) | 35.98 |
| **Total** | **540.39** | **(61.91)** | **478.48** |
| **Net Deferred Tax Assets** | **441.86** | **(41.81)** | **400.05** |

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 group.

**30 Contingent Liabilities and Other Commitments**

**(a) Claims against the Group not acknowledged as debts towards:**

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| i) Income Tax Matters | 0.51 | 0.69 |
| ii) VAT & CST Matters | 29.15 | 55.12 |
| iii) Service Tax Matters | 1.84 | 2.03 |
| iv) Custom Duty Matters | 11.71 | 14.21 |
| v) Excise Duty Matters | 342.00 | 344.40 |
| vi) Estimated amount of contracts remaining to be executed on capital account (net off advances) and not provided for | 4.05 | - |
| vii) Guarantees / Counter Guarantees (including un-utilized Letters of Credit and Counter Guarantee given for Bhaskarpara Coal Company Limited (JV) Rs 1.65 Crore (March 31, 2019 Rs 1.65 Crore). | 12.33 | 27.34 |
| viii) Amount payable to suppliers of goods (Refer Note No. (iii) below) | 1.03 | 1.03 |

ix) Claims against the Group not acknowledged as debts amounting to Rs.1.09 Crore (As at March 31, 2019: Rs.1.09 Crore), are pending before various courts, authorities, arbitration, Consumer Dispute Redressal Forum etc.

x) The group has used advanced license for import of certain raw material against which group 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 group against its export obligation. Accordingly, in the opinion of the management, the group may be liable to pay Rs.5.50 Crore (including interest) (As at March 31, 2019: Rs.5.18 Crore) as import duty.

xi) In case of Shree Ram Electro Cast Limited, claim of Rs. 0.11 Crore (As at March 31, 2019: Rs. 0.11 Crore) not acknowledged as debts which pertain to notice / litigation filed against the company and pending before various courts, authorities, arbitration, tribunal, Consumer Dispute Redressal Forum etc. However, since long, the Company has not received any action from the Creditors and hence it is not considered as contingent liability.

**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 group for recovery of Rs. 1.03 Crore (Principal outstanding amount of Rs. 0.84 Crore and Interest thereon). Thereafter, the matter was transferred to the Hone'ble Commercial Court, Rajkot and the Hon'ble Commercial Court, Rajkot has ex-parte passed an order dated 23rd December, 2017 for decree amount of Rs. 0.84 Crore and interest at the rate of 8% per annum and costs. The Group came to know about the abovesaid facts when the Group was served with Commercial Execution Petition No. 2/2018 before the Commercial Court at Rajkot in March, 2018. The Group 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. Thereafter, the matter was pending before Hon'ble Commercial Court, Rajkot for further hearing. Subsequently, the matter was transferred to Bhuj-Kachchh and it is pending for further hearing.

**(b) Lease**

The Group leasing arrangements are for premises, these ranges between 5 months to 5 years and are usually renewable on mutually agreed terms.

**(i) Lease liabilities as at March 31, 2020** (Rs In Crore)

| **Particulars** | **Year ended March 31, 2020** |
|---|---|
| Current Lease Liabilities | 1.67 |
| Non-Current Lease Liabilities | 0.71 |
| **Total** | **2.38** |

**(ii) The following is the movement in the lease liability for the year ended March 31, 2020** (Rs In Crore)

| **Particulars** | **Amount** |
|---|---|
| **As at April 01, 2019** | **3.83** |
| Additions | - |
| Finance Cost Accured during the year | 0.38 |
| Deletions | - |
| Payment of lease Liabilies | 1.83 |
| **As at March 31, 2020** | **2.38** |

**(iii) The following are the expenses recognised in profit and loss** (Rs In Crore)

| **Particulars** | **Amount** |
|---|---|
| Depreciation expenses of Right of use assets | 1.63 |
| Interest Expenses on Lease Liability | 0.38 |
| **Total** | **2.01** |

**(iv) Short Term Lease**

(a) The Group has certain operating leases for office premises (short term leases) and low value lease. Such leases are generally with the option of renewal against increased rent and premature termination of agreement on mutual consent of both the parties. Rental expenses of Rs 1.94 Crore (March 31, 2019: Rs 2.78 Crore) in respect of obligation under operating leases have been recognised in the Statement of Profit and Loss.

**(v) Leases liabilities**

(a) The Group has taken premises, etc. under various lease agreements and its breakup for future rent payable by the group as under:-

(Rs In Crore)

| **Contractual maturities of lease liabilities on an undiscounted basis** | **Year ended March 31, 2020** | **Year ended March 31, 2019** |
|---|---|---|
| Within one year | 1.82 | 3.32 |
| After one year but not more than five years | 0.77 | 3.82 |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

(b) The Group has taken certain land on lease for factory purposes. Since these are entirely prepaid, the Group does not have any future lease liability towards the same and therefore they are shown under Property, Plant and Equipments.

**(vi) Adoption of Ind AS 116 - Leases**

The Group has adopted IND AS 116 lease effective from April 1, 2019 using the modified retrospective approach and applied the Standard to its identified lease on a prospective basis. This has resulted in recognition on the Right of Use assets and a corresponding lease liability as at April 01, 2019. The Group has not restated comparative for the year ended March 31, 2019.

On transition, the adoption of new standard resulted in recognition of Right of Use Asset of Rs. 3.82 Crore and a lease liability of Rs. 3.83 Crore. The effect of this adoption is insignificant on profit for the year

**31 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 recognized the following amounts in the Statement of Profit and Loss- (Rs In Crore)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Employers' Contribution to Provident Fund (including contribution to Employees' Pension Scheme 1995) | 7.57 | 6.24 |

**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. Group's Engineering & Technologies and Electric Vehicle Division having a gratuity plan is funded with Life Insurance Corporation of India and HDFC Bank while Special Steel Division & its subsidiaries (Hans Ispat Limited) are not maintaining such fund in any gratuity scheme. The other subsidaries are either not having any employees or or are having very less employee where provision is done on the basis of estimation done by the management and therefore, they are not included here.

(Rs In Crore)

| Defined Benefit Plans | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Gratuity** | | |
| Current | 3.88 | 3.38 |
| Non-Current | 14.15 | 9.67 |
| **Total** | **18.03** | **13.05** |

**The significant actuarial assumptions were as follows:**

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Discount rate* | Refer Note@ | Refer Note@ |
| Salary Escalation Rate | 6% p.a. | 6% p.a. |

**Note:** @ Discounting rate in Special Steel Division is 6.50% (Previous year 7.64%) and in Engineering & Technologies and Electric Vehicle Division 6.82% (Previous year 7.79%)

| Mortality rate | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
|---|---|---|
| Attrition rate* | refer note** | refer note** |

***Note***

*** Attrition rate in Special Steel Sivision is 10% (Previous year 10%) and in Engineering & Technologies and Electric Vehicle Division 2% (Previous year 2%)*

** As considered in the Holding Company Rate*

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**31.1 Gratuity**

**i) The amounts recognized 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) |
|---|---|---|---|
| **April 1, 2018** | **9.11** | **5.54** | **3.57** |
| Current service cost | 0.86 | - | 0.86 |
| Interest expense/(income) | 0.72 | 0.44 | 0.28 |
| **Total amount recognized in Profit or Loss** | **1.58** | **0.44** | **1.14** |
| Return on Plan Assets, Excluding Interest Income | - | (0.22) | 0.22 |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | (0.12) | - | (0.12) |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | 0.07 | - | 0.07 |
| **Total amount recognized in Other Comprehensive Income** | **(0.05)** | **(0.22)** | **0.17** |
| Benefit Paid Directly by the Employer | (0.48) | (1.09) | 0.61 |
| Benefits paid from the fund | (0.22) | (0.22) | - |
| **March 31, 2019** | **9.94** | **4.45** | **5.49** |

