



Sr. No.	Particulars	Page No.
1	Corporate Information	2
2	Chairman's Message	3
3	Directors' Report	5
4	Annexure to Directors' Report	9
5	Management Discussion and Analysis Report	13
6	Report on Corporate Governance	23
7	Auditors' Report	33
8	Balance Sheet	36
9	Profit and Loss Account	37
10	Cash Flow Statement	38
11	Schedule to Accounts	39
12	Notes to the Accounts	46
13	Balance Sheet Abstract	56
14	Statements Pursuant to Section 212	57
15	Subsidiaries and Consolidated Financial Statements	58
16	Notice for Annual General Meeting	113

24TH ANNUAL GENERAL MEETING

24th Annual General Meeting of the members of the Company will be held on Friday, 24th September, 2010 at 11.00 a.m. at H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380 015.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Mukesh Bhandari	Chairman & CTO
Mr. Shailesh Bhandari	Managing Director
Mr. Avinash Bhandari	Joint Managing Director & CEO
Mr. Narendra Dalal	Whole Time Director
Mr. Nilesh Desai	
Mr. Madhusudan Somani	
Mr. Ram Singh	
Mr. Pradeep Krishna Prasad	
Mr. Ravikumar Trehan	
Dr. Sudhir Kapur	
Mr. Sunay Mathure	Nominee Director (upto 30.05.2010)
Mr. Parth Gandhi	Nominee Director (w.e.f. 30.05.2010)

CHIEF FINANCIAL OFFICER

Mr. Shirish Maniar (w.e.f. 02.08.2010)

COMPANY SECRETARY

Mr. Ashwin Patel

AUDITORS

Mehta Lodha & Co.
Chartered Accountants
Ahmedabad

BANKERS

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

REGISTERED OFFICE

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

WORKS

Engineering & Projects Division

Survey No. 72, Village : Palodia, Tal : Kalol,
Dist : Gandhinagar – 382 115, Gujarat

Special Steel, DI Pipe and Electric Vehicle Division

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

Wind Farm Project

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

Renewables Division

414/1, GIDC, Phase II
Vatva Industrial Area,
Ahmedabad – 382 445, Gujarat

Transmission Line Tower Division

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

REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited

211, Sudarshan Complex, Nr. Mithakhali Under Bridge,
Navrangpura, Ahmedabad – 380 009

CHAIRMAN'S MESSAGE



Dear Shareholders

2009-10 was again an important year for the Company. While the companies around the world tried to find ways to cope with the post economic meltdown issues, your Company posted a modest 19% growth in sales and crossed turnover of ' 2000 Crores.

The Steel sector remained extremely volatile. The Company completed the Blast Furnace expansion project increasing the capacity to 2,00,000 tons per annum and expanded the DI Pipe distribution & marketing network by setting up offices manned by highly skilled & experienced manpower across India. This expanded capacity should not only help increase sales revenues but also improve operating margins in the coming years.

The Company had hired ECS to work on various projects which would help it increase efficiency and optimize cost. Various projects were taken up in Steel Melting Shop, Rolling Mills & SI Kilns area to achieve the same. The results will be visible in the coming year.

Your Company has completed two important acquisitions in the steel and pipes division. Hans Ispat Limited, with a billet manufacturing capacity of 84,000 tons per annum and 2 Rolling Mills has been acquired in Kutch. This will free up the capacity of the structural rolling mill at the Samakhiali Plant which will now be dedicated for production of value added Angles/Structure for Transmission line tower application only. With the structure mill now certified by Power Grid Corporation of India, orders for Angles from large transmission line players have increased & are expected to go up further. The structure mill at Hans Ispat will be dedicated to production of stainless steel.

"Electro TMT Plus" bars have emerged as a premium brand in the rebars segment in Gujarat. The additional capacity from the Bar Rolling Mill at Hans Ispat will allow the company to leverage it's strong distribution network within Gujarat. With this, Electrotherm will also have the largest market share in the TMT Bars segment in Gujarat.

Shri Ram Electrocast Private Limited, acquired in Siriguppa, Karnataka is a strategic acquisition for Electrotherm. The plant will be expanded to produce 1,80,000 Tone of Ductile Iron Pipes. With proximity to Iron ore mines in Hospet & Bellary and the availability of local market of 4 (Four) southern states, the plant when operational will provide a huge geographical advantage to the Company in the DI Pipe segment.

