

# BUILT TO LAST



## Forward looking statements

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe that we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

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# CORPORATE INFORMATION

## Board of Directors

### Executive Chairman

Dr B Panda

### Vice Chairman

Mr Baijayant Panda

### Managing Director

Mr Subhrakant Panda

### Director (Corporate)

Mr J K Misra

### Directors

Mrs Paramita Mahapatra

Mr G L Tandon, Padma Bhushan

Mr D Bandyopadhyay

Major R N Misra (Retd.)

Mr H Biswas (Nominee Director of IDBI)

Dr S Acharya

Mr N R Mohanty, Padma Shri

Mr Alexius Markus Amrein

Mr S P Mathur

General Shankar Roychowdhury (Retd.)

## Executive Vice President (Finance) & Company Secretary

Mr Prem Khandelwal

## Auditors

M/s Raghu Nath Rai & Co.

*Chartered Accountants*

New Delhi

## Bankers/Term Lenders

IDBI Bank Ltd

Power Finance Corporation Ltd

PTC India Financial Services Ltd

State Bank of India

Indian Overseas Bank

Standard Chartered Bank

ICICI Bank Ltd

DBS Bank Ltd

## Registered Office

Bomikhal, P.O. Rasulgarh

Bhubaneswar - 751010, Odisha

## Plants

Therubali, Dist: Rayagada, Odisha

Choudwar, Dist: Cuttack, Odisha

## Mines

Sukinda, Dist: Jajpur, Odisha

Mahagiri, Dist: Jajpur, Odisha

Chingudipal, Dist: Jajpur, Odisha

Nuasahi, Dist: Keonjhar, Odisha

Bangur, Dist: Keonjhar, Odisha

## Registration & Share Transfer Work

Members are requested to correspond directly with  
Company Secretary at the Registered Office of the Company  
e-mail: investor-relation@imfa.in

# CHAIRMAN'S OVERVIEW

IT SEEMS JUST YESTERDAY THAT ILA AND I RETURNED TO INDIA AND STARTED ON OUR AMBITIOUS JOURNEY. FROM MODEST BEGINNINGS IN A REMOTE CORNER OF ODISHA TO WHERE IMFA HAS REACHED TODAY IS AN INCREDIBLE JOURNEY AND ONE, WHICH FILLS ME WITH PRIDE. TO SEE SO MANY PEOPLE SHARE AND WORK TOWARDS FULFILLING A DREAM THAT WE HAD GIVES ME A SENSE OF SATISFACTION.

Fifty years in business is a significant milestone and one that represents strength & stability that few organisations achieve. Of course, much has changed since 1961 when the Company was incorporated. The Indian economy has transformed drastically and so too has IMFA from a single furnace to being the largest, fully integrated producer of ferro alloys with its own chrome ore, captive power and soon a captive coal block. Our zeal to raise the bar in terms of performance and our core value of empowering people has remained undiminished, in a way bearing testament to why we continue to thrive even after half a century.

There were plenty of odds along the way – not least the vicissitudes of a cyclical industry. We adopted a patient approach to identify, assess and build key capabilities so as to overcome all challenges. Our timely investments in capacity expansion and backward integration have enabled us to be a reliable business partner and capitalise on the opportunities presented by the rapid growth in first China and now India. Today, we are a Rs 1200 crore Company poised to grow at a faster pace in the coming years.

Over the years we have built a robust business model and developed our presence in key verticals enabling us to emerge as one of the lowest cost producers of ferro chrome in the world. Our ability to identify and pre-empt challenges have not only enabled us to grow during upturns but also steady the ship during tough times. Our investments in capacities, ownership & management of resources and state-of-the-art plants have enabled us to prove our mettle at a global level. Going forward, our investments in power and coal will result in de-risking our business from cyclicity and further strengthen our value proposition in terms of reliability and cost.

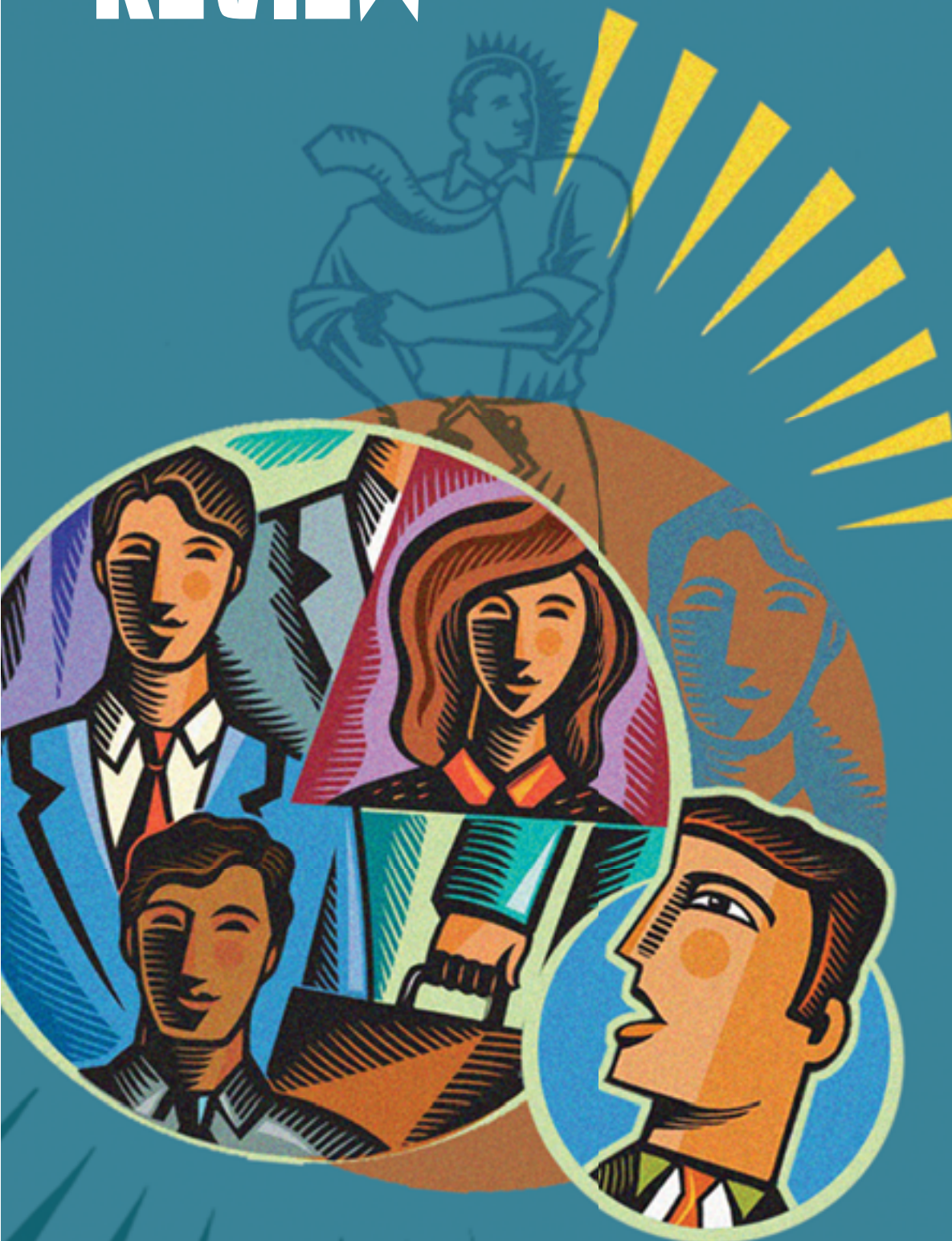
As we celebrate our Golden Jubilee, I would like to take this opportunity to thank all our stakeholders – our employees who have been instrumental in building the organisation, communities who have trusted us, State and Central Governments over the years who have supported us, customers who have believed in us, suppliers who have enabled us to perform, lenders who have funded our growth plans and, not least, investors who have stood by us – without whom a dream would not have turned into reality. I am confident that we will build, nurture and expand IMFA with your continued support.