(Rs In Crore)

| Particulars | Present value of obligation (A) | Fair value of plan assets (B) | Net amount (A-B) |
|---|---|---|---|
| **April 1, 2019** | **9.94** | **4.45** | **5.49** |
| Current service cost | 0.87 | - | 0.87 |
| Interest expense/(income) | 0.77 | 0.35 | 0.42 |
| **Total amount recognized in Profit or Loss** | **1.64** | **0.35** | **1.29** |
| Return on Plan Assets, Excluding Interest Income | - | (0.03) | 0.03 |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | 0.53 | - | 0.53 |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | 1.12 | - | 1.12 |
| **Total amount recognized in Other Comprehensive Income** | **1.65** | **(0.03)** | **1.68** |
| Benefit Paid Directly by the Employer | (0.26) | - | (0.26) |
| Benefits paid from the fund | (0.57) | (0.59) | 0.02 |
| **March 31, 2020** | **12.40** | **4.18** | **8.22** |

(Rs In Crore)

| Categories of Assets | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Life Insurance Corporation of India | 1.56 | 1.46 |
| HDFC Bank | 2.62 | 2.99 |
| **Total** | **4.18** | **4.45** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**(b) Non-Funded Plan**

(Rs In Crore)

| Particulars | Present value of obligation (A) | Fair value of plan assets (B) | Net amount (A-B) |
|---|---|---|---|
| **April 1, 2018** | **5.37** | **-** | **5.37** |
| Current service cost | 0.79 | - | 0.79 |
| Interest expense/(income) | 0.42 | - | 0.42 |
| **Total amount recognized in Profit or Loss** | **1.21** | **-** | **1.21** |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions | 0.72 | - | 0.72 |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | 0.46 | | |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | 0.10 | - | 0.10 |
| **Total amount recognized in Other Comprehensive Income** | **1.28** | **-** | **1.28** |
| Liability Transferred In / Acquisitions | 0.07 | - | 0.07 |
| Benefit Paid Directly by the Employer | (0.36) | - | (0.36) |
| **March 31, 2019** | **7.56** | **-** | **7.56** |

(Rs In Crore)

| Particulars | Present value of obligation (A) | Fair value of plan assets (B) | Net amount (A-B) |
|---|---|---|---|
| **April 1, 2019** | **7.56** | **-** | **7.56** |
| Current service cost | 0.96 | - | 0.96 |
| Interest expense/(income) | 0.58 | - | 0.58 |
| **Total amount recognized in Profit or Loss** | **1.54** | **-** | **1.54** |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions | - | - | - |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | 0.45 | - | 0.45 |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | 0.63 | - | 0.63 |
| **Total amount recognized in Other Comprehensive Income** | **1.08** | **-** | **1.08** |
| Liability Transferred In / Acquisitions | - | - | - |
| Benefit Paid Directly by the Employer | (0.37) | - | (0.37) |
| **March 31, 2020** | **9.81** | **-** | **9.81** |

**ii) The net liability disclosed above relates to plans are as follows:**

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Funded Plan** | | |
| - Present value of funded obligation | 12.40 | 9.94 |
| - Fair value of plan assets | 4.18 | 4.45 |
| **(Surplus) / Shortfall of funded plan** | **8.22** | **5.49** |
| **Unfunded Plan** | | |
| - Present value of funded obligation | 9.81 | 7.56 |
| - Fair value of plan assets | - | - |
| **(Surplus) / Shortfall of unfunded plan** | **9.81** | **7.56** |
| Group as a Whole | | |
| - Present value of funded obligation | 22.21 | 17.50 |
| - Fair value of plan assets | 4.18 | 4.45 |
| **(Surplus) / Shortfall of plan** | **18.03** | **13.05** |

**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, 2020 | March 31, 2019 |
| **Discount rate** | | |
| 1.0% increase | (1.74) | (1.32) |
| 1.0% decrease | 2.05 | 1.54 |
| **Future Salary** | | |
| 1.0% increase | 1.96 | 1.49 |
| 1.0% decrease | (1.72) | (1.31) |
| **Rate of Employee Turnover** | | |
| 1.0% increase | 0.11 | 0.22 |
| 1.0% decrease | (0.13) | (0.25) |

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

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

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

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

**iv) Maturity Analysis of benefits payable**

**Projected benefits payable in future years from the date of reporting:** (Rs In Crore)

| From the Fund | March 31, 2020 | March 31, 2019 |
|---|---|---|
| 1st Following Year | 1.71 | 1.33 |
| 2nd Following Year | 0.35 | 0.36 |
| 3rd Following Year | 0.51 | 0.53 |
| 4th Following Year | 0.75 | 0.48 |
| 5th Following Year | 0.85 | 0.69 |
| Sum of Years 6 to 10 | 4.43 | 4.24 |
| Sum of Years 11 and above | 21.71 | 19.53 |

| From the Employer | March 31, 2020 | March 31, 2019 |
|---|---|---|
| 1st Following Year | 1.49 | 1.15 |
| 2nd Following Year | 0.86 | 0.74 |
| 3rd Following Year | 0.91 | 0.73 |
| 4th Following Year | 0.86 | 0.73 |
| 5th Following Year | 0.86 | 0.68 |
| Sum of Years 6 to 10 | 3.95 | 3.26 |
| Sum of Years 11 and above | 7.99 | 6.95 |

Maturity Analysis of Benefit Payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**31.2 Risks associated with defined benefit plan Gratuity is a defined benefit plan and group 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 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.

**32. Default in repayment & Recovery and/or Recovery Proceedings by the Lenders against the company**

(a) **Default in repayment of loan, its settlement terms, accounting treatments, Cases before Debt Recovery Tribunal (DRT) / Hon'ble Metropolitan Magistrates, declaring the company and directors as willful defaulter 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 repayment of loan of Rs 436.13 Crore (Principal of Rs. 428.94 Crore and Interest of Rs. 7.19 Crore) in March 2012. The company is in negotiation with the bank for settlement.

**Case before Debts Recovery Tribunal (DRT):**

(b) Central Bank of India has filed Original Application against the Company & its guarantors (Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari) before the Debts 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 9th October 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 and for valuation of the said attached properties. Further action/ hearing is pending before the Hon'ble Recovery Officer.

**Willful Defaulter**

(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 and 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 the Hon'ble CBI Court for further proceedings.

**Petition under Insolvency and Bankruptcy Code (IBC)**

(e) The Company has received a copy of the petition from Central Bank of India, a financial creditor under section 7 of the Insolvency and Bankruptcy Code, 2016 filed before the National Company Law Tribunal (NCLT), Ahmedabad for initiating Corporate Insolvency Resolution Process (CIRP) against the Company, for an amount of Rs. 1059.59 Crore. The matter is yet to come up before the NCLT.

ii. **Rare Asset Reconstruction 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 repayment of loan of Rs 189.96 Crore (after adjustment of repayment of Rs 10.05 Crore paid in current year) (Principal of Rs. 189.95 Crore and Interest of Rs. 0.01 Crore) in August 2011. Indian Overseas Bank has assigned its debts to Rare Asset Reconstruction Limited on September 28, 2017. The company is in the process of entering into a settlement agreement with Rare Asset Reconstruction 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 debts to Rare Asset Reconstruction Limited. However considering pending settlement, the outstanding loan amount is treated as current maturities of long term borrowings.

**Case before Debts Recovery Tribunal (DRT):**

(c) Rare Asset Reconstruction Limited (being assignee of debts of Indian Overseas Bank) ("Rare ARC") had filed Original Application against the Company & its guarantors Mr. Mukesh Bhandari, Mr. Shailesh Bhandari and Mr. Avinash Bhandari before the Debts 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 20$^{th}$ 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. The Hon'ble Recovery Officer has passed order for release of Rs. 10 Crore from the account of company with Standard Chartered Bank to Rare ARC, sale of shares of the guarantors and payment of Rs. 0.05 Crore by Mr. Avinash Bhandari for non-disclosure of assets to be adjusted towards the dues. Further action / hearing is pending before Hon'ble Recovery Officer.