The electric vehicle market continues to pose challenges for the Company. However, the support from central and various state governments is slowly but surely increasing. With a strong belief that the future of 2 wheeler transportation in India is electric, your Company continues to invest in developing the right technologies to enable introduction of robust products for the Indian roads.



Due to volatile conditions in the steel market, most small & medium enterprises deferred their decision to set-up new small / medium steel plants impacting the overall sales of the E&P (Furnace) division. Export markets also did not show any major signs of recovery. The Company, however, utilized this slow period to strength it's key internal processes like Project management & quality systems. Also, the product development team worked extra hard to develop certain path breaking products. World's largest 40 tons Induction Furnace for mild steel billet making application was dispatched and commissioned in Nagpur and we plan to introduce a few more products in this year to further strengthen our dominance in the steel melting (through Induction Furnace route) segment in India.

The transformer manufacturing has shaped well and skilled professionals have joined the team. The Company will look to acquire a major market share from the furnace transformers market & become the market leader in that segment in a short space of time. The Company is also now looking for a collaboration for entering the growing power transformer segment.

With a firm belief that our people provide us our key competitive advantage, the Company availed services of KPMG HR advisory during the year to help it further strength it's HR practices. Large scale "Organization Transformational" initiatives were launched which should result into wide ranging benefits in the coming years.

While the market conditions remain uncertain, your Company is taking initiatives on various fronts to align it's strategies with the changing market conditions with an objective to continue to grow profitably and achieve leadership position in the market segments it serves.

Mukesh Bhandari
Chairman & Chief Technology Officer

DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure in presenting the 24th Annual Report on the business and operations of your Company and Audited Financial Statements for the Financial Year ended on 31st March, 2010.

FINANCIAL RESULTS

(₹ In Millions)

Particulars	2009-2010	2008-2009
Sales and other Income	20168.35	16897.12
Profit Before Interest, Depreciation & Tax	2859.15	2441.14
Interest & Financial Charges	1332.52	1150.47
Depreciation	723.76	517.91
Profit Before Tax	802.87	772.76
Provision for Tax	136.45	93.05
Profit After Tax (Before Deferred Tax)	666.42	679.71
Provision for Deferred Tax	120.39	172.55
Profit After Deferred Tax	546.03	507.15
Prior period adjustment	(8.06)	15.31
Profit after prior period adjustment	537.97	522.46
Surplus brought forward	1198.05	917.58
Balance	1736.02	1440.04
(a) Proposed Dividend on Equity Shares	28.69	28.69
(b) Proposed Dividend on Preference Shares	7.20	7.20
(c) Tax on Dividend	6.10	6.10
(d) Transfer to General Reserves	200.00	200.00
Balance Carried forward	1494.03	1198.05

DIVIDEND

In view of the Company's profitable performance, the Director are pleased to recommend dividend of ₹ 2.50 (25%) per equity share of ₹ 10/- each and ₹ 0.60 (6%) per preference share of ₹ 10/- each, subject to approval of shareholders at the 24th Annual General Meeting. The dividend will be paid on 1,14,76,374 Equity Shares at ₹ 2.50 per share aggregating to ₹ 28.69 Millions and on 1,20,00,000 Non-Cumulative Redeemable Preference Shares at ₹ 0.60 per share aggregating to ₹ 7.20 Millions besides applicable Dividend Distribution Tax.

OPERATIONS

During the year, your Company has achieved a turnover of ₹ 20,027 Millions representing an increase of 19.01% over the previous year turnover of ₹ 16,827 Millions. The Net Profit for the year is ₹ 538 Millions as against ₹ 522 Millions of the previous year, showing marginal increase of 2.97%.

CAPITAL PROJECTS

During the year, the Company has successfully commissioned the production of Blast Furnace – II and Ductile Iron Pipe. Alloy Steel Plant is under construction.

EXPORTS

During the year, the Company has achieved export turnover of ₹ 535 Millions as against ₹ 2337 Millions. Our Export is mainly from Engineering & Projects Division, which was affected by global turmoil. Many Companies globally have deferred their capital expenditure resulting in lower order book position. Your Directors expect recovery in the coming year and foresee a good growth in export of its products.