**Dr Bansidhar Panda**  
*Executive Chairman*



# MANAGING DIRECTOR'S REVIEW



**Subhrakant Panda**  
*Managing Director*

A GREAT DISTANCE HAS BEEN TRAVERSED IN THE 50 YEARS SINCE THE COMPANY WAS INCORPORATED AND TODAY WE ARE THE LARGEST, FULLY INTEGRATED PRODUCER OF FERRO ALLOYS IN INDIA WITH A REPUTATION GLOBALLY FOR QUALITY AND CUSTOMER SERVICE. WHILE TAKING GREAT PRIDE IN ALL THAT HAS BEEN ACHIEVED OVER THE PAST FIVE DECADES, THE MOOD IS ALSO SOMEWHAT SOMBER AS THE YEAR UNDER REVIEW PROVED TO BE A DIFFICULT ONE WITH GLOBAL MACROECONOMIC UNCERTAINTIES AGAIN SURFACING. INDIA & CHINA – HITHERTO THE GROWTH ENGINES OF THE NEW WORLD ORDER PARTICULARLY AFTER THE 2008 CRISIS – FALTERED SOMEWHAT EVEN AS THE UNITED STATES MADE A TENTATIVE RETURN TO GROWTH AND THE EURO ZONE DEBT CRISIS WORSENER; AS A RESULT, THE FERRO ALLOYS INDUSTRY REMAINED SUBDUED.

However, for a Company, which has successfully charted its way through a host of challenges, adversity always represents opportunity. In a challenging environment of high interest rates and lower realisations for ferro chrome, we focused on squeezing out maximum efficiency from our operations. I am happy to report that on top of the inherent strength in our business model the steps we took have limited the downside to a large extent.

We successfully commissioned the 30 MW dual fuel power plant and already the impact of utilising flue gas is being felt. Captive power generation capacity which now stands at 138 MW will further increase when the 120 MW unit under construction goes on-stream around September 2012; while in the short term there will be some surplus which will be supplied to the grid, we have started the evaluation process to add further smelting capacity. More importantly, the captive coal block being developed by Utkal Coal Ltd (an SPV in which IMFA has a 74% stake) is expected to be operational before the end of the calendar year and assured fuel supply coupled with lower costs will provide a significant boost to our performance going ahead. Finally, with the acquisition of a 70% stake in a coal concession in Indonesia through a step-down subsidiary incorporated in Singapore we have now acquired a global footprint.



During FY12 we looked to expand our customer base while strengthening existing relationships. In this context, we actively pursued a strategy to increase our exposure to China even as we sealed a joint venture agreement with POSCO. Our strategy to seek stability through long term contracts with POSCO and Nisshin Steel has yielded rich dividends while, at the same time, we have set aside tonnage for spot sales so as to benefit from any short term increase in prices. The mix provides us ample room to capitalise on our relationships while retaining the agility required to benefit from market opportunities.

The ferro chrome industry is evolving in that China has challenged conventional wisdom by establishing significant smelting capacity without having any ore reserves. While the power crisis in South Africa has boosted the trend of ore exports, which first gained momentum with the advent of UG2, we strongly believe that our fully integrated business model will help us deliver superior results as compared to both Chinese producers as well as our peers in India. Going ahead, we are also ideally positioned to cater to increased domestic demand for ferro chrome as stainless steel production in India picks up.

Finally, after a comprehensive exercise to gauge the aspirations of the people who make up a Company with 50 years of history behind it and ambitious plans for the future, we have launched a new visual identity powered by the concept of “Ambition and Diligence”. I can assure you that the outcome of this exercise is neither mere semantics nor just a new logo but represents the desire to be leaders in the businesses in which we operate while doing so in a responsible and sustainable manner.

I would like to take this opportunity to thank all our stakeholders and assure you of our best efforts to be worthy of your support.

Thank you,



Our strategy to seek stability through long term contracts with POSCO and Nisshin Steel has yielded rich dividends while, at the same time, we have set aside tonnage for spot sales so as to benefit from any short term increase in prices.





# UNVEILING OUR NEW IDENTITY



THE BRAND IDEA OF “AMBITION AND DILIGENCE” HAS EVOLVED FROM THE MANAGEMENT’S VISION TO:

**GROW** the business in terms of scale, scope and geography

**BUILD** an organisation that is admired for its talent

**INFLUENCE** by way of being the leader in our chosen businesses

Ambition seeks to tilt the balance towards empowerment and a performance culture while the countervailing value of Diligence speaks of the stable, sure steps in which we would like to progress towards growth.

# MANAGEMENT DISCUSSION & ANALYSIS



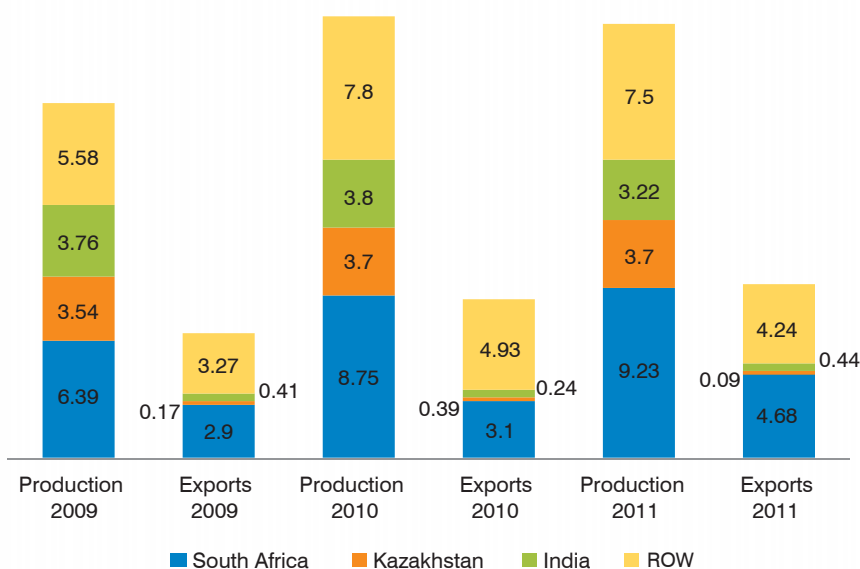
## A Industry Structure and Developments

Ferro Chrome is a value added intermediate product which imparts the non-corrosive property to stainless steel. As such, the stupendous growth of stainless steel output – particularly in China which has surpassed the output levels achieved prior to the economic crisis of 2008 whereas North America, Europe & Japan have barely come back to those levels – has contributed to a sustained demand for ferro chrome.

### Chrome Ore

South Africa has the world's largest deposits of chrome ore and is the leading producer of the mineral followed by Kazakhstan and India; while China does not have any chrome ore reserves, its smelting capacity is sustained by imports. South Africa is the largest exporter of chrome ore particularly as it grapples with a shortfall in electricity due to which even integrated producers now look to ore exports as a source of revenue.

**Chrome Ore Output & Exports to China (mn tonnes)**



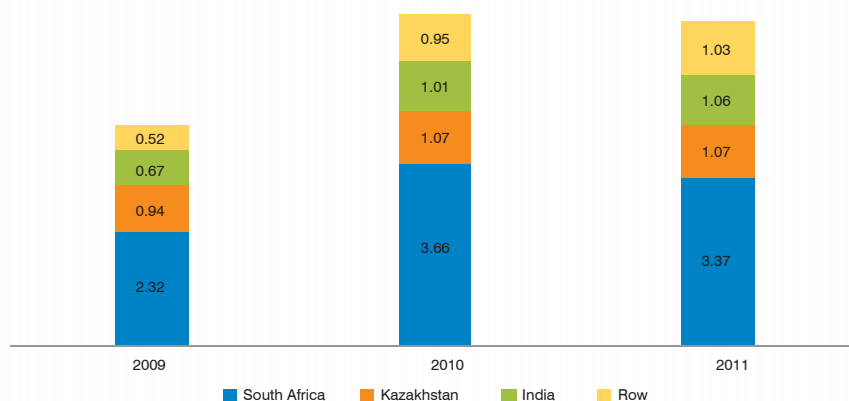
Source : ICDA

As a result of booming demand, chrome ore prices rose steadily until mid-2011 but the pressure on commodities in general and the advent of UG2 ore of South African origin in particular have resulted in prices cooling off during the year under review.

### Ferro Chrome

The price of ferro chrome corrected during the year under review due to a slowdown in China combined with the effects of the European debt crisis. In fact, the second half of FY12 saw prices go down to the low 90's (cents per pound of chrome content) before cost pressures saw the erosion being contained and a slight revival taking place. Whereas the medium to long term outlook for ferro chrome is encouraging, macroeconomic uncertainties and generally anaemic growth is likely to put pressure in the short term.

