



2011

Mission Accomplished

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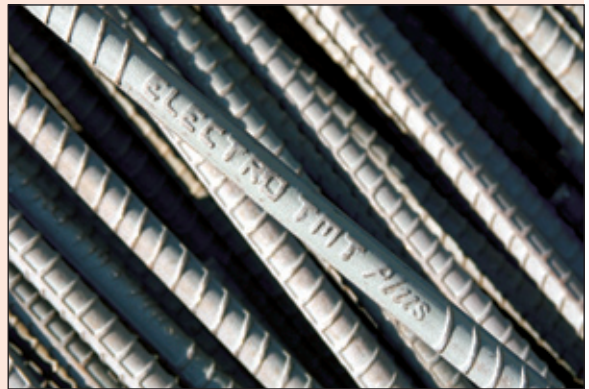
Engineering & Projects

Electrotherm is a trusted name in foundry and steel / alloy steel industry for providing unmatched technological leadership for more than two decades. It caters to Ferrous & Non-Ferrous foundries and metal melting industry by manufacturing Medium Frequency Induction Melting Furnaces, Metal Refining Konverter, Induction Ladle Refining Furnace, Induction Heating & Hardening Equipments, Submerged Arc Furnace & a host of allied products. Its also undertakes turnkey projects in India and abroad.



Steel

Electrotherm has a state of the art steel manufacturing facility for production of high quality stainless steel of various grades for industrials and utensils applications. Electro TMT bars are manufactured at state of the art fully integrated steel plant at Kutch. Electro TMT bars have superior mechanical properties and better chemical composition as compared to cold twisted bars and other TMT bars and become the preferred choice of builders, structural engineers, architectures requiring quality steel.



Ductile Iron Pipe

Electrotherm has introduced range of Ductile Iron pipes as a result of its constant endeavour towards ensuring better quality of life. DI pipes developed by Electrotherm provide the excellent means of transporting water keeping its quality intact.



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25TH ANNUAL GENERAL MEETING

25th Annual General Meeting of the members of the Company will be held on Friday, the 30th September, 2011 at 11.00 A.M. at S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015,



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Mukesh Bhandari
Mr. Shailesh Bhandari
Mr. Avinash Bhandari
Mr. Narendra Dalal
Mr. Nilesh Desai
Mr. Madhusudan Somani
Mr. Ram Singh
Mr. Pradeep Krishna Prasad
Mr. Ravikumar Trehan
Dr. Sudhir Kapur
Mr. Parth Gandhi
Mr. Ashokkumar Lahiri

Chairman & CTO
Managing Director
Joint Managing Director & CEO
Whole Time Director

Nominee Director(up to 12.08.2011)
(up to 04.02.2011)

CHIEF FINANCIAL OFFICER

Mr. Dilipsingh Lodha (w.e.f. 04.02.2011)

COMPANY SECRETARY

Mr. Jigar Shah

STATUTORY AUDITORS

Mehta Lodha & Co.
Chartered Accountants, Ahmedabad

COST AUDITORS

V.H. Savaliya & Co.
Cost Accountants, Ahmedabad

INTERNAL AUDITOR

RSM Astute Consulting Pvt. Ltd.
Mumbai

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,
Taluka : Kalol, Dist : Gandhinagar –382115

Special Steel, DI Pipe and Electric Vehicle Division

Survey No. 325, Village : Samakhiyali,
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, Gujarat.

CHAIRMAN'S MESSAGE



Dear Shareholders,

The fiscal year 2010–11 was a journey of recovery from the global meltdown, consolidation and development of path breaking new products. The global economic climate posed several challenges, but we made the best use of our resources and abilities to grow. Our world class manufacturing & project implementation standards helped our clients build their own enterprises of tomorrow.