**Case under section 138 of the Negotiable Instruments Act, 1881:**

(d) Indian Overseas Bank had filed two 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 the said cases and these matters are pending for further proceedings before the respective Hon'ble Metropolitan Magistrates, Ahmedabad.

iii. **Syndicate Bank**

Case before Debts Recovery Tribunal (DRT) and under section 138 of the Negotiable Instruments Act, 1881

(a) In view of settlement/consent terms filed with Debt Recovery Tribunal, the recovery proceeding has been disposed off, as withdrawn.

(b) The bank has filed Case under section 138 of the Negotiable Instruments Act, 1881 against the company and its Directors/ Officers for dishonor of cheque of Rs 25 Crore and the said case is pending before the Hon'ble Metropolitan Magistrate, Ahmedabad and in view of the payment of settlement amount, the same 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 repayment of loan of Rs 116.73 Crore in April 2012. 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. 65.83 Crore (March 31, 2019: Rs. 40.96 Crore) has been adjusted against the total outstanding loan liability.

(c) As per the settlement aggrement with corporation bank, if the Company complies all the terms and conditions as per settlement agreement, upto September 2021, there will be a reduction in debt by Rs.Nil.

**Case before Debts Recovery Tribunal (DRT):**

(d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Application 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.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

v. **Vijaya Bank**

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

(a) The company has defaulted in repayment of loan of Rs 79.60 Crore (Principal of Rs 59.94 Crore and Interest of Rs 19.66 Crore) in March 2012. The company has fully paid settlement amount as per terms and conditions given in settlement letter and No Due Certificate has been received.

**Accounting Treatment in Books**

(b) During the year, Company has made full payment of Rs. 60.00 Crore (Rs.43.33 crore till March 31, 2019) as per settlement terms along with interest of Rs.5.59 Crore (included in Financial Cost). After full compliance of settlement terms, there is reduction in debt by Rs 19.59 Crore. The waiver of Interest Amount of Rs 19.59 Crore is shown as exceptional item.

**Case before Debts Recovery Tribunal (DRT):**

(c) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Application filed by Vijaya Bank has been disposed on September 5, 2018 and thereafter on payment of entire settlement amount, the recovery proceedings before the Hon'ble Recovery Officer has been disposed off on November 13, 2019.

**Case under section 138 of the Negotiable Instruments Act, 1881:**

(d) The Bank had filed two 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 case of Rs. 25.00 Crore each) issued by the Company. In view of the settlement arrived with the Bank, on payment of the settlement amount, both the cases has been disposed off on March 9, 2019 and September 26, 2019, as withdrawn.

vi. **Rare Asset Reconstruction Limited (being an assignee of debts of Dena Bank)**

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

(a) The company has defaulted in repayment of loan of Rs 51.44 Crore (Principal of Rs 51.44 Crore) in September 2011. The bank has assigned this loan to Rare Asset Reconstruction Limited. The company has entered into settlement agreement with Rare Asset Reconstruction 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 repayment of debt to Rare Asset Reconstruction Limited, up to the balance sheet date of Rs. 12.25 Crore (March 31, 2019 is Rs.7 Crore) has been adjusted against the total outstanding loan liability.

(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.

**Case before Debts Recovery Tribunal (DRT):**

(d) In view of settlement / consent terms filed with DRT, the Original Application filed by Rare Asset Reconstruction 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 Defaulter:**

(e) Dena Bank has declared the Company as a wilful defaulter and reported the name of the 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 Limited ("Rare ARC") and the Company has entered into settlement agreement with Rare ARC and Rare ARC has agreed for withdrawal of declaration 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 repayment of Principal amount of Loan of Rs 49.40 Crore in May 2012. 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 repayment of debt to Union Bank of India, up to the balance sheet date of Rs. 26.55 Crore (March 31, 2019: Rs. 19.76 Crore), has been adjusted against the total outstanding loan liability.

(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 no reduction in debt.

**Cases before Debts Recovery Tribunal (DRT):**

(d) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Application 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 terms and conditions:**

(a) The company has defaulted in repayment of loan of USD 25.24 Million (Principal of USD 23.00 Million and Interest USD 2.24 Million) in June 2011. The Company has entered into settlement agreement with the financial institution for the repayment of loan in July 2018. The company has fully paid settlement amount as per terms and conditions given in settlement agreement and No Due Certificate has been received. .

**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 fully paid settlement amount of USD 6.208 Million (March 31, 2019: USD 2.874 Million), which has been adjusted against the total outstanding liability of the debt.

(c) After full compliance of settlement terms, there is reduction in total debt and accordingly there is waiver of principal amount of the loan taken from Financial Institution, of Rs 104.95 Crore and the same has been shown as capital reserve and the waiver of Interest amount of Rs 14.01 Crore has been shown as exceptional item in the Statement of Profit and Loss.

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 terms and conditions:**

(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 to Edelweiss Asset Reconstruction Company Limited, up to the balance sheet date of Rs.322 Crore (March 31, 2019 is Rs. 259.50 Crore) has been adjusted against the total outstanding loan liability.

(d) Further, the company has allotted 2,85,90,000 Partially Convertible and Partially Redeemable Preference Shares (PCPRPS) of Rs. 10 each 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 Financial Year 2016-17.

(e) 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 terms and conditions:**

(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 amount 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 original 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.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

(b) On June 18, 2019, the company has been allowed following revised schedule of repayment of dues of Invent Assets Securitization and Reconstruction Private Limited:-

| Sr. No. | Bank Name | Rescheduled Amount (Rs. in Crore) | Original Last Date of Payment | Revised Last Date of Payment |
|---|---|---|---|---|
| 1 | Oriental Bank of Commerce | 15.25 | 30.06.2020 | 30.06.2023 |
| 2 | Punjab National Bank | 63.09 | 15.03.2021 | 31.12.2023 |
| 3 | Allahabad Bank | 95.51 | 15.03.2021 | 31.12.2023 |

**Accounting Treatment in Books**

(c) The amount of repayment of debt to Invent Assets Securitization and Reconstruction Private Limited, up to the balance sheet date of Rs. 33.05 Crore (March 31, 2019 is Rs. 24.66 Crore) has been adjusted agasint the total outstanding loan liability.

(d) If all the terms and conditions of the settlements are fully complied, there would be a reduction in debt by Rs. 325.01 Crore.

**Case before Debt Recovery Tribunal (DRT):**

(e) In view of settlement / consent terms filed with DRT or otherwise after completion of pleadings and hearing, the Original Application 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 terms and conditions:**

(a) The company has defaulted in repayment of working capital loan including Letter of Credit of Rs 19.60 Crore (Principal of Rs. 19.60 Crore) in December 2011.

**Accounting Treatment in Books**

The amount of debt paid to Standard Chartered Bank, up to the balance sheet date of Rs. 15.30 Crore (March 31, 2019 is Rs. 12.20 Crore) has been adjusted against the total outstanding liability of the debt.

(b) After full compliance of settlement terms, there is reduction in debt by Rs 4.30 Crore. The waiver of principal amount after full and final payment as per the settlement agreement of the loan taken from bank of Rs 2.36 Crore is shown as capital reserve and waiver of Interest Amount of Rs 1.94 Crore is shown as exceptional item.

- **In the Case of Shree Ram Electro Cast Limited: -**

xii. **State Bank of India:-**

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

(a) The Subsidiary company has defaulted in repayment of Corporate loan from January 2012, Working Capital Term Loan from April, 2012 and Cash Credit from December 2011 aggregating to Rs 27.86 Crore (Previous Year Rs 39.76 Crore).