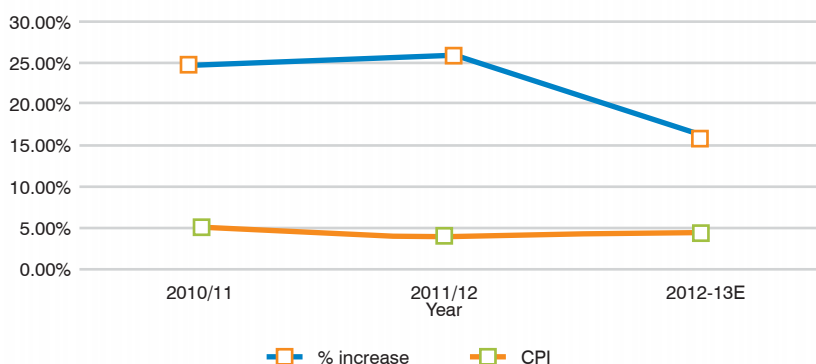
### Ferro Chrome Production (mn tonnes)



Source : ICDA

South Africa has a crucial role to play in the ferro chrome industry by virtue of its huge deposits of chrome ore and an established smelting industry. However, that has been challenged in recent times due to an electricity crisis, one of the results of which has been a significant increase in power tariffs over the last 4 years. As a result, South Africa's share of the total ferro chrome production worldwide now stands at approximately 40%.

### Price Increase in Electricity Tariffs

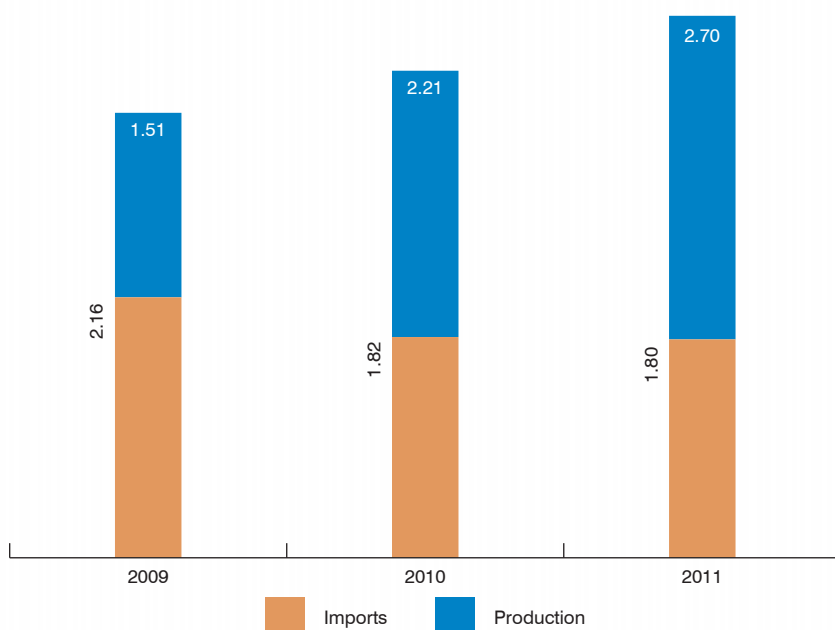


(Source Eskom & KPMG)



Eskom, the State owned power utility, has initiated a 'buyback' programme whereby almost half a million tonnes of smelting capacity has been taken off-line by various South African producers. Though this is initially until the end of May 2012, the advent of winter tariffs is likely to result in that capacity not coming back into production immediately thereafter. However, the spectre of unbridled exports of ore – particularly UG2 – means that South Africa will continue to have a significant impact on the industry by helping sustain smelters in China where ferro chrome output is expected to cross 3 million tonnes. Interestingly, Chinese ferro chrome producers are thought to be in the upper quartile as regards costs and this does provide a 'floor' to prices.

#### Ferro Chrome in China (mn tonnes)



Source : ICDA

#### Indian Overview

The ferro chrome industry in India comprises of fully integrated producers such as your Company with access to own chrome ore and captive power, partially integrated producers with access to either chrome ore or captive power, and non-integrated producers which operate on bought out chrome ore & electricity or operate on conversion contracts.

Production of ferro chrome in India, barring the aberration of 2009, is now around the 1 million tonnes per annum mark with around half of it being exported mainly to China, South Korea, Taiwan and Japan. However, increase in stainless steel production going ahead will result in a reorientation towards more domestic sales. In this context, it is worth noting that India's per capita stainless steel consumption of a little more than 2kg means that the growth potential is significant particularly as attention is paid to augmenting infrastructure. This will also reduce the present focus on the production of lower grade 200 series. However, GDP growth of less than 7% has come as a dampener.

Cost pressure has been a factor to contend with amongst Indian producers as well with the steep rise in thermal coal prices (which has a cascading effect on the cost of generating electricity) and the high price of reductants used in smelting being of particular concern.

### **B Opportunities and Threats**

Your Company is on a very strong footing on account of its access to own chrome ore, captive power and, soon, captive coal. The business model of relying largely on long term contracts has also proven to be reliable and, of course, the relationship with POSCO has been elevated to the next level with the establishment of a joint venture. However, short term cyclicity of the ferro chrome industry along with reliance on a single customer does pose a threat about which your Company is conscious and will mitigate by developing other relationships. In this context, the long term contract with Nisshin Steel was a noteworthy breakthrough and over the last 2-3 years direct sales in China and Taiwan have also gone up significantly.

Producers of stainless steel have been under pressure as can be best highlighted by both Arcelor Mittal and ThyssenKrupp spinning off their stainless steel divisions with a likely plan to divest it at a later stage. Thus, potential capacity rationalisation in the stainless steel industry arising out of consolidation coupled with slower growth in China will at least dampen sentiments if not margins as far as ferro chrome producers are concerned.

Lower cost of generation in the 30 MW dual fuel power plant arising out of the commissioning of the off-gas system will result in a substantial benefit and a short term surplus of approximately 60 MW from the soon to be commissioned 120 MW Captive Power Plant will provide an alternate source of revenue although plans are already afoot to enhance smelting capacity. In this context, price of electricity and availability of 'open access' are important factors.

Finally, your Company is eagerly looking forward to the start of operations at the captive coal block being developed by Utkal Coal Ltd (an SPV where your Company has a 74% stake) as it will lead to greater reliability of supplies along with potentially significant cost reduction going ahead. In a similar vein, a small but important step has also been taken by way of acquiring a 70% stake in a coal concession in Indonesia (through a step-down subsidiary incorporated in Singapore) which will enable your Company to leverage its experience in a new geography.

## C Segment-wise or Product-wise Performance

The operations of your Company are broadly categorised under Ferro Alloys, Mining and Power and segment-wise performance is as under :

### i) Ferro Alloys (Ferro Chrome)

Sl No	Particulars	2011-12	2010-11
1	Production (tonnes)	1,96,160	1,79,850
2	Sales (tonnes)	1,97,245	1,80,081
3	Revenue (Rs in crore)	1164.93	1037.00

### ii) Power

Sl No	Particulars	2011-12	2010-11
1	Generation (in million units)	777	774
2	Sales (in million units)	3.39	47
3	Revenue (Rs in crore)	0.8	15

### iii) Mining (Chrome Ore)

Sl No	Particulars	2011-12	2010-11
1	Production (tonnes)	4,89,667	4,27,973

## D Outlook

While short term concerns do affect every industry, your Company's strong fundamentals along with sustained growth in stainless steel consumption provides a secure medium to long term outlook. While perhaps the time has come to accept single digit GDP growth in China, one must not forget that the absolute impact is at least as much if not more than when it was growing at a faster pace. Of course, India's economic potential is yet to be realised to its fullest extent and that provides a lot of scope for growth going ahead; in particular, infrastructure augmentation and achieving GDP growth of 8-9% are interlinked.