The global steel giants from across the world have shown interest in the Indian steel industry in the recent past. Both China and India's domestic steel demand not only survived the economic slowdown, but actually grew at a remarkable rate. China accounted for 45% of steel production in 2010 and India was recently confirmed as the world's fourth largest steel producer. The crude steel production in India registered a year-on-year growth of 6.4% in 2010 and reached 66.8 Million Metric Tons.

In India, the secondary producers of steel are currently playing an important role in production and growth of steel industry. In the annual report for FY 2010-11, the Indian Ministry of Steel recognized the contribution of several relatively smaller and medium scale units such as Sponge Iron Plants, Mini Blast Furnace units, Electric Arc Furnaces, Induction Furnaces, which not only play an important role in production of secondary steel, but also contribute substantial value addition in terms of quality, innovation and cost effectiveness.

Perhaps the greatest challenge facing the steel producers is a sharp increase in the cost of iron ore, coal and oil that have not yet been matched by price increases for customers. These have created pressures on the viability of the steel industry and consequently the competitiveness of the user industries.

In spite of an extremely volatile raw material market, cost escalations and non-availability of key raw materials, the company has achieved a 15% growth in sales to clock a turnover of ₹ 2311 Crores.

Engineering & Projects Division

With the introduction of larger capacity Induction Melting Furnaces (IMF), the total installed capacity for Steel production through induction route has steadily increased in India over the years. World's largest 40 ton IMF for billet making introduced sometime back is gaining popularity with the mini steel plants in India and is helping customers produce steel at lower cost. This is also helping them build plants of capacity of 0.3 – 0.6 MTPA through the induction route.

The price realisations of products like Billets and TMT bars in export markets that we service (Turkey, Middle East, Iran, Africa, Pakistan and Bangladesh) have gone up considerably in comparison to the financial year 2008–09, making the billet production through Induction Furnace route viable again. We are seeing an increased number of enquiries for setting up turnkey steel projects over the last 6 months from such markets. Therefore, we expect our export sales to go up significantly in the year 2011–12 as against 2009-10 and 2010-11 helping us to not only increase our sales for the E & P division but also improve our realisations/ margins.

The company has spent substantial amount of resources in design and development of Continuous Casting Machine (CCM) for billets suitable for small induction based steel plants. This, we believe, will be a highly successful product because the small steel manufacturers using induction route want to migrate from ingot making to billet making. We have a large captive base of existing customers who can use this product. Over the next 5 years, we expect to sell large numbers of CCMs and help our customers improve their productivity, yield and price realisations.

Along with the growth of the auto industry in India, the foundry sector is also booming. Over the next 5 years as India aims to gain a dominant position in the auto ancillary market, we see a large market for our foundry furnaces.

Induction heating and hardening is another area which is growing along with the auto sector. The forging industries are also switching from conventional fuel fired furnace to induction heating furnace due to increasing cost of oil, pollution related issues and low productivity. We are therefore, seeing a good growth in the sales of our Induction heating & hardening equipment.

We have been working on a new steel making technology along with a scientist Mr. Louis J. Fourie from South Africa for the past 10 years. This technology has the potential to dramatically reduce the cost of steel production through the use of inferior grade raw materials. The Ministry of Steel and the Department of Science & Technology have recognized our continuous efforts to bring this concept to a pilot stage and have sanctioned & released amount of ₹ 6.55 crores from their Steel Development Fund (SDF). We appreciate the contribution from Ministry of Steel and the Department of Science & Technology which will help us to take this concept to the next stage of development.

The transformer manufacturing started in the year 2009 – 10 has shown good progress. The company increased its market share in the furnace transformer sector and clocked sales of more than ₹ 20 crores. In the coming years, the company plans to widen its focus to cater to non-furnace segments and grow this business manifold.

**CHAIRMAN'S MESSAGE****Steel Division**

The biggest challenge the company faced during the last financial year was the non-availability of iron ore from the Hospet/ Bellary area forcing the company to source this critical raw material either from east or through imports thereby increasing the cost substantially. The problem still continues and will continue to effect the operations till the Karnataka Government and the Central Government together resolve this serious issue facing the steel industry.