Recovery / Auction of various assets:

State bank of India ("SBI") has sold Property, Plant and Equipment and Inventories through auction which were hypothecated / mortgaged with the bank against the loan taken by the subsidiary company, situated at Honnarhalli Village, Hatchali Post, Siruguppa Taluk, Bellari District, Karnataka in February 2019 for Rs. 11.97 Crore and its formalities have been completed upto April 16, 2019. The sale consideration received by the State Bank of India, have been adjusted against the outstanding loan amount of the State Bank of India. The sale consideration has been allocated amongst the various assets sold by the bank, on estimated basis, resulting into loss of Rs. 12.30 Crore and the same has been shown under the head other expenses as Loss on Auction of Fixed Asset and Inventories.

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

(b) 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 01, 2016 allowed the original application and has issued the recovery certificate against the Company and the Guarantors. The Company and Guarantors have filed review application before DRT and the said review application was disposed of on November 06, 2017 with some observations / remarks. The recovery proceedings are now pending before the Recovery Officer, DRT, Bangalore.

**Wilful Defaulters: -**

(c) State Bank of India 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 wilful defaulter.

**Notice under SARFAESI Act, 2002: -**

(d) State Bank of India ("SBI") has issued notice dated May 7, 2013 under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") for assets of the Company secured by hypothecation and mortgage. State Bank of India 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 November 22, 2017 authorized Tahasildar, Siruguppa to handover the physical possession of immovable and movable properties to State Bank of India and Tahasildar, Siruguppa has vide letter dated December 19, 2017 intimated about the taking of physical possession on December 30, 2017. State Bank of India has issued newspaper publications calling for tenders for sale of movable and immovable assets through E – Auction on various dates and finally vide E – Auction on February 4, 2019, the charged assets of the Company were sold for Rs 11.97 Crore by the Bankers and its formalities have been completed upto April 16, 2019.

- **In the Case of Hans Ispat Limited :-**

xiii. **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") on December 2014 and as per the terms and conditions of the Settlement Agreement dated March 5, 2015 which was further revised vide sanction letter dated March 15, 2019, if all the terms and conditions are fully complied with by the company Upto December 31, 2022, there will be reduction in debts by Rs 8.83 Crore.

**xiv. Bank of Baroda**

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

(a) The subsidiary company has defaulted in repayment of loan from April 2014 aggregating to Rs 23.41 Crore (Previous Year Rs 26.92 Crore.)

(b) As per the order of the Debt Recovery Tribunal, Bank of Baroda has recovered the amount of Rs 3.52 Crore from the Bank Accounts of the Subsidiary Company and the said amount has been adjusted against the outstanding debt of the company.

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

(c) Bank of Baroda had filed Original Application against Company & guarantors (i.e. Mr. Shailesh Bhandari and Mr. Mukesh Bhandari) 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 to the tune of Rs. 50.74 Crores and future interest on the amount due @12.00% 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. Thereafter, the Hon'ble Recovery Officer has put the properties for e-auction on November 22, 2019 and April 29, 2020, however there was no buyer for the e-auction properties. Further on application of the Bank of Baroda, the bank accounts of the Company were attached to the extent the accounts had the balance as on October 19, 2019 and the appropriation of the said amounts from the accounts. Further proceedings are pending before the Hon'ble Recovery Officer.

**Wilful Defaulters:**

(d) Bank of Baroda 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 / CIBL, the Company has challenged the said action before the Hon'ble Gujarat High Court and the Hon'ble Gujarat High Court vide order dated August 1, 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.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**Notice under SARFAESI Act, 2002: -**

(e) Bank of Baroda had issued notice under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act, 2002") on January 01, 2015. The subsidiary 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**

(a) During the financial year ended on March 31, 2019, Goods and Service Tax Department of Maharashtra has re-determined Value Added Tax liability (including interest and penalty) of Rs. 6.28 Crore for the financial year 2009-10 (March 31, 2019 Rs. 6.28 Crore) and Rs. 23.93 Crore for the financial year 2010-11 (March 31, 2019 Rs. 23.93 Crore) after adjustment of Rs. 4.00 Crore (March 31, 2019 Rs. 4.00 Crore) paid by the company under protest. During the year the company has paid Rs 1.07 Crore and have filed an appeal before the Deputy Commissioner of State Tax, Mumbai. On account of the said order presently the liability of the company is of Rs. 29.15 Crore (March 31, 2019: Rs. 30.21 Crore). 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) 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 and Bank of Baroda 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, 2019 | Reduction on Debt assignment/ Settlement | From April 1, 2019 to March 31, 2020 | Up to March 31, 2020 |
|---|---|---|---|---|
| Interest on Corporate Loan and working Capital Loan | 977.87 | (17.72) | 149.79 | 1109.94 |

**34. Additional Disclosures**

(a) The company was doing research project for development of CONTIFUR and for that Ministry of Steel had given partial financial assistance. However as per standard condition given in letter received from Ministry of Steel the project shall not be disposed within 10 years of installation without the written permission of Ministry of Steel. Product Development Cost for CONTIFUR Project disclosed under other Non-Current Assets includes total Research and Development expenses of Rs 14.66 Crore (March 31, 2019: Rs. 14.66 Crore) and Rs. 9.45 Crore are part of Capital Work in Progress.

(b) 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 expenses thereof (including reversal of any claim).

(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. Nil (March 31, 2019 Rs. 5.46 Crore) has been charged to Statement of Profit & Loss during the year under consideration.

(d) Few account of "Trade Receivables", "Trade payables", "Advances from Customer", "Advances Recoverable In Cash or Kind" and "Advance to Suppliers and Other Parties" are subject to confirmation/reconciliation and the same includes very old non-moving items and clearances of the cheques/negotiable instruments and therefore the same are subject to necessary adjustments for accounting or re-grouping / classification.

(e) 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/Settlement/ Payment, 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. During the year ended on March 31, 2020, Rs 52.57 Crore was recognized as expenses for inventories carried at net realizable value / inventory written down.

(g) The classification / grouping of items of the accounts are made by the management, on the basis of the available data with the company.

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

(h) During the year the company has written off/ discarded old /unusable property, plant & equipment of Rs. 1.13 Crore and has been shown as Loss on Sale/Discard of Property, Plant & Equipment's under the head other expenses.

(i) In the Capital Work in Progress of Rs. 26.82 Crore (March 31, 2019 Rs. 27.43 Crore) the management believes that the uncompleted projects of Rs. 10.45 Crore (March 31, 2019: Rs. 10.45 Crore; which includes capital expenditure for CONTIFUR project) requires some further investment to bring them into commercial use and the group desire to complete the project, therefore these are not treated as impaired assets.

(j) During the year the company has not accounted benefit related to Merchandise Exports Incentive Scheme ("MEIS") of Rs. 20.95 Crore (March 31, 2019: 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 issues 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) 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 are adequate.

(l) During the year, pursuant to the scheme of "Vera Samadhan Yojna – 2019" (Tax Dispute Scheme 2019) and Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019, the company has taken the benefit of the said schemes and have accounted Rs 24.23 Crore as Disputed Tax settlement scheme expenses under the head Other expenses.

(m) On account of settlement with Banks & financial Institutions there is a waiver of interest of Rs 35.54 Crore (Standard Chartered Bank of Rs. 1.94 Crore, International Financial Corporation of Rs. 14.01 Crore & Vijaya Bank of Rs. 19.59 Crore) which has been shown as income as "Exceptional item" in the statement of the Profit and Loss.

(n) Hans Ispat Limited (the subsidiary), has stopped the operation of the SMS Plant due to various operational reasons. However, the management is hopeful that the same will be in operation in near future and therefore no impairment on the said plant has been provided.

(o) Shree Ram Electro Cast Limited (the Subsidiary), has acquired Land at Halekote-25 Village, Siruguppa Hobli or Firka, Siruguppa Taluka, District Bellary and Honnarahalli Village, Hactcholli Hobali, Siruguppa Taluka, Bellary District and its legal document for transfer of the property in the name of the Company is in process.