## E Risks and Concerns

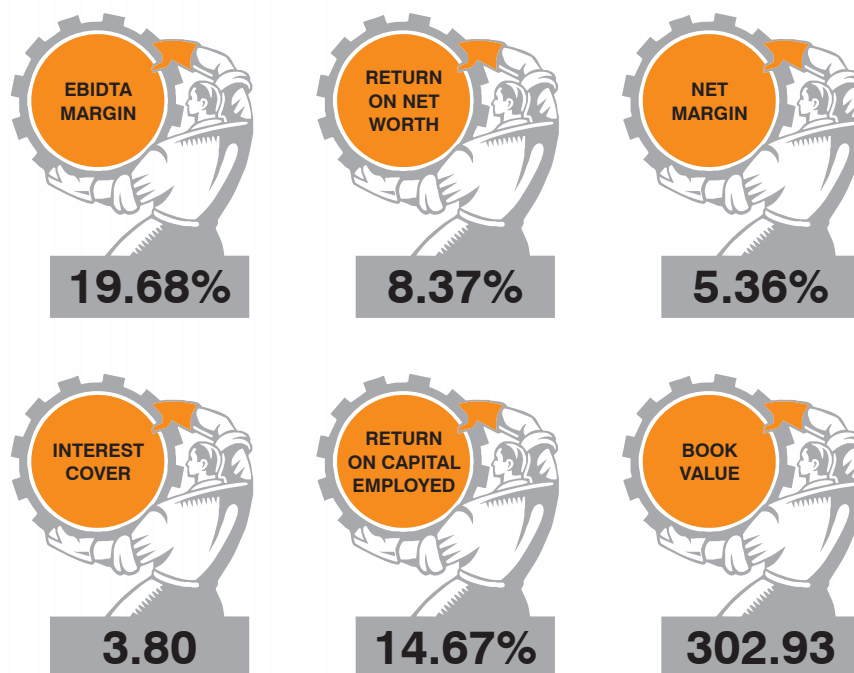
The major risk as far as the ferro chrome industry is concerned is a prolonged slowdown in economic growth which will, in turn, affect the demand for commodities. From an operations points of view, sourcing of reductants is a problem which doesn't have a ready solution. The fluctuation in exchange rates (INR vs USD) poses a special challenge which your Company has tried to mitigate through judicious hedging besides, of course, a natural hedge arising out of significant export earnings. Hence, barring unforeseen circumstances, your Company is confident that its business model is quite robust and the experience garnered over 5 decades will enable it to confidently face any challenges.

**F Internal Control Systems and their Adequacy**

Your Company has an adequate system of internal controls to safeguard and protect from loss or unauthorised use of its assets. All transactions are properly authorised, recorded and reported besides adhering to Accounting Standards for properly maintaining books of accounts and reporting financial statements. Your Company has an Internal Audit department and has also appointed outside Internal Auditors to review various areas of the operations with the reports thus generated reviewed periodically by the Management and the Audit Committee of the Board.

**G Discussion on Financial Performance with respect to Operational Performance**
**Financial review**

	(Rs in Crores)	
	2011-12	2010-11
Revenue from Operations	1192.54	1068.04
EBIDTA	234.67	349.61
Profit after tax	63.93	165.44
Cash profit	119.11	207.29
EPS (Rs)	24.61	62.85
Cash EPS(Rs)	45.85	78.74
Dividend (Rs)	5	10
Net Worth	786.91	741.42
Capital employed	1349.30	1097.88
Fixed assets ( including CWIP)	1110.75	745.24
Net current assets	111.21	191.94

**Performance Indicators**

**Revenue**

During the year under review, your Company's revenue from operations increased by 12% to Rs 1192.54 crores derived mainly from exports. However, given the expected increase in production of stainless steel in India, the proportion of domestic sales is likely to increase significantly in the near future.



### Exports

The Company derived 83% of its total sales from exports and during the year under review foreign currency earnings in rupee terms increased by 5.51% to Rs 939.70 crores.

### Expenditure

EXPENSES (as % of total expenses)	2011-12	2010-11
Manufacturing & other expenses	70	67
Employee Cost	8	11
Administrative and selling expenses	9	10

EXPENSES (as % of total income)	2011-12	2010-11
Manufacturing & other expenses	64	51
Employee Cost	8	8
Administrative and selling expenses	8	8

### Share Capital and Reserves

The Company's Share Capital comprised of 2,59,77,053 equity shares with face value of Rs 10/- each amounting to Rs 25.98 crores. As on 31st March 2012, the Company's reserves amounted to Rs 760.93 crores which was an increase of 6.41% from the previous year. The Company's reserves comprised a mix of share premium reserve, general reserve and profit & loss account. Free reserves accounted for 83% of the total reserves indicating an aggressive plough back of profits into the business and the book value per share stood at Rs 302.93 at the end of 2011-12.

### Loan Profile and Funding Cost

The total debt on the Company's books increased by 56.88% to Rs 822.71 crores as on 31st March 2012 (previous year : Rs 524.41 crores) due to drawdown for various projects which are nearing completion. Working capital loans accounted for 18% of secured loans and nearly 91% of the Company's loans were Rupee denominated and the rest in US Dollars.

### Capital work in progress (CWIP)

The Company's CWIP as on 31st March 2012 stood at Rs 602.56 crores representing an increase of 76.54% (previous year : Rs 341.30 crores) on account of various expansion activities undertaken by the Company.

### Gross Block

The Gross Block on the Company as on 31st March 2012 stood at Rs 857.89 crores as compared to Rs 700.31 crores at the end of the previous year. The Company's assets are technologically sound and do not require frequent replacement. Further, internal accruals are sufficient to enable a significant investment in gross block if warranted.

## H Human Resources / Industrial Relations

Your Company believes that people are its most significant resource and endeavours to provide an environment which encourages and enabled talented professionals to perform to their fullest potential. Skill gaps, if any, are identified and proper training including specialised & technical training is imparted through internal workshops as well as external agencies. Employee turnover has been remarkably low as a result of forward looking policies and your Company is confident of its ability to retain existing talent besides recruiting new talent. As on 31st March 2012 the number of employees was more than 2000 across 12 locations and industrial relations were cordial during the period under review.



# DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to present the 50th Annual Report together with Audited Statement of Accounts of the Company for the financial year ended 31st March 2012.

## FINANCIAL RESULTS

	(Rs in Crores)	
	2011-12	2010-11
1. Revenue from operations	1192.54	1068.04
2. Other Income	5.66	10.00
Total Revenue	1198.20	1078.04
3. Profit before interest, depreciation and taxation	234.67	349.61
4. Interest	83.20	54.10
5. Depreciation	55.18	41.85
6. Profit before Tax	96.29	253.66
7. Tax including Deferred Tax	32.36	88.22
8. Profit after Tax	63.93	165.44
9. Balance brought forward from previous year	319.05	200.81
10. Amount available for appropriation	382.98	366.25
11. Interim Dividend (including tax on dividend)	Nil	15.35
12. Proposed dividend (including Tax on dividend)	15.10	15.30
13. Transfer to General Reserve	6.40	16.55
14. Balance carried forward	361.48	319.05

Your Company recorded the highest ever revenues of Rs 1192.54 crores (previous year : Rs 1068.04 crores) representing an increase of 12% which is creditable in what was a difficult year. However, due to non-availability of linkage coal, steep hike in the price of coal procured through e-auction / open market purchase and increase in the cost of reductants, the profit before interest, depreciation and taxes declined by 33% to Rs 234.67 crores (previous year : Rs 349.61 crores) while profit after tax declined by 61% to Rs 63.93 crores (previous year : Rs 165.44 crores).

## **DIVIDEND**

Your Board of Directors is pleased to recommend for approval of the members a dividend of 50% (Rs 5/- per share) on the equity shares of the Company for the financial year 2011-12.

## **OPERATIONS**

### **Ferro Alloys**

The production of ferro chrome during the year under review touched an all time high of 196,160 tonnes representing a 9% increase over the 179,850 tonnes produced in the previous year.

### **Electricity**

During the year under review your Company generated 777 million units (mu's) of electricity (previous year : 774 mu's) which translates to a plant load factor of 82.84% on MER basis and sold 3.39 mu's to Gridco at an average rate of Rs 2.35 per unit. Generation remained restricted both on account of difficulty in sourcing coal as well as the low rates offered by Gridco.

### **Mining**

The total quantum of chrome ore raised from your Company's mines for captive use amounted to 489,667 tonnes during the year under review (previous year : 427,973 tonnes) which was an increase of 14%. It is pertinent to note here that your Company has consistently followed in letter and spirit the practice of value addition thus maximising both employment and contribution to the exchequer.

Pursuant to a communication from the District Collector, mining activity at one of the captive chrome ore mines operated by the Company has been kept in abeyance w.e.f 17th February 2012 and all necessary steps are being taken to restart operations as soon as possible.

Keeping in mind the importance of raw material security particularly in view of plans to further expand smelting capacity, your Directors will pursue the allotment of balance 50% area and shall take all necessary steps to protect your Company's interests.

## **LISTING**

The equity shares of your Company are listed on Bombay Stock Exchange Limited (stock code : 533047) and National Stock Exchange of India Ltd (stock symbol : IMFA). The Annual Listing Fee for the year 2012-13 has been paid.