Domestic DI pipe demand grew steadily at the rate of 12% over the last five years and the total manufacturing capacity in India stood at about 1.2 MMT by the end of the year 2010-11. The Company has retained its position as the third largest manufacturer of DI Pipe (by actual production), and is augmenting its capacity further. The company has commissioned its 128 m³ Blast Furnace and new facility for DI Pipe production of higher diameter up to 1200 mm. The Company also got BIS approval for higher sizes of DI Pipes up to 1200 mm. The marketing and distribution network for DI pipes has been expanded by opening offices across 14 states in the country and experienced people have been leading the marketing function across the network.

With the approval from Power Grid Corporation, the company has established credibility in the market and is poised to increase the production of angles for Transmission Line Tower (TLT) applications. The Company has also received BIS approval for its MS Billets which has improved its realization in the Gujarat market.

"Electro TMT Plus" bars have emerged as the premium brand in rebar segment in Gujarat. With the kicking in of full Hans Ispat capacity, "Electro TMT Plus" bars has become the largest selling TMT brand in Gujarat. With a strong brand image, the price realizations are steadily improving and the product has been approved for supply to various large Government and private projects. The new variants of TMT introduced by the company like CRS (Corrosion Resistant Steel) and EQR (Earth Quake Resistant) are gaining acceptability in the market and the volumes are slowly increasing resulting into higher realisations per ton.

With the commissioning of ladle refining furnace and induction refining furnace, the company will focus more on production of value added products like stainless steel and forging grade low alloy steel.

The Company renewed the appointment of ECS (Eicher Consultancy Services, subsidiary of Price Waterhouse Coopers) to help it with productivity and EBITDA improvements through FY 2010-11. Several process improvements have been made in SMS, TMT Mill and Structural Mill to improve the productivity and optimize cost.

Electric Vehicle Division

Electric 2 wheeler market has seen an upward trend in India in the recent past on account of subsidy from the Central Government, petrol price hike and improved performance of our products due to various R & D efforts.

We hope to take the maximum advantage of the above situations because of being the longest standing brand in the market, our reputation of being the EV technology leader and a vast dealer network across India. We expect more than 50% growth in our revenues in the coming financial year and an exponential growth from there on.

We are improving our key internal operations to ensure a consistent and positive experience for our customers, partners, suppliers and employees.

As a Group we remain committed to corporate and social responsibility. In all of our actions we strive to ensure that all economic, environmental and social aspects are considered. We believe that this approach, driven by our principles of respect, trust and integrity, makes us more responsible and informed as a company.

I wish to record my appreciation to all for their contribution towards the growth of the company and look forward to take on new challenges and scale new heights of achievement in future.

Mukesh Bhandari
Chairman & Chief Technology Officer



NOTICE

NOTICE is hereby given that the **25th Annual General Meeting** of Members of **Electrotherm (India) Limited** will be held on Friday, the 30th September, 2011 at 11.00 a.m. at S-5, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, Ahmedabad to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date together with schedules annexed thereto as well as the Directors' and Auditors' Reports attached therewith.
2. To appoint a Director in place of Mr. Shailesh Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Avinash Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Sudhir Kapur, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**By Order of the Board
for, Electrotherm (India) Limited**

Place : Ahmedabad
Date : 12th August, 2011

Jigar Shah
Company Secretary

Registered Office :