**Joint Venture**

(p) (i) Summarised Financial Information of Individually immaterial Joint Venture

The Group's interest in below joint venture is accounted for using the equity method in the consolidated financial statements. The summarized financial information below represents amounts shown in the joint venture financial statements prepared in accordance with Ind AS adjusted by the Group for equity accounting purposes:

**Bhaskarpara Coal Company Limited (Joint Venture)** (Rs in Crore)

| Particular | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Profit or Loss from continuing Operations after tax | 0.03 | 0.02 |
| Post-tax Profit or Loss from discontinued Operations | 0.00 | 0.00 |
| Other Comprehensive Income | 0.00 | 0.00 |
| **Total Comprehensive Income** | **0.03** | **0.02** |

**(ii) Reconciliation of the financial information presented to the carrying amount of its interest in the joint venture is as under: -**

Bhaskarpara Coal Company Limited (Joint Venture) (Rs In Crore)

| Particular | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Face value of Rs 10 each fully paid | | |
| Opening Balance as at April 1 | 9.06 | 9.04 |
| Add: Share in Profit of Joint Venture | 0.01 | 0.02 |
| **Total** | **9.07** | **9.06** |
| Less: Accumulated Impairment | 2.13 | 2.13 |
| **Closing Balance as at March 31** | **6.94** | **6.93** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**(iii) Counter Guarantee:**

The Group has issued counter guarantees as under:

In favour of the Banks/Lenders on behalf of its Joint Venture (JV), as mentioned below, for the purposes of issue of guarantee:

- Bhaskarpara Coal Company Limited (JV) Rs 1.65 Crore (March 31, 2019 Rs 1.65 Crore).

**35. DIRECTOR'S REMUNERATION:**

The Company, as per the approval of the shareholders of the Company at the 30th 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 and Mr. Shailesh Bhandari with effect from February 1, 2017 till January 31, 2020.

Mr. Suraj Bhandari was appointed as a Whole-time Director of the Company for a period of three years commencing from November 13, 2019 to November 12, 2022 at remuneration of Rs. 1,50,000/- per month and Mr. Shailesh Bhandari was re-appointed as a Managing Director w.e.f. February 1, 2020 at remuneration of Rs. 2,00,000/- per month. The above remuneration to both the Director's are subject to approval from banks and financial institutions as the company has defaulted in repayment of loans.

**36. OTHER CASES:**

**(a)** Some of the creditors have filed cases of recovery against the company before the various Civil Courts / Commercial Courts for Rs 1.32 Crore (Previous Year Rs 1.32 Crore). The said amounts are excluding interest.

**(b)** 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 Chhadavada and Samakhiyali 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 5th September, 2018 confirmed the attachment of abovesaid 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. The ED has filed its reply and the matter is adjourned for filing of rejoinder and hearing.

**(c)** The Assistant Director, Directorate of Enforcement, Ahmedabad has filed a PMLA – Special Case No. 20/2018 on December 1, 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.

**(d)** 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.

**(e)** 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. Further the Company has filed a winding up petition of VRTL before the High Court of Hong Kong and the High Court of Hong Kong has passed the order for winding up of VRTL

**(f)** Mr. Siddharth Bhandari, one of the Promoter and erstwhile Whole-time Director and Dr. Rakesh Bhandari, one of the Promoter of the Company ("Petitioners") 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. In one of the Interlocutory Application filed by Petitioners, the Hon'ble NCLT has passed order dated August 29, 2019 that some of the agenda items of Board of Directors Meeting dated August 31, 2019 shall be subject to final outcome of the petition. Now the petition is pending before the Hon'ble NCLT for hearing.

**(g)** Mr. Mukesh Bhandari – erstwhile Chairman & Promoter, Mr. Siddharth Bhandari – erstwhile Whole-time Director & Promoter and Dr. Rakesh Bhandari, Promoter of the Company ("Petitioners) 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 was pending before the Hon'ble NCLT for admission as well as on maintainability. The Petitioners have filed interim application seeking waiver of the mandatory requirement of section 244(1)(a) of the Companies Act, 2013 and hearing on the said application was completed and the order is reserved by the Hon'ble NCLT. Some of the Respondents have filed Interlocutory Applications for their discharge and the same are pending for hearing. The financial implication of this petition is not ascertainable at this point of time.

**(h)** Mr. Siddharth Bhandari – erstwhile Whole-time Director & Promoter, Dr. Rakesh Bhandari, Promoter and Mr. Mukesh Bhandari – erstwhile Chairman & Promoter of the Company have filed a petition before the Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") under section 222 of the Companies Act, 2013 against the Company and three shareholders for suspension of their voting rights and non-participation in voting at the 33rd Annual General Meeting of the Company and for maintaining the existing status of Petitioner No. 1 Mr. Siddharth Bhandari. The Hon'ble NCLT vide order dated September 27, 2019 allowed the Company to go ahead with the 33rd Annual General Meeting and e-voting process, however, the agenda Item No. 2 of the AGM shall be subject to final outcome of the petition.

**(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. Thereafter, the Regional Director has issued letter for violations / irregularities of the Companies Act, 1956 / 2013 and the Company has replied to the same. Based on the same, the Registrar of Companies, Gujarat has issued letter for violations of the provisions of the Companies Act, 2013 and initiated prosecution against some of the directors / officers of the Company. Some of the directors / officer has challenged the said prosecution before the Hon'ble Gujarat High Court under section 463 of the Companies Act, 2013 and the said petition is pending for hearing before the Hon'ble Gujarat High Court.

**(j)** The Securities and Exchange Board of India (SEBI) had issued show cause notice to the Company and some of the directors / officers of the Company for alleged violations of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and for hearing before the adjudication officer. The matter is pending before the Adjudication Officer of the SEBI.

**(k)** Mr. Babu Devraj Badhiya has filed a Writ Petition in the nature of Public Interest Litigation (PIL) on February 4, 2019 before the Hon'ble Gujarat High Court with prayer for direction for compliance of various approvals / permissions issued by various authorities. The Hon'ble Gujarat High Court has passed order for not to carry out any further construction / development and the matter is pending before the Hon'ble Gujarat High Court.

**(l)** In Hans Ispat Limited (the Subsidiary), Criminal complaint u/s 138 read with Section 142 of the Negotiable instrument Act, 1881 has been filed before the Hon'ble Judicial Magistrate First Class Ahmedabad for dishonor of cheque of following Parties and are shown as doubtful and the provision for the doubtful debt of Rs. 2.70 Crore (Previous Year Rs. 2.70 Crore) has been provided in the books.

**37. Going Concern of the Subsidiary & Joint Venture**

(a) **Bhaskarpara Coal Company Limited**

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 15/11/2012 has ordered de-allocation of Bhaskarpara Coal block and invocation of partial amount of Bank Guarantee of Rs. 1.65 Crores in respect thereof. However, M/s UltraTech Cement Limited one of the promoters of the company has filed writ petition under Article 226 of the Constitution of India in Chhattisgarh High Court. The High Court has granted stay against further proceedings. Subsequently Supreme Court of India vide its order dated 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 Chhattisgrah 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 Crores 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. 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 Joint Venture Company is entitled to reimbursement of cost of land and mine infrastructure expenses. Consequently, out of project expenses of Rs. 11.36 Crore, the Joint Venture company made impairment of Rs. 3.48 Crore in respect of non-recoverable expenditure in year ended as at March 31, 2015.

iv. In view of the order of the Hon'ble Supreme Court of India for cancellation of coal block allotted to the Joint Venture Company, the Joint Venture Company does not have any business to carry on. Hence these accounts are prepared on the basis that the Company is not a going concern.