## **AWARDS & RECOGNITIONS**

Your Company has been awarded the prestigious 'Star Performer: Large Enterprise' in the Ferro Alloys product group by EEPC India Eastern Region for its outstanding performance during the year 2009-10 & 2010-11.

## **ENERGY CONSERVATION, ETC.**

The information required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in an annexure hereto forming part of this report.

### **SUBSIDIARY COMPANIES**

Indian Metals & Carbide Ltd, a subsidiary of your Company, has reported a loss of Rs 79.26 lakhs during 2011-12 as against a profit of Rs 0.17 lakh during the previous year. During the year under review, an undertaking comprising of the lease land of 5 acres along with buildings & structures standing thereon besides other materials and assets situated at Mouza: Dhepaguda, Tahsil: Rayagada along with all their respective assets & liabilities have been transferred to the Company on a going concern basis. In view of the loss, the Board of Directors of the said Company have not proposed any dividend.

Utkal Green Energy Limited, a subsidiary of your Company which started its operation during the year under review, has transferred its undertaking comprising of (a) a completed Fly Ash Brick Plant; (b) a Fly Ash Brick Plant under construction; (c) a Light Weight Aggregate Plant under construction together with their respective assets & liabilities on a going concern basis to the Company.

During the year under review your Directors have approved the proposal to wind up its wholly owned subsidiary Indmet (Mauritius) Limited and winding up formalities are being complied with as required under the laws of Mauritius. The final notice of dissolution of the said Company in the Government Gazette is awaited.

Your Company has acquired 70% stake in an Indonesian coal mine Pt Sumber Rahayu Indah through its step-down subsidiary incorporated in Singapore. It is not possible to quantify the total reserves and estimated amount of investment at the moment as detailed assessment is yet to be carried out in this regard.

Utkal Power Ltd, Utkal Coal Ltd, IMFA Alloys Finlease Ltd, Indmet Mining Pte Ltd, Singapore and Pt Sumber Rahayu Indah (SRI), Indonesia, all subsidiaries of your Company, are yet to begin operations.

The statement as required under Section 212 of the Companies Act, 1956 in respect of the subsidiaries of the Company is annexed and forms an integral part of this Report. The consolidated financial statements of the Company and its subsidiary companies, prepared in accordance with Accounting Standard (AS)-21 "Consolidated Financial Statements" prescribed by the Institute of Chartered Accountants of India, form part of the Annual Report and Accounts.

In terms of the general exemption granted by the Central Government under Section 212 (8) of the Companies Act, 1956 the Audited Balance Sheets as at 31st March 2012 in respect of the subsidiaries of the Company have not been attached to the Balance Sheet of the Company. However, the requisite information for each subsidiary has been disclosed and the annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of the Company/subsidiary companies seeking such information at any point of time. The Annual Accounts of the subsidiary companies will also be kept for inspection by any investor in your Company's Registered Office and that of the subsidiary company concerned.



## NEW PROJECTS

Your Directors are pleased to inform that the 30 MW dual fuel power plant was commissioned in August 2011 and is in operation. However, several shortcomings / defects have been noticed which need to be rectified in order to achieve design parameters including operating at full load. Since the EPC Contractor could not attend to the same in a timely manner despite ample opportunity being given in this regard, your Company has taken over the project and is doing the needful at the risk and cost of the EPC Contractor.

The commissioning of the 2 x 60 MW Captive Power Plant has got delayed primarily on account of the delay in completion of the coal & ash handling system. However, construction and pre-commissioning activities in certain areas are on in full swing and the unit is expected to be commissioned in September 2012.

The captive coal mine project being taken up by Utkal Coal Ltd, an SPV in which your Company has a 74% stake, is at an advanced stage with all statutory approvals being in place. Other activities like displacement of affected people and acquisition of land for railway siding to evacuate coal is also underway. As such, your Directors are hopeful that the mining lease will be executed shortly and operations will commence within the current calendar year.

## PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. However, as per provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

## PUBLIC DEPOSITS

The Company has not accepted any public deposits during the year under review.

## OBSERVATIONS OF THE AUDITORS

Observations of the Auditors on the annual accounts of the Company have been dealt with in the Notes to the Accounts annexed as Note '26' which are self-explanatory.

## DIRECTORATE

Mr G L Tandon, Mr D Bandyopadhyay, Mr J K Misra and Prof S Acharya, Directors, retire by rotation at the forthcoming Annual General Meeting of the Company and are eligible for re-appointment.

However, Mr G L Tandon has expressed his intention not to seek re-appointment on health grounds. The Members of the Board and the Management place on record their deep appreciation of the services rendered by Mr Tandon during his tenure as Member of the Board and wish him all the best. Further, the Board and the Management also convey their gratitude to Mr S K Pattanaik who served as an alternate to Mr Alex Amrein from 16th July 2011 till 23th November 2011.

The proposals regarding the re-appointment of Mr Bandyopadhyay, Mr Misra and Prof Acharya as Directors are placed for your approval along with brief resumé / details which are furnished in the Explanatory Statement to Notice for the ensuing Annual General Meeting as required under the Code of Corporate Governance.

**DISCLOSURE PURSUANT TO CLAUSE 5A OF LISTING AGREEMENT**

Pursuant to insertion of clause 5A in listing Agreement the details in respect of the shares lying in the Indian Metals & Ferro Alloys Limited – Unclaimed Suspense Account (Promoter Group & Non-promoter Group) till 31st March 2012 are as under.

Sl. No.	Description	No. of shareholders	No. of shares
i)	Aggregate number of shareholders and the outstanding shares in the unclaimed suspense account lying as on 1st April 2011	0	0
ii)	Number of shareholders who approached the Company for transfer of shares from unclaimed suspense account during the year 2011-12	6	37
iii)	Number of shareholders to whom shares were transferred from unclaimed suspense account during the year 2011-2012	6	37
iv)	Aggregate number of shareholders and the outstanding shares in the unclaimed suspense account lying as on 31st March 2012	7141	110480

All the corporate benefits in terms of securities, accruing to on these unclaimed shares shall be credited to the aforesaid account. Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to provisions under section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that they had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit for the year under consideration;
- (iii) that they had taken proper and sufficient care 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;
- (iv) that they had prepared the annual accounts of the Company for the financial year ended 31st March 2012 on a going concern basis.

**AUDITORS**

M/s Raghu Nath Rai & Co, Chartered Accountants, the Auditors of the Company who are to retire at the ensuing Annual General Meeting, being eligible offer themselves for re-appointment. The Company has received a certificate to the effect that their re-appointment, if made, shall be within the limits prescribed u/s 224 (1B) of the Companies Act, 1956.

## **COST AUDITORS**

Pursuant to provisions of Section 233B of the Companies Act, 1956 and with prior approval of Central Government M/s S.C. Mohanty & Associates, Cost Accountants, were appointed to conduct audit of cost records of the Company for the year ended 31st March 2012. Cost Audit Reports would be submitted to the Central Government within prescribed time.

## **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement, a report on the Corporate Governance, a Management Discussion and Analysis, Auditors' Certificate regarding compliance of conditions of Corporate Governance and CEO & CFO certification have been made a part of the Annual Report.

## **INDUSTRIAL RELATIONS**

During the year under review, industrial relations at the Company's plants situated at Therubali and Choudwar as well as at the Mines remained cordial.

## **ACKNOWLEDGEMENT**

Your Directors would like to place on record their sincere appreciation of the devoted services rendered by the entire workforce during the year under review. Further, your Directors also appreciate the support received from Term Lenders and Working Capital Bankers. Last but certainly by no means least, your Directors would like to thank shareholders, customers and the public at large for their continued support and confidence.

For and on behalf of the Board

Place: New Delhi

Date : 5th May 2012

**Baijayant Panda**

Vice Chairman

**Subhrakant Panda**

Managing Director

# ANNEXURE

## to DIRECTORS' REPORT

Particulars required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988:

### A. CONSERVATION OF ENERGY

#### (a) Energy Conservation Measures Taken

##### *CHOUDWAR*

1. Replacement of Cast Aluminum blades with FRP Blades in 30MW Power Plant cooling tower fan no.2. Energy Saving 229512 Kwh per annum.
2. 100 nos 2 x 40 W capacity tube light fittings were replaced in boiler house with 65 nos 2x 28W energy efficient tube light fittings. Energy Saving 3819 Kwh per annum.
3. Replacement of 24 Nos. of 250 W sodium vapour lights with 150 W Metal halide light in main workshop Energy Saving 10512 Kwh per annum.
4. Base line energy audit by M/s Ernst & Young as proposed by Bureau of Energy and Efficiency (BEE) was done during 17-24th June, 2011.
5. Energy audit by M/s Schneider-Electric was conducted during 27th February to 3rd March, 2012.
6. To achieve energy conservation, two nos 7.5 KW chute blowers motors were replaced with 5.5 KW chute blowers motors at unit-II of Charge Chrome Plant (CCP). This modification has resulted in electrical energy saving to the tune of 35040 KWH per annum.