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

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE COMMENCEMENT OF THE MEETING.**
2. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing such representative(s) to attend and vote on their behalf at the Meeting.
3. In terms of the provisions of the Article of Association of the Company, Mr. Shailesh Bhandari, Mr. Avinash Bhandari and Dr. Sudhir Kapur, Directors, are liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement, a brief profile of the said Directors seeking re-appointment at the meeting forms part of this annual report. The board of directors of your Company commends their re-appointment.
4. The register of members and share transfer books of the Company will remain closed from 26th September, 2011 to 30th September, 2011 (Both days inclusive).
5. Members holding shares in the physical form are requested to notify the change of address, if any, to the Company's Registrar and Share Transfer Agent, LINK INTIME INDIA PRIVATE LIMITED (Formerly known as INTIME SPECTRUM REGISTRY LIMITED) at 211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad – 380 009 or to their respective depository participants if the shares are held in demat form.
6. Members who holds shares in physical form, under multiple folios, in identical names or joint accounts in the same order of names, are requested to send the share certificates to Registrar and Share Transfer Agent, LINK INTIME INDIA PRIVATE LIMITED (Formerly known as INTIME SPECTRUM REGISTRY LIMITED) at 211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad – 380 009
7. Those members who have not encashed their dividend warrants pertaining to the following years are requested to approach the Company for the payment thereof as the same will stand transferred to the Investor Education and Protection Fund (IEPF), pursuant to section 205A(5) of the Companies Act, 1956, on respective due dates mentioned hereunder. Kindly note that after such date, the members will lose their right to claim such dividend.


NOTICE

Financial Year	Rate (Amt per Share)	Date of Declaration	Due for Transfer on
2004 – 2005	15% (₹ 1.50)	30/09/2005	06/11/2012
2005 – 2006	20% (₹ 2.00)	29/09/2006	05/11/2013
2006 – 2007	20%(₹ 2.00)	25/06/2007	01/08/2014
2007 – 2008	25%(₹ 2.50)	20/06/2008	27/07/2015
2008 – 2009	25% (₹ 2.50)	15/09/2009	21/10/2016
2009 - 2010	25% (₹ 2.50)	24/09/2010	30/10/2017

8. In terms of Circular No. MRD/DoP/Cir-05/2009 dated 20th May, 2009 issued by the Securities and Exchange Board of India (SEBI), it shall be mandatory for the transferee of the physical shares to furnish copy of PAN card to the Company / RTA for registration of transfer of shares. Shareholders are requested to furnish copy of PAN card at the time of transferring their physical shares.
9. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form will be supplied on request of the shareholder.

REQUEST TO THE MEMBERS :

1. Members / Proxies should bring the Attendance Slip sent herewith duly filed in for attending the Meeting.
2. A Member desirous of getting any information on the accounts or operations of the Company during the year is requested to forward his / her queries to the Company at least 10 days prior to the meeting so that the required information can be made available at the Meeting.
3. Members are requested to bring their copy of the Annual Report to the Meeting.
4. **The Ministry of Corporate Affairs (“MCA”), Government of India, through its Circular No.17/2011 dated 21st April, 2011 and Circular No.18/2011 dated 29th April, 2011 has allowed Companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors’ Report and Auditors’ Report etc. through electronic mode to the Registered e-mail address of the members. Keeping in view of the underlying theme and circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.**

Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to provide their details (Name, Folio. No., E-mail Id) on the Company’s e-mail address : investor@electrotherm.com. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

5. **A Members who desirous of getting any information for subsidiary company’s Accounts it shall be available for inspection at the Registered office of the Company during the Business hours of the Company.**