(b) **Shree Ram Electro Cast Limited**

Subsidiary 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 taken action under SARFAESI Act, 2002 and subsequent action of the sale through auction of the hypothecated / mortgaged assets of the Company situated at Honnarhalli Village, Hatchali Post, Siruguppa Taluk, Bellari District, Karnataka was taken place for Rs. 11.97

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

Crore and its formalities have been completed upto April 16, 2019. Further, the Subsidiary Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net loss/net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date & 100% of its charged Assets have been sold through auction by the bankers. These conditions, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

(c) **ET Elec-Trans Limited**

Subsidiary Company has not carried out any business or commercial activity. During the year the company has a cash loss of Rs 0.00 Crore and accumulated losses of Rs 1.48 Crore, which has fully eroded the net worth of the company. These conditions, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

**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 Managerial 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 Managerial Personnel/Director of Companies**

1. Mr. Mukesh Bhandari$ (Director)
2. Mr. Shailesh Bhandari (Managing Director)
3. Mr. Suraj Bhandari (Whole time Director w.e.f. 13.11.2019)
4. Mr. Siddharth Bhandari (Whole time Director / Director up to 30.09.2019)
5. Mr. Pawan Gaur (Chief Financial Officer up to 28.01.2020)
6. Mr. Fagesh R Soni (Company Secretary)
7. Mr. Avinash Bhandari (Chief Executive Officer – Steel Division w.e.f. 28.01.2020)

*$ Ceases to be Chairman from 01.02.2020*

**(IV) Non-Executive/Independent Directors**

1. Mr. Dinesh Mukati (Independent Director, Chairman w.e.f. 11.02.2020)
2. Ms. Nivedita R. Sarda (Independent Director)
3. Mr. Pratap Mohan (Independent Director)
4. Mr. Arun Kumar Jain (Independent Director upto 17.08.2019)

**V) Relatives of Key Managerial Personnel**

1. Mrs. Indubala Bhandari (Mother of Director)
2. Mrs. Jyoti Bhandari (Wife of Director)
3. Mr. Rakesh Bhandari (Brother of Director)
4. Mr. Anurag Bhandari (Son of Director)
5. Mrs. Reema Bhandari (Wife of Managing Director)
6. Mr. Nagesh Bhandari (Brother of Director)
7. Mrs. Neha Bhandari (Director Son's Wife)

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

(Rs. in Crores)

| SR. NO. | NAME | SALES (Incl.Store Spare & Others) | | PURCHASE | | EXPENSES/ (INCOME) | | PAYMENT OF LIABILITY | | PURCHASE(SALE) OF FIXED ASSET | | LOAN/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 Significately Influnced by Key Management Personnel or their relatives** | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | ETAIN Renewables Limited | - | - | - | - | - | - | - | 0.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2.32 | 2.13 |
| 2 | EIL Software Services Offshore Pvt. Ltd. | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (1.75) | (1.75) |
| 3 | Bhandari Charitable Trust | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2.20 | 2.20 |
| 4 | Electrotherm Solar Limited | - | - | 0.56 | 0.57 | - | 0.00 | - | 0.03 | - | 0.86 | - | 0.10 | - | 0.20 | - | - | - | - | - | - | - | - | 3.38 | 3.56 |
| 5 | ETAIN Electric Vehicles Limited | - | - | - | 0.01 | - | - | - | 0.00 | - | - | - | 0.06 | - | 0.01 | - | - | - | - | - | - | - | - | 1.76 | 1.76 |
| (II) | **KEY MANAGEMENT PERSONNEL :** | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Mr. Mukesh Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.04 | - | - | 0.11 | - | - | 0.15 | 0.18 | (0.52) | (0.24) |
| 2 | Mr. Shailesh Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.01 | - | - | 0.06 | - | - | 0.15 | 0.18 | (0.09) | (0.07) |
| 3 | Mr. Avinash Bhandari | - | - | - | - | - | - | 0.05 | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.12 | 0.18 | (0.08) | - |
| 4 | Mr. Pawan Gaur | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.41 | 0.44 | (0.00) | 0.02 |
| 5 | Mr. Fageshkumr R. Soni | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.14 | 0.14 | (0.01) | (0.00) |
| 6 | Mr. Arun Kumar Jain | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.02 | 0.05 | - | - | - | (0.01) |
| 7 | Mr. Dinesh Shankar Mukati | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.05 | 0.05 | - | - | - | (0.01) |
| 8 | Ms. Nivedita Ravindra Sarda | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.02 | 0.02 | - | - | - | - |
| 9 | Mr. Pratap Mohan | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.05 | 0.05 | - | - | - | (0.01) |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

| SR. NO. | NAME | SALES (Incl.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 |
| (III) | **RELATIVES OF KEY MANAGEMENT PERSONNEL :** (With whom Transaction has been taken Place during the year) | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Mrs. Indubala Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.05 | 0.06 | - | - | - | - | (0.00) | (0.00) |
| 2 | Mrs. Jyoti Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.02 | - | - | 0.09 | - | - | 0.27 | 0.27 | (0.29) | (0.15) |
| 3 | Mr. Rakaesh Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (0.02) | (0.02) |
| 4 | Mr.Nagesh Bhandari | - | - | - | - | - | - | - | - | - | - | 0.50 | - | 0.50 | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Mr. Anurag Bhandari | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.04 | - | - | - | - | - | - |
| 6 | Mrs.Reema Bhandari | 0.38 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.45 | - |
| 7 | Mrs.Neha Bhandari | | | | | | | | | | | | | | | | | | | | | 0.07 | 0.11 | - | (0.01) |

*Note : The remuneration to the key managerial personnel does not Include the provisions made for gratuity and leave encashment, as it is determined on an acturial basis for the group as a whole.*

*Terms and conditions of transactions with related parties*

*Outstanding balances at the year end are unsecured and settlement occures in cash. There have been no guarantees provided or received for any related party receivables or payables. The group has recorded impairment of receivables relating to amounts owned by related parties of Rs.2.13 Crore (March 31, 2019 of Rs. 2.13 Crore ). This assessment is undertaken at each financial year through examining the financial possition of the related party and the market in which the related party operates.*

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**39 EARNINGS PER SHARE (EPS):**

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

| Particulars | | 2019-20 | 2018-19 |
|---|---|---|---|
| Profit for the year | (Rs. In Crore) | 24.10 | 141.85 |
| Weighted Average No. of Shares for the Earning Per Share Computation for Basic and Diluted | (Nos. in Crore) | 1.27 | 1.27 |
| Earnings Per Share (Basic & Diluted) | (In Rs.) | 18.92 | 111.34 |
| Nominal Value of Shares | (In Rs.) | 10.00 | 10.00 |

**40 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, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **SEGMENT REVENUE** | | |
| Engineering & Technology Division | 767.16 | 943.47 |
| Special Steel Division | 2056.93 | 2496.26 |
| Electric Vehicle Division | 16.86 | 31.68 |
| Others | 412.65 | 577.80 |
| **Total Sales** | **3253.60** | **4049.21** |
| Less : Inter Segment Revenue | 53.68 | 9.03 |
| **Net Sale** | **3,199.92** | **4040.18** |

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **SEGMENT PROFIT BEFORE TAX AND INTEREST** | | |
| Engineering & Technology Division | 29.34 | 84.90 |
| Special Steel Division | 11.63 | 106.46 |
| Electric Vehicle Division | (16.12) | (12.26) |
| Others | (20.73) | 1.23 |
| **Profit Before Interest, Tax & Prior Period Adjustment** | **4.12** | **180.33** |
| Less: Financial Expenses | 15.55 | 38.42 |
| Add:- Including Exceptional Items (of Holding Company) | 35.54 | - |
| **Net Profit After Tax** | **24.11** | **141.91** |

**OTHER INFORMATION** (Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Segment Assets** | | |
| Engineering & Technology Division | 527.42 | 658.54 |
| Special Steel Division | 1360.06 | 1402.63 |
| Electric Vehicle Division | 30.47 | 49.83 |
| Others | 2.13 | 57.69 |
| **Total Segment Assets** | **1,920.08** | **2168.69** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Segment Liabilities** | | |
| Engineering & Technology Division | 665.73 | 780.93 |
| Special Steel Division | 2214.48 | 2436.81 |
| Electric Vehicle Division | 9.17 | 14.28 |
| Others | 124.02 | 158.64 |
| **Total Segment Liabilities** | **3,013.40** | **3390.66** |