##### *THERUBALI*

1. Total 150 nos of 70 W SV Fitting replaced by 45 Watt CFL Fittings.
2. 200 Nos of T8 TL Fittings replaced by T5 Fittings.

##### *MINING DIVISION*

1. Stopping air leakage in the pipe lines by energy audit resulting in saving of compressed air and controlling excess running of compressor & creating awareness among employees by giving seminar on this topic at Nuasahi Chromite Mines.
2. Maintenance of de-watering pumps properly to operate the pumps at maximum efficiency at Nuasahi Chromite Mines.
3. Switching off all lights and fans in the office premises by the people before leaving the office at Sukinda Chromite Mines (SMC) and Nuasahi Chromite Mines (NCM).
4. Supply of drinking water in the Incline & surface through 4 HP pump eliminating running of tipper for carrying drinking water for Underground Mines at NCM.
5. Stopping compressors for one Hour in the shift beginning & half hour at the end of shift to reduce energy consumption at NCM.
6. Providing tube lights in place of high wattage HPSV & HPMV lamps at NCM.
7. Automatic on-off operation of street light through time switch at SMC & NCM.
8. Daily monitoring of loading & unloading hours of compressors & taking action to reduce unloading hours at NCM.
9. Using low wattage Compact Fluorescent Lamps by individual in the colony to reduce own power consumption after fixing the energy meters at SMC & NCM.
10. Daily monitoring of running hours of underground pumps at SMC & NCM.
11. Operating Haulage and winder judiciously for operation and avoiding unnecessary trips at NCM.
12. Switching of Air Conditioner of computer room during non working hours at NCM.
13. Improving power factor up to 0.99 by setting of leading power factor & adding more capacitor banks in Power Factor Controller with respect to enhancement of load at NCM.



14. Providing energy meters in worker's colony to reduce power consumption at SMC & NCM.
15. Daily monitoring of every load of underground mines & taking corrective action if required at NCM.
16. After installation & commissioning of 1200 cfm, 200 HP screw compressor, we are reducing power consumption by running number of compressors very much close to our air requirement in cfm at NCM.
17. Reduction in diesel consumption by auto operation of DG sets at SMC.
18. Intermediate switches have been provided in the lighting circuit to switch off the light in the night shift (C-shift) for reducing power consumption at SMC.

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

*THERUBALI:*

1. The Energy Audit proposal for replacement of low performing efficiency pumps with high efficiency energy saving pumps with an estimated cost of Rs 6 lakhs has been procured and kept ready for installation. This job is expected to complete during the current year.
2. Total cost incurred for replacement/ retrofitting of Lights in year 2011-12 is Rs 1.48 lakhs.

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

*THERUBALI:*

Reduction of Energy Consumption due to Light substitution amounts to Rs 1.66 lakhs.

*MINING DIVISION:*

The total energy saving during 2011-12 is Rs 3.05 lakhs (NCM)

**(d) Total energy consumption & energy consumption per unit of production in respect of industries specified in the Schedule in Form A**

Not Applicable

## **B. TECHNOLOGY ABSORPTION:**

*Research & Development (R & D)*

1.	Specific areas in which R&D was carried out by the Company	: NIL
2.	Benefits derived as a result of the above	: Does not arise
3.	Future plan of action	: -
4.	Expenditure on R&D	: NIL
	a) Capital	
	b) Recurring	
	c) Total	

*Technology absorption, adaptation & innovation*

**(1) Efforts, in brief, made towards technology absorption, adaptation & innovation.**

*CHOUDWAR:*

- (a) 30 MW boiler Secondary air fluidising bed nozzles (high bed nozzles) were modified in order to prevent ash leakage into the secondary air duct resulting in shut down of boiler within a short duration of about one month operation. The modified design of nozzles was developed in-house and the job was successfully implemented with a cost of Rs 2.73 lakhs.
- (b) A flash tank for 30 MW turbine drain system was designed in-house, fabricated, erected and drain lines terminated for safety reason and reduction of noise. The drain system was successfully commissioned and taken into service with a cost of Rs 0.32 lakhs.
- (c) 30 MW lime stone handling discharge chute was modified with in-house design to feed coal as well to bunkers, thus making a stand by provision with a cost of Rs 0.31 lakhs.

- (d) A new RCC road of 12 mtr width and 1200 mtr long was constructed connecting ARC Road (outside road) Power Plant and Coal Handling Plant (CHP) yard at a cost of Rs 181.50 lakhs.
- (e) Dry fog system technology was introduced in Coal & Ash Handling Plant to reduce the fugitive dust emission and improve the environment.
- (f) After modification of national ambient air quality standard, SPM concept was made obsolete & in new notification, measurement of lighter and smaller particles, termed as PM 10 and PM 2.5 has been introduced. It was observed that with existing water sprinkling arrangement, controlling of PM10 and PM2.5 could not be possible. To control the fugitive emission and to maintain national ambient air quality standard within specified norms, dry fog system has been installed at system-1 of RMHS & also day bin feeding area of CCP-1.
- (g) Moisture in chrome ore fines plays a vital role in production of chrome ore briquettes. To produce quality briquettes removal of moisture is done by dryer, using light diesel oil (LDO) as a fuel. During rainy season, moisture % in chrome ore fines was increased abnormally, due to open yard storage of chrome ore fines, which affects briquette production quantity & also its quality. High moisture in chrome ore fines requires high LDO consumption. A new chrome ore fines storage shed was made for chrome ore fines storage at CCP-2 & 3 to reduce light diesel oil consumption & for production of quality briquettes.
- (h) To increase chromium recovery of CCP-2 & 3, a new crushing & jigging plant has been installed for processing touched materials.
- (i) During aforesaid financial year, the specific power consumption per ton of ferro chrome (prime metal) production was brought down by 96 Kwh/MT from 3900 Kwh/MT to 3804 kwh/mt due to effective process monitoring.

### *THERUBALI:*

- (a) Replacement of Plant-02 Minstral and RMFS with ABB make PLC supported by in-house developed software.
- (b) Refractory lined MS Ladles are in use for ferro chrome production tappings. These ladles are used to be recycled for certain number of tappings after each fresh lining by manually chipping off the skull retained after every tapping using rails/crow bars. This process used to be a time consuming, labour dependent and less productive.

To augment the requirement of ladles for increased number of furnaces for ferro chrome production and also to replace the C I Moulds wherever possible with Refractory lined M S Ladles, Rock breaker equipment was introduced during the year under review.

### *MINING DIVISION*

- (a) Installation of Inverter for Stores & Despatch for uninterrupted power supply at Sukinda Chromite Mines (SMC) and Mahagiri Chromite Mines (MMC).
  - (b) Installation of 630 mm dia closed channel PVC pipe line in 1st stage of over burden dump to discharge the surface run off water at SMC.
  - (c) Inhouse sampling process in place of outsourcing sampling process at SMC & MMC.
  - (d) Utilisation of underground mines drainage water for dust suppression on haul roads and plantation at SMC & MMC.
  - (e) Reduction of manpower in water sprinkler by modification of valve operation through cables by driver at SMC & MMC.
- (2) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

### *CHOUDWAR:*

- (a) Frequent shut down of boiler was avoided, there by cost saving on account of shutdowns, besides cost reduction in cleaning of accumulated ash.

- (b) Hazards on account of high temperature steam getting drained to open drains, could be avoided, besides reduction in sound pollution, meeting safety requirement.
- (c) Because of the stand by provision made in lime feeding system, coal feeding to 30MW boiler could be ensured when the single coal feeding system is under shut down.
- (d) The new RCC Road has reduced the movement of heavy vehicles inside the plant premises thus improving the safety and environment.

*THERUBALI:*

- (a) Import substitution
- (b) User friendly, integration of both operation of furnace and RMFS in to one system.
- (c) Ease in maintainability.
- (d) Low maintenance cost.
- (e) Automatically saving the important furnace parameters into the Database.
- (f) The ladle chipping operations could be completed in one shift instead of 3 shifts earlier.
- (g) Reduction of manpower deployment and elimination of labour dependency for the chipping operation.
- (h) Ease and timely availability of ladles for tappings
- (i) Facilitated the replacement of C I Moulds with M S Ladles in Plant-3 thereby reducing the recurring investment for costly C I Moulds.