By Order of the Board
for, Electrotherm (India) Limited

Jigar Shah
Company Secretary

Place : Ahmedabad
Date : 12th August, 2011

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


INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING APPOINTMENT OR RE-APPOINTMENT OF A DIRECTOR

Name	Mr. Shailesh Bhandari	Mr. Avinash Bhandari	Dr. Sudhir Kapur
Age	53 Years	46 Years	64 years
Date of Appointment	26/08/1989	08/10/2003	13/04/2009
Qualification	B.Sc.(Economics)	B.E. (Electronics),M.S. (U.S.A.), M.B.A. (Finance)(U.S.A.)	B.Tech., M.S., PhD.
Expertise in functional areas	He has having more than 28 years experience and has immensely contributed in designing and developing metallurgical equipment as an import substitute. He closely supervises the marketing and financial activities in the Company.	He has having 20 years experience in stainless steel manufacturing plant.	He has more than 36 years of experience in the matters of Management and Industry.
Directorship held in other Public Limited Companies	<ol style="list-style-type: none"> 1. Ahmedabad Aviation & Aeronautics Limited 2. Bhaskarpara Coal Company Limited 3. Indus Coils & Plates Limited 4. Electrotherm Engineering & Projects Limited 5. E-motion Power Limited 6. Gujarat Mint Alloys Limited 7. Inspira Solar Energy Limited 8. Magnum Limited 9. Western India Speciality Hospital Limited 10. GSY Eurofibers Limited 11. Hans Ispat Limited 12. Shree Hans Papers Limited 13. Firefly Energy Limited 14. Shree Ram electro Cast Pvt. Limited (A wholly owned Subsidiary of Electrotherm India Limited) 	<ol style="list-style-type: none"> 1. Mangalam Information Technologies Limited 2. ET Elec-Trans Limited 3. Indus Coils & Plates Limited 4. Hans Ispat Limited 5. Shree Hans Papers Limited 6. Electrotherm Energy Holdings Limited 7. Electrotherm Immodo Renewables Limited 8. Shree Ram electro Cast Pvt. Limited (A Wholly owned Subsidiary of Electrotherm India Limited) 	Nil
Memberships / Chairmanships of Committees	Audit Committee : <ol style="list-style-type: none"> 1. Hans Ispat Limited - Chairman 2. Western India Speciality Hospital Limited - Chairman 3. Magnum Limited – Member 4. Bhaskarpara Coal Co. Limited – Member 5. Shree Ram Electro Cast Pvt. Limited – Member 	Audit Committee : <ol style="list-style-type: none"> 1. Shree Ram Electro Cast Pvt. Limited - Chairman 2. Hans Ispat Limited – Member 	Nil
No. of Shares held in the Company	8,48,275	Nil	Nil

DIRECTORS' REPORT

To,

The Members

Your Directors have pleasure in presenting the 25th Annual Report on the business and operations of your Company and Audited Financial Statements for the financial year ended on 31st March, 2011.

FINANCIAL RESULTS:

(₹ In Millions)

Particulars	2010-2011	2009-2010
Sales and other Income	23114.23	20168.35
Profit before Interest, Depreciation & Tax	3412.19	2859.15
Interest & Financial Charges	1924.82	1332.52
Depreciation	1077.76	723.76
Profit before Tax	409.61	802.87
Provision for Tax	76.14	136.45
Profit after Tax (Before Deferred Tax)	333.47	666.42
Provision for Deferred Tax	50.63	120.39
Profit after Deferred Tax	282.84	546.03
Prior period adjustment	5.41	(8.06)
Profit after prior period adjustment	288.25	537.97
Surplus brought forward	1494.03	1198.05
Balance	1782.28	1736.02
(a) Proposed Dividend on Equity Shares	0.00	28.69
(b) Proposed Dividend on Preference Shares	0.00	7.20
(c) Tax on Dividend	0.00	6.10
(d) Transfer to General Reserves	200.00	200.00
Balance Carried forward	1582.28	1494.03

DIVIDEND

In Order to conserve the financial resources, the Board of Directors of the Company do not recommended any Dividend on Equity Share and on Preference Share for the financial year 2010-11.

OPERATIONS

During the year, your Company has achieved a turnover of ₹ 22968.93 Millions representing an increase of 14.69% over the previous year turnover of ₹ 20027.53 Millions. The Net Profit for the year is ₹ 288.25 Millions as against ₹ 537.97 Millions of the previous year.

EXPORTS

During the year, the Company has achieved Export Turnover of ₹ 611.48 Millions as against ₹ 534.53 Millions. Our Exports are mainly from Engineering & Projects Division. It was marginally increase compared to previous year.