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Segment Depreciation** | | |
| Engineering & Technology Division | 6.11 | 6.48 |
| Special Steel Division | 122.24 | 130.24 |
| Electric Vehicle Division | 1.63 | 1.74 |
| Others | 4.23 | 4.36 |
| **Total Depreciation** | **134.21** | **142.82** |

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Other Non Cash Expenses/ (Income)** | | |
| Engineering & Technology Division | 5.97 | (6.50) |
| Special Steel Division | (3.73) | (13.61) |
| Electric Vehicle Division | (0.47) | 0.01 |
| Add:- Including Exceptional Items (of Holding Company) | (35.54) | - |
| Others | 12.18 | (2.02) |
| **Total** | **(21.60)** | **(22.11)** |

(Rs In Crore)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Segment Capital Expenditure** | | |
| Engineering & Technology Division | 5.90 | 14.72 |
| Special Steel Division | 16.84 | 57.62 |
| Electric Vehicle Division | 0.01 | 0.06 |
| Others | 0.99 | 5.59 |
| **Total** | **23.73** | **77.99** |

Note: The business of the Subsidiaries have been grouped under the “Others segment.

**Secondary Reportable Segment (Geographically Segment)**

(Rs In Crore)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Segment Revenue** | | |
| - Within India | 2909.22 | 3781.04 |
| - Outside India | 290.70 | 259.14 |
| **Total Revenue** | **3,199.92** | **4040.18** |
| **Segment Assets** | | |
| - Within India | 1,861.93 | 2083.31 |
| - Outside India | 58.15 | 85.38 |
| **Total Asset** | **1,920.08** | **2168.69** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**41 Financial Instruments, Fair Value Measurements, Financial Risks & Capital Management**

**41.1 Category wise Classification of Financial Instruments**

(Rs In Crore)

| Particulars | March 31, 2020 | | |
|---|---|---|---|
| | FVPL | Amortized cost | Carrying Value |
| **Financial assets** | | | |
| Trade receivables | - | 316.30 | 316.30 |
| Cash and Cash Equivalents | - | 30.41 | 30.41 |
| Other Bank balances | - | 16.63 | 16.63 |
| Investments in mutual fund units | 0.20 | - | 0.20 |
| Investments in Joint Venture net of Accumulated Impairment | - | 6.94 | 6.94 |
| Investments in Unquoted Government Securities | - | 0.01 | 0.01 |
| Other financial assets | - | 42.70 | 42.70 |
| **Total financial assets** | **0.20** | **412.99** | **413.19** |
| **Financial liabilities** | | | |
| Trade payables | - | 449.04 | 449.04 |
| Short term Borrowings | - | 29.42 | 29.42 |
| Non-Current Borrowings | - | 1,272.65 | 1,272.65 |
| Other financial liabilities | - | 1,018.15 | 1,018.15 |
| **Total financial liabilities** | **-** | **2,769.26** | **2,769.26** |

(Rs In Crore)

| Particulars | March 31, 2019 | | |
|---|---|---|---|
| | FVPL | Amortized cost | Carrying Value |
| **Financial assets** | | | |
| Trade receivables | - | 333.72 | 333.72 |
| Cash and Cash Equivalents | - | 47.38 | 47.38 |
| 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 |
| **Total financial assets** | **0.42** | **461.22** | **461.64** |
| **Financial liabilities** | | | |
| Trade payables | - | 476.30 | 476.30 |
| Short term Borrowings | - | 152.27 | 152.27 |
| Non-Current Borrowings | - | 1,443.21 | 1,443.21 |
| Other financial liabilities | - | 1,041.56 | 1,041.56 |
| **Total financial liabilities** | **-** | **3,113.34** | **3,113.34** |

**41.2 Category-wise Classification of Financial Instruments**

**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 |
|---|---|---|---|---|---|
| **Investments in quoted mutual fund** | | | | | |
| As at March 31, 2020 | 5 | 0.20 | - | - | 0.20 |
| As at March 31, 2019 | 5 | 0.42 | - | - | 0.42 |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**41.2 Category-wise Classification of Financial Instruments** (Contd...)

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 maximize 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 Group 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 amortized 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.

**42 Financial Instrument Risk, Management, Objectives & Policies**

**42.1 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.

**42.2 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 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 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 Group considers the rate of default and delay upon initial recognition of asset, based on the past experience and forward-looking information, wherever available.

**Expected credit loss:**

**i) As at March 31,2020** (Rs In Crore)

| Particulars | Trade Receivables | Advances to Suppliers & Others | Total |
|---|---|---|---|
| Gross carrying amount | 411.66 | 104.16 | 515.82 |
| Expected loss rate | 23.16% | 19.17% | 22.36% |
| Expected credit losses (loss allowance provision) | 95.36 | 19.97 | 115.33 |
| **Carrying amount** | **316.30** | **84.19** | **400.49** |

**ii) 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 |
| **Carrying amount** | **333.72** | **92.69** | **426.41** |

**iiI) 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, 2018 | 98.55 | 32.29 | 130.84 |
| Changes in loss allowance | (3.19) | (12.32) | (15.51) |
| **Loss allowance as on March 31, 2019** | **95.36** | **19.97** | **115.33** |
| Changes in loss allowance | - | - | - |
| **Loss allowance as on March 31, 2020** | **95.36** | **19.97** | **115.33** |

### 42.3 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, 2020 and March 31, 2019. 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 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 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 analyze the Group's financial liabilities into relevant maturity groupings based on their contractual maturities:

(Rs In Crore)

| As at March 31, 2020 | Upto 1 year/ repayable on demand | 1 to 3 years | More than 3 years |
|---|---|---|---|
| Trade Payables | 449.04 | - | - |
| Borrowings | 1,009.05 | 901.53 | 371.12 |
| Preference Shares | 12.00 | - | - |
| Other Financial liabilities | 25.77 | 0.64 | 0.11 |
| **Total** | **1,495.86** | **902.17** | **371.23** |

(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 | 1,160.57 | 840.53 | 602.68 |
| Preference Shares | 12.00 | - | - |
| Other Financial liabilities | 21.23 | - | 0.03 |
| **Total** | **1,670.10** | **840.53** | **602.71** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**42.4 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 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 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 Group'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 group wise policies for foreign currency management.

**The Group's exposure to foreign currency risk at the end of reporting period are as follows:** (Rs In Crore)

| Particulars | As at March 31, 2020 | |
|---|---|---|
| | USD | Euro |
| **Financial assets** | | |
| Trade receivables | 0.74 | - |
| Net exposure to foreign currency risk (assets) | 0.74 | - |
| **Financial liabilities** | | |
| Trade payables | 0.04 | 0.01 |
| Net exposure to foreign currency risk (liabilities) | 0.04 | 0.01 |
| Net exposure to foreign currency risk | 0.70 | (0.01) |
| Net Exposure In Indian Currency | 53.40 | (0.46) |

(Rs In Crore)

| Particulars | As at March 31, 2019 | |
|---|---|---|
| | USD | Euro |
| **Financial assets** | | |
| Trade receivables | 0.89 | - |
| Net exposure to foreign currency risk (assets) | 0.89 | - |
| Financial liabilities | | |
| 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) |

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 Crore)

| Particulars | As at March 31, 2020 | |
|---|---|---|
| | Rupee / USD | Rupee / Euro |
| **Impact on Profit or loss** | | |
| Increase by 5% | 2.67 | (0.02) |
| Decrease by 5% | (2.67) | 0.02 |

(Rs In Crore)

| Particulars | As at March 31, 2019 | |
|---|---|---|
| | Rupee / USD | Rupee / Euro |
| **Impact on Profit or loss** | | |
| Increase by 5% | 1.79 | (0.04) |
| Decrease by 5% | (1.79) | 0.04 |

**43 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 maximize 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, 2020 | As at March 31, 2019 |
|---|---|---|
| Equity share capital | 12.74 | 12.74 |
| Other Equity | (1,106.06) | (1,234.71) |
| **Total Equity** | **(1,093.32)** | **(1,221.97)** |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**44 Disclosure of Significant Interest in Subsidaries and Joint Venture as per Paragraph 17 of IND AS 27**

**(i)** (Rs In Crore)

| Name of Entity | Relationship | Place of Business | Ownership in % as at March 31, 2020 |
|---|---|---|---|
| Jinhua Indus Enterprises Limited | Foreign Subsidary | China | 100.00% |
| Jinhua Jahari Enterprises Limited | Subsidary of the Foreign Subsidary | China | 0.00% |
| ET Elec-Trans Limited | Domestic Subsidary | India | 80.49% |
| Hans Ispat Limited | Domestic Subsidary | India | 100.00% |
| Shree Ram Electro Cast Limited* | Domestic Subsidary | India | 95.00% |
| Electrotherm Services Limited | Domestic Subsidary | 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, Subsidiary Company.