*MINING DIVISION:*

- (a) Issue, receipt of material and dispatch of ore without any interruption.
  - (b) Reduction of suspended solids and less erosion of soil and substantial increase in the stability of dump at Sukinda Chromite Mines.
  - (c) Less consumption of diesel and saving of time
  - (d) Saving of manpower
- (3) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.
- (a) Technology imported : None
  - (b) Year of import : Not applicable
  - (c) Has technology been fully absorbed : Not applicable
  - (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action. : Not applicable

## **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- (i) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans:**

The year 2011-12 was characterised by surging stainless steel production particularly in China and Asia in general. While your Company maintained its close relationship with POSCO and Nisshin, it reached out and concluded repeated transactions with many Chinese buyers which augurs well for future since it is the epicentre of global stainless steel industry.

- (ii) Total foreign exchange used and earned**

(Rs in Crore)

- (a) Foreign Exchange earnings : 939.70 (previous year: 890.55)
- (b) Foreign Exchange outgo : 210.57 (previous year: 230.86)

# REPORT ON CORPORATE GOVERNANCE

FOR THE YEAR 2011-12

**Your Directors are pleased to present the  
Compliance Report on Corporate Governance**



## **1. Your Company's philosophy on code of governance:**

Your Company prides itself on being a responsible corporate citizen which is committed to running its business in the best possible manner while being completely transparent, complying with all relevant rules & regulations and contributing to society at large. The Company adheres to the highest ethical standards which is combined with an unwavering commitment to certain core values – transparency, fairness in all dealings, honesty of purpose, quality consciousness and customer satisfaction.

## **2. Board of Directors**

Your Company is managed by a Board of Directors. The constitution of the Board comprises of a combination of Executive and Non-Executive Directors with the Non-Executive Directors constituting more than fifty percent of the total strength of the Board. The Company has an Executive Chairman and Independent Directors constitute more than half of the total strength of the Board.

None of the Directors on the Board is a member of more than 10 committees or Chairman of more than 5 committees across all companies in which he is a Director. Necessary disclosures with regard to membership of committees have been made by the Directors.

**The composition of the Board as on 31st March, 2012 was as under:**

Name of the Director	Business relationship	Category of Directorship	No. of other Directorships	No. of other Committee Memberships	
				Chairman	Member
Dr B Panda	Executive Chairman	Promoter Non-Independent Executive	7	-	-
Baijayant Panda	Vice Chairman	Promoter Non-Independent Executive	11	-	1
Subhrakant Panda	Managing Director	Promoter Non-Independent Executive	10	1	-
J K Misra	Director (Corporate)	Non-Independent Executive	4	-	2
Paramita Mahapatra	Director	Promoter Non-Independent Non-Executive	20	-	-
G L Tandon	Director	Independent Non-Executive	3	-	1
D Bandyopadhyay	Director	Independent Non-Executive	1	1	-
Maj R N Misra (Retd.)	Director	Independent Non-Executive	1	-	-
H Biswas	Nominee Director of IDBI	Independent Non-Executive	-	-	-
Dr S Acharya	Director	Independent Non-Executive	2	-	-
N R Mohanty	Director	Independent Non-Executive	2	1	-
Alex Amrein	Director	Non-Independent Non-Executive	1	-	-
S P Mathur	Director	Independent Non-Executive	1	-	-
General Shankar Roychowdhury (Retd)	Director	Independent Non-Executive	-	-	-

**No. of Board Meetings, attendance at Board Meetings & previous Annual General Meeting**

Name of the Director	No. of Board Meetings attended during 2011-12	Attendance at AGM held on 16th July, 2011	Remarks
Dr B Panda	3	Yes	
Baijayant Panda	3	No	
Subhrakant Panda	4	Yes	
J K Misra	4	Yes	
Paramita Mahapatra	4	Yes	
G L Tandon	1	No	
D Bandyopadhyay	3	No	
Maj R N Misra (Retd.)	4	Yes	
H Biswas	3	No	
Dr S Acharya	4	Yes	
N R Mohanty	3	Yes	
S K Pattanaik (Alternate Director to Mr Alex Amrein)	2	Yes	Appointed as an Alternate Director To Mr Alex Amrein w.e.f 16.07.2011 till 23.11.2011
Alex Amrein	-	No	
S P Mathur	4	Yes	
General Shankar Roychowdhury (Retd)	3	No	

Dates on which Board Meetings were held are : 03.05.11, 16.07.11, 14.11.11, 24.01.12

**3. Audit Committee:**

The Company constituted an Audit Committee under the provisions of Section 292A of the Companies Act, 1956 effective 1st April, 2001.

The role of the Audit Committee includes the following areas:

- Verifying working results as well as capital expenditure vis-à-vis budgets.
- Reviewing quarterly progress reports submitted by the Company to the Financial Institutions/Banks.
- Reviewing effectiveness of the cost accounting, management information and cost control system.
- Ensuring proper maintenance of books of accounts
- Examining procedure of purchases
- Examining procedures for inventory control
- Examining reasonableness of transactions with the associate companies, if any.
- Reviewing accounting procedures periodically
- Reviewing insurance coverage
- Reviewing prevalent systems of payroll.
- Reviewing systems and procedures in respect of import of raw materials, spares, components and capital equipment and export of finished goods.
- Reviewing accounting and booking of the expenditure to the correct account head.
- Reviewing compliance with the provisions of the Income Tax Act in respect of deduction and deposit of tax deducted at source.

**Composition of the Audit Committee and the details of meetings attended by the members are given below.**

<b>Name of Member</b>	<b>Category</b>	<b>No. of meetings attended during 2011-12</b>
G L Tandon, Chairman	Independent Non-Executive	1
Paramita Mahapatra	Non-Independent Non-Executive	4
D Bandyopadhyay	Independent Non-Executive	3
Major R N Misra (Retd.)	Independent Non-Executive	4
Mr S P Mathur	Independent Non-Executive	3

Consequent to the resignation of Mr G L Tandon from the membership of Audit Committee, Board of Directors of the Company in their meeting held on 24th January 2012 reconstituted the Audit Committee as follows:

1. Mr D Bandyopadhyay, Chairman
2. Mrs Paramita Mahapatra
3. Major R N Misra (Retd)
4. Mr S P Mathur
5. Dr S Acharya

Audit Committee meetings were attended by representatives from Internal Audit Department and Statutory Auditors – Raghu Nath Rai & Co, New Delhi. Executive Vice President (Finance) & Company Secretary acts as the Secretary of the Audit Committee.

Dates on which meetings were held are : 03.05.11, 16.07.11, 14.11.11, 24.01.12



#### 4. Remuneration Committee:

The Remuneration Committee of the Board, inter alia, recommends to the Board the appointment/reappointment of Whole time Directors and their compensation packages.

**The following are the members of the Remuneration Committee who are Non-Executive Independent Directors.**

Name of the Member	Category	No. of meetings attended during 2011-12
D Bandyopadhyay, Chairman	Non-Executive Independent	1
Major R N Misra (Retd.)	Non-Executive Independent	1
Dr S Acharya	Non-Executive Independent	1

Dates on which meetings were held are : 03.05.2011

##### Remuneration of Directors

Remuneration of Whole Time Directors is determined by the Remuneration Committee comprising of only Non-Executive Independent Directors. The recommendations of the Remuneration Committee are considered and approved by the Board subject to the approval of the shareholders.

Whole Time Directors are paid commission as approved by the Board/Shareholders. All Non-Executive Directors are paid sitting fees. In addition, Non-Executive Independent Directors are together paid commission at a rate not exceeding 0.5% per annum of the profits of the Company subject to a maximum of Rs.30 lakhs as computed as per applicable provisions of the Companies Act, 1956.