DIRECTORS

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

Pursuant to Article 231 of the Articles of Association of the Company and pursuant to the Shareholders' Agreement executed with ICICI Venture Funds Management Company Limited on 10th March, 2007, the Investor shall have a right to nominate one Director on the Board. The Investor has nominated Mr. Parth Gandhi in place of Mr. Sunay Mathure with effect from 30th May, 2010. The Shareholders are required to kindly confirm his appointment. The Board places on record its appreciation for the services rendered by Mr. Sunay Mathure during his tenure as Member of the Board.

For perusal of the shareholders, a brief resume of each of the directors being appointed or re-appointed are given and forms part of the Notice. Your Directors recommend their re-appointment.

SUBSIDIARIES

As on 31st March 2010, the Company has following Subsidiaries namely :

1. ET Elec-Trans Limited
2. Bhaskarpara Coal Company Limited
3. Jinhua Indus Enterprises Limited (China)
4. Jinhua Jahari Enterprises Limited (China)

As required under section 212 of the Companies Act, 1956, the financial statements of subsidiaries of the Company are attached herewith and forms part of this Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Clause 41 of the Listing Agreement entered into with Stock Exchanges, the Board of Directors has pleasure in attaching the Audited Consolidated Financial Statements prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India.

ACQUISITIONS

After the successful implementation of the organic growth strategy, your Company has now aggressively earmarked an inorganic growth strategy.

During the year, the Company has acquired plant near Baroda for the Transmission Line Tower during March, 2010. This will help forward integration and entry into value added products made out of MS Angles produced by the Company at its plant at Kutch.

After the closure of Financial Year 2009-2010, in May, 2010, the Company has acquired 100% shareholding of Shree Ram Electrocast Private Limited, a Company having its Registered Office at Kolkata and manufacturing complex at Siruguppa, Bellary, Karnataka, for Pig Iron with installed capacity of 1,20,000 MT per annum and Power Generation Plant of 2.5 MW.

In June, 2010, the Company has acquired 100% shareholding of Hans Ispat Limited, a Kutch – Gujarat based Company having manufacturing facilities for Billet of 84000 TPA, TMT Rolling Mill of 1,20,000 TPA and SS Rolling Mill of 72000 TPA per annum. The Company has also acquired the shareholding in Shree Hans Papers Limited, a subsidiary of Hans Ispat Limited which does not have any operations, except owing land.

As a result, all the three Companies mentioned above have become subsidiaries of the Company during the Financial Year 2010-2011.

FIXED DEPOSIT

The Company has neither accepted nor invited any deposit from public, within the meaning of section 58A and 58AA of the Companies Act, 1956 and the Rules made there under.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts for the year ended on 31st March, 2010, the applicable accounting standards have been followed by the Company along with proper explanation relating to material departures, if any;
2. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of Financial Year and of the profit of the Company for that period;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis.

RESEARCH & DEVELOPMENT

Your Company, being primarily an engineering Company, is continuously making efforts to explore, learn and absorb emerging technologies. The Company continuously makes investment in tools and equipment to facilitate research. It is also providing training to its employees to facilitate development of new products appropriate for the business of the Company. Energy conservation, safety, user friendliness are some of the key focus area while upgrading or developing new products.

Continuous research and development is going on to enhance the functions of various products manufactured and sold by the Company. The development and up gradation of equipment is carried out with a view to meet the raising needs of the existing customers. Proactive research is also being carried out to impart new features to the various products keeping the future needs of the customers in mind.

HUMAN RESOURCES

Industrial Relations were cordial at all locations. In a challenging environment and business conditions, the support from the workforce was positive throughout.

The Company had 8 employees who were in receipt of remuneration of not less than ₹ 24 lacs during the year or ₹ 2 lacs per month during any part of the said year. The information required under section 217(2A) of the Companies Act, 1956 and the Rules made thereunder is provided in the Annexure forming part of the Report. In terms of section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary.

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

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

“GROUP” FOR INTER-SE TRANSFER OF SHARES

As required under Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, person constituting “Group” (within the meaning defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations are given in Annexure – B which forms part of this Annual Report.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis Report is annexed to the Director's Report and forms a part of this Report.