(b) Method of Accounting investment in subsidaries is at cost.

**Information for Consolidated Financial Statement persuant to Schedule III of the Companies Act, 2013**

**(ii)** (Rs In Crore)

| Particulars | Year | Net Assets i.e, Total Assets-Total Liabilities | | Share in Profit or Loss for the Year | | Share in other comprehesive Income / (Loss) | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|---|
| **Parent** | | Percentage | Amount | Percentage | Amount | Percentage | Amount | Percentage | Amount |
| Electrotherm (India) Limited | **Current Year** | **88.85%** | **(971.43)** | **186.64%** | **44.98** | **97.83%** | **(2.70)** | **198.13%** | **42.28** |
| | Previous Year | 91.74% | (1121.02) | 99.25% | 140.79 | 93.75% | (1.35) | 99.31% | 139.44 |
| **Subsidaries** | | | | | | | | | |
| **-Indian** | | | | | | | | | |
| Hans Ispat Limited | **Current Year** | **11.95%** | **(130.66)** | **-36.60%** | **(8.82)** | **2.35%** | **(0.06)** | **-41.64%** | **(8.88)** |
| | Previous Year | 9.96% | (121.69) | 2.45% | 3.48 | 6.25% | (0.09) | 2.41% | 3.39 |
| Electrotherm Services Limited | **Current Year** | **0.39%** | **(4.23)** | **0.00%** | **-** | **0.00%** | **-** | **0.00%** | **-** |
| | Previous Year | 0.29% | (3.54) | 0.00% | - | 0.00% | - | 0.00% | - |
| Shree Ram Electro Cast Limited | **Current Year** | **3.33%** | **(36.39)** | **-51.54%** | **(12.42)** | **0.00%** | **-** | **-58.20%** | **(12.42)** |
| | Previous Year | 1.96% | (23.96) | -2.27% | (3.22) | 0.00% | - | -2.29% | (3.22) |
| ET Elec-Trans Limited | **Current Year** | **-0.14%** | **1.48** | **0.00%** | **-** | **0.00%** | **-** | **0.00%** | **-** |
| | Previous Year | 0.12% | (1.48) | 0.00% | - | 0.00% | - | 0.00% | - |
| **-Foreign** | | | | | | | | | |
| Jinhua Indus Enterprises Limited | **Current Year** | **0.25%** | **(2.73)** | **-0.25%** | **(0.06)** | **0.00%** | **-** | **-0.28%** | **(0.06)** |
| | Previous Year | 0.22% | (2.67) | -0.02% | (0.03) | 0.00% | - | -0.02% | (0.03) |
| Jinhua Jahari Enterprises Limited | **Current Year** | **-0.20%** | **2.17** | **1.70%** | **0.41** | **0.00%** | **-** | **1.92%** | **0.41** |
| | Previous Year | -0.14% | 1.76 | 0.57% | 0.81 | 0.00% | - | 0.58% | 0.81 |
| **Joint Venture** | | | | | | | | | |
| Bhaskarpara Coal Company Limited | **Current Year** | **-0.63%** | **6.94** | **0.04%** | **0.01** | **0.00%** | **-** | **0.05%** | **0.01** |
| | Previous Year | -0.57% | 6.93 | 0.01% | 0.02 | 0.00% | - | 0.01% | 0.02 |
| Elimination | **Current Year** | **-3.80%** | **41.53** | **0.00%** | **-** | **0.00%** | **-** | **0.00%** | **-** |
| | Previous Year | -3.58% | 43.70 | 0.00% | - | 0.00% | - | 0.00% | - |
| Group as a Whole | **Current Year** | **100.00%** | **(1093.32)** | **100.00%** | **24.10** | **100.00%** | **(2.76)** | **100.00%** | **21.34** |
| | Previous Year | 100.00% | (1221.97) | 100.00% | 141.85 | 100.00% | (1.44) | 100.00% | 140.41 |

## Notes to Consolidated Financial Statements for the year ended March 31, 2020

**45 Corporate Social Responsibility (CSR)**

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the GROUP. The funds are utilised on the activities which are specified in Schedule VII of the Companies Act, 2013. The utilisation is done by way of contribution towards various activities.

(a) Gross amount as per the limits of Section 135 of the Companies Act, 2013: Rs. 0.63 Crore. (Previous year: Nil)

(b) Amount spent during the year ended 31st March 2020: Rs. 0.63 Crore. (Previous year: Rs. 0.40 Crore)

(Rs In Crore)

| Particulars | Amount Contributed | Amount to be contributed | Total |
|---|---|---|---|
| (i) Construction/acquisition of any assets | - | - | - |
| (ii) On purpose other than (i) above | 0.63 | - | 0.63 |
| **Total** | **0.63** | **-** | **0.63** |

46 (a) On March 24, 2020, the Government of India ordered a nationwide lockdown to prevent community spread of Covid-19 in India resulting in significant reduction in economic activities. The Group has carried out its initial assessment of the likely adverse impact on economic environment in general and financial risk because of Covid-19. The Group is in the business of manufacturing induction furnace, steel, pipe and steel melting equipment, Transformers, etc. The demand for the Group products is expected to be lower in the short term, though the same is not likely to have a continuing impact on the business of the Group. Further, the Management believes that there may not be significant impact of Covid-19 pandemic on the financial position and performance of the company, in the long-term.

(b) In the case of Hans Ispat Limited, due to Covid 19, the company has stalled all the plant operations from March 23, 2020. After Indian Railways started running the Shramik trains many skilled and unskilled labours have left the units and therefore the production activity have not yet started. The company have paid regular salary to the employee and the contractors. The company have dispatched the Finished Goods to various customer till the date of signing the financial results. Once the company's employees and contractors workers resume the work, the plant production activity will be in operation and therefore in view of the management, the going concern of the company is not affected.

**47 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 June 30, 2020, there were no subsequent events to be recognized or reported that are not already disclosed elsewhere in the consolidated financial statements.

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

As per our report of even date
**For Hitesh Prakash Shah & Co.**
Chartered Accountants
Firm Registration No: 127614W

**Hitesh Shah**
Partner
Membership No. 124095

Place : Ahmedabad
Date : 30th June 2020

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

**Dinesh Mukati**
Chairman
DIN:-07909551

**Shailesh Bhandari**
Managing Director
DIN:- 00058866

Place : Palodia
Date : 30th June 2020

**Fageshkumar R. Soni**
Company Secretary

Melting equipments for Steel Plants & Foundries

Metal Refining Konverter

Electrotherm Refining Furnace

Continuous Casting Machine

Air Pollution Control Equipment

Transformers

ELECTROTHERM (INDIA) LIMITED

Registered Office : A-1 Skylark Apartment, Satellite Road
Satellite, Ahmedabad-380015, Gujarat (India)

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

Email: sec@electrotherm.com

www.electrotherm.com CIN: L29249GJ1986PLC009126

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