AUDITORS & AUDITORS' REPORT

M/s. Mehta Lodha & Co., Chartered Accountants, Ahmedabad, Statutory Auditors of the Company, retires at the forthcoming Annual General Meeting and the Company has received a certificate pursuant to section 224(1B) of the Companies Act, 1956 from them to the effect that their re-appointment, if made, will be in accordance with the limits as specified in the said section.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/explanation. The Notes to Accounts forming part of the Financial Statements are self explanatory and need no further explanation.

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 its success.

For and on behalf of the Board

Place : Palodia
Date : 13th August, 2010

Mukesh Bhandari
Chairman & Chief Technology Officer



ANNEXURE - A TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken

- Capacity & numbers of motors in pump houses optimized by thorough study in SMS.
- Modification of the ladle preheater to use the hot air generated while burning for better atomization.
- Installation of the power optimizers for the furnaces to improve the power utilization while melting.
- Use of manual de slagging method to avoid tilting of the furnace to prevent heat loss at the time of tilting thus saving power consumption.

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

- Installation of Gassifier for Rolling Mill reheating process to replace/reduce Furnace oil consumption.
- LCD Lights to replace currently installed sodium lights thus reducing power consumption by 90%.
- PDLM to be installed in SMS for optimum consumption of power & fans of cooling towers also to be routed through it so as to auto cutoff of power once the temperature of water falls to desired level.

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

- Reduction of electrical energy for melting by 3%
- Reduction of billet re heating cost due to use of Gasifier by 10%
- Reduction of oil consumption for ladle pre heating by 7%

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

As per Form A attached.

B. TECHNOLOGY ABSORPTION:

(I) RESEARCH AND DEVELOPMENT (R & D)

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

- Induction Melting and Heating equipments
- Power supply for Induction Heating and melting equipments
- Battery powered vehicles
- Secondary Metallurgical equipments and Metallurgical process
- Solar energy (thermal)

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

- Induction seam annealing equipment for ERW pipes with auto seam tracking facility
- Development of battery chargers, controller of BLDC motor used in battery powered vehicles. This will help to serve the market better.
- Process development for production of quality steel through Induction Furnace route - particularly reduction in Sulfur & Phosphorous

3. Future Plan of action

- Development of continuous induction furnace technology for production of Iron/Steel using non cooking coal and iron ore fine



- Development of iron ore fine reduction through tunnel kiln using coal
- Development of charger, controllers for electric three wheelers and higher capacity two wheelers

4. Expenditure on R & D

- | | |
|---------------------------|--------------------|
| (a) Capital Expenditure | : ₹ 28.91 Millions |
| (b) Recurring Expenditure | : ₹ 26.91 Millions |
| (c) Total Expenditure | : ₹ 55.82 Millions |
| (d) R&D as % of Turnover | : 0.28 % |

(II) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- Development of reduction kiln for processing of iron ore fines
- Development and Reduction of composite pellets and briquettes
- Briquetting of sponge iron fines
- Melting of 100% DRI fines in Continuous Induction Furnace (CONTIFUR) for production of hot metal
- De-Phosphorization of steel in IF

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

- Economical and easier way of DRI production through modifications in tunnel kiln process
- Reduction tests for composite pellets and briquettes carried out at laboratory scale
- Briquetting of sponge iron fines for melting in Induction furnace will result in energy saving and will provide higher yield to the process and decrease the loss of DRI in slag
- Melting of 100% DRI fines for making in Contifur provides innovative way of low cost liquid metal production for making DI pipes or steel.
- De-Phosphorization of steel in induction furnace provides an economic way of production of quality steel competitive with the quality of steel produced by bigger steel plants. Application of technology will make induction furnace route more versatile for production of quality steel.

3. Imported Technology : None

C. FOREIGN EXCHANGE EARNING AND OUTGO :

(I) Activities Relating to Exports

The Company has been making efforts for direct exports at international level. Company has executed export orders worth of ₹ 534.53 Millions during the year and intends to further diversify its export market.

(II) Total Foreign Exchange Earning and Outgo

- | | |
|------------------------------|----------------------|
| a) Foreign Exchange Earnings | : ₹ 534.53 Millions |
| b) Foreign Exchange outgo | : ₹ 3204.65 Millions |