##### Details of remuneration for 2011-12

###### Non-Executive Directors

(Amt in Rs)			
Name	Commission	Sitting Fees	Total
Paramita Mahapatra	Nil	1,50,000	1,50,000
Alex Amrein	Nil	Nil	Nil
G L Tandon	3,75,000	10,000	3,85,000
D Bandyopadhyay	3,75,000	35,000	4,10,000
Major R N Misra	3,75,000	45,000	4,20,000
Dr S Acharya	3,75,000	55,000	4,30,000
H Biswas *	3,75,000	15,000	3,90,000
S P Mathur	3,75,000	35,000	4,10,000
N R Mohanty	3,75,000	15,000	3,90,000
General Shankar Roychowdhury	3,75,000	15,000	3,90,000
Mr S K Pattnaik (Alternate Director)	Nil	10,000	10,000
<b>TOTAL</b>	<b>30,00,000</b>	<b>3,85,000</b>	<b>33,85,000</b>

\* Amount payable to IDBI Bank Limited

###### Executive Directors

(Amt in Rs)					
Name	Salary	Perquisites & Allowances	Sitting Fee	Commission	Total
Dr B Panda	45,60,000	12,52,864	-	1,52,28,000	2,10,40,864
Baijayant Panda	43,20,000	15,53,048	-	1,52,28,000	2,11,01,048
Subhrakant Panda	43,20,000	15,53,220	-	1,52,28,000	2,11,01,220
J K Misra	34,76,928	15,16,807	-	20,00,000	69,93,735
<b>TOTAL</b>	<b>1,66,76,928</b>	<b>58,75,939</b>	<b>-</b>	<b>4,76,84,000</b>	<b>7,02,36,867</b>

**5. Shareholder/Investor Grievance Committee:**

The Shareholder/Investor Grievance Committee specifically looks into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of dividend and non-receipt of balance sheet etc. The composition of the Committee and details of the meeting attended by the Directors are given under:

Name of Member	Category	No. of meetings attended during 2011-12
Paramita Mahapatra, Chairperson	Non-Executive Non-Independent	19
Dr Satyananda Acharya	Non-Executive Independent	5
J K Misra	Executive Non-Independent	24

Dates on which meetings were held are : 15.04.11, 30.04.11, 13.05.11, 28.05.11,  
15.06.11, 30.06.11, 11.07.11, 28.07.11,  
16.08.11, 31.08.11, 14.09.11, 24.09.11,  
15.10.11, 30.10.11, 16.11.11, 30.11.11,  
15.12.11, 30.12.11, 16.01.12, 31.01.12,  
15.02.12, 29.02.12, 13.03.12, 30.03.12.

**Name, designation & address of Compliance Officer:****Mr. Prem Khandelwal**

*Executive Vice President (Finance) & Company Secretary*

**Indian Metals & Ferro Alloys Limited**

Bomikhal, P.O. Rasulgarh

Bhubaneswar – 751 010

Phone: 0674-2580100

Fax : 0674-2580020

e-mail : pkhandelwal@imfa.in

No. of complaints received from the shareholders

From 01.04.2011 to 31.03.2012 : 1235

No. not solved to the satisfaction of the

Shareholders as on 31.03.2012 : Nil

No. of pending share transfers as on 31.03.2012 : Nil

**6. Finance Committee:**

In addition to the above referred committees which are mandatory under the Corporate Governance Code, the Board of Directors have also constituted a Finance Committee on 25th October 2008 to look into various banking and related business activities of the Company.

The Finance Committee specifically looks into various credit facilities granted by the Banks/FI's from time to time, execution of documents thereto, opening and closing of Bank Accounts, changes in authorised signatories, giving operating instructions and all other banking matters, etc. The composition of the Committee is given below.

Name of Member	Category	No. of meetings attended during 2011-12
Dr S Acharya, Chairman	Non-Executive Independent	1
Paramita Mahapatra	Non-Executive Non-Independent	3
J K Misra	Executive Non-Independent	4

Dates on which meetings were held are : 22.06.11, 09.08.11, 11.01.12, 07.03.12

## 7. General Body Meetings:

Location and time where last three AGMs were held:

The last three AGMs were held on 17.07.2009(at 12.30 PM), 17.07.2010(at 12.30 PM) and 16.07.2011(at 3.00 PM), at the Registered Office of the Company at Bomikhal, P.O. Rasulgarh, Bhubaneswar – 751010.

Whether any Special Resolution passed in previous 3 AGMs : Yes

Whether Special Resolutions –

- (a) were put through postal ballot last year ? : No
- Details of voting pattern : Not applicable
- Person who conducted the postal ballot exercise : Not applicable
- (b) are proposed to be conducted through postal ballot : No
- Procedure for postal ballot : Not applicable

During the year, two Special Resolutions under section 17 and 149(2A) of the Companies Act, 1956 for alteration of Object clause of Memorandum of Association (MOA) of the Company and Commencement of business activity proposed in clause 43 of MOA were passed by the shareholders through Postal Ballot. The procedure for Postal Ballot is as per section 192A of the Companies Act, 1956 and Rules made thereunder namely Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The details of voting pattern are as under.

Item(s)	No. of Valid Votes polled (%age)	Votes cast in favour of the Resolution (%age)	Votes cast against the Resolution (%age)
Special Resolution under Section 17 of the Companies Act, 1956 for alteration of the Object clause of MOA of the Company by inserting new sub clauses 43 and 44 immediately after the existing sub clause 42.	100	99.97	0.03
Special Resolution for commencement of business activity proposed in sub clause 43 of the object clause of MOA	100	99.97	0.03

The Board appointed Mr Sourjya Prakash Mohapatra, a practicing Chartered Accountant as Scrutinizer to conduct the postal ballot process in a transparent manner.

## 8. Disclosures:

- (i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large.

The Board has received general disclosure of interest from the Directors under Section 299 of the Companies Act, 1956. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.

- (ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

NIL

- (iii) Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee.

As such, the Company does not have a Whistle Blower Policy. However, no employee is denied access to the Audit Committee.

- (iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

All mandatory requirements are complied with. Non-mandatory requirements will be reviewed from time to time.

### 9. Code of Conduct:

The Company has laid down a Code of Conduct for all Board Members & Senior Executives of the Company. The Code of Conduct is available on the website of the Company [www.imfa.in](http://www.imfa.in).

### DECLARATION

As provided under Clause 49 of the Listing Agreement, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the Financial Year ended 31st March, 2012.

New Delhi  
5th May, 2012

**Subhrakant Panda**  
Managing Director

### 10. Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certification, issued pursuant to the provisions of clause 49 of the Listing Agreement.

To the Board of Directors of Indian Metals & Ferro Alloys Ltd.

Dear Sirs,

Sub : CEO & CFO Certificate

We have reviewed the financial statements, read with the cash flow statement of Indian Metals & Ferro Alloys Ltd. for the year ended 31st March, 2012 and that to the best of our knowledge and belief, we state that;

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current 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 in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and 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 steps taken or proposed to be taken for rectifying these deficiencies.
- (d) we have indicated to the Auditors and the Audit Committee:
  - (i) There has not been any significant change in internal control over financial reporting during the year under reference.
  - (ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements.
  - (iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Yours sincerely

New Delhi  
5th May, 2012

**Prem Khandelwal**  
CFO & Company Secretary

**Subhrakant Panda**  
Managing Director

### 11. Means of communication

The Company normally publishes the quarterly unaudited results and audited results for the last quarter in 'The Economic Times' & 'Business Standard' (English), 'The Pragativadi' (vernacular). Further the results are provided on the Company's website [www.imfa.in](http://www.imfa.in). The unaudited results of the first, second and third quarter are announced within 45 days of the end of the relevant quarter and the fourth quarter and annual audited results are announced within 60 days of the end of the Financial Year.

## 12. General Shareholder Information:

### Annual General Meeting

Date & time	: 28th July, 2012 at 11 AM
Venue	: At the Registered Office of the Company at Bomikhal, P.O. Rasulgarh, Bhubaneswar – 751 010.
Financial Year	: 1st April, 2011 to 31st March, 2012
Dates of Book closure	: 24th July, 2012 to 28th July, 2012 (both days inclusive)
Dividend Payment Date	: Dividend warrants will be despatched within 30 days from the date of Annual General Meeting.
Listing in Stock Exchanges	: The equity shares are listed at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd since 28th January, 2009 and 23rd July, 2010 respectively. Listing fee for the year 2012-13 has been paid to the above said Stock Exchanges.
Stock Code	: BSE : 533047 NSE : IMFA
Market price data	: The high/low market price shown during the period 01.04.2011 to 31.03.2012 at the Bombay Stock Exchange and National Stock Exchange are as under.

#### BSE:

Month	High	Low
April,11	600.00	534.00
May,11	550.00	426.00
June,11	543.50	420.10
July,11	497.95	441.00
August,11	440.00	337.15
September,11	364.00	311.05
October,11	350.95	276.30
November,11	344.80	256.00
December,11	293.00	210.00
January,12	324.00	222.00
February,12	389.45	287.00
March,12	358.95	303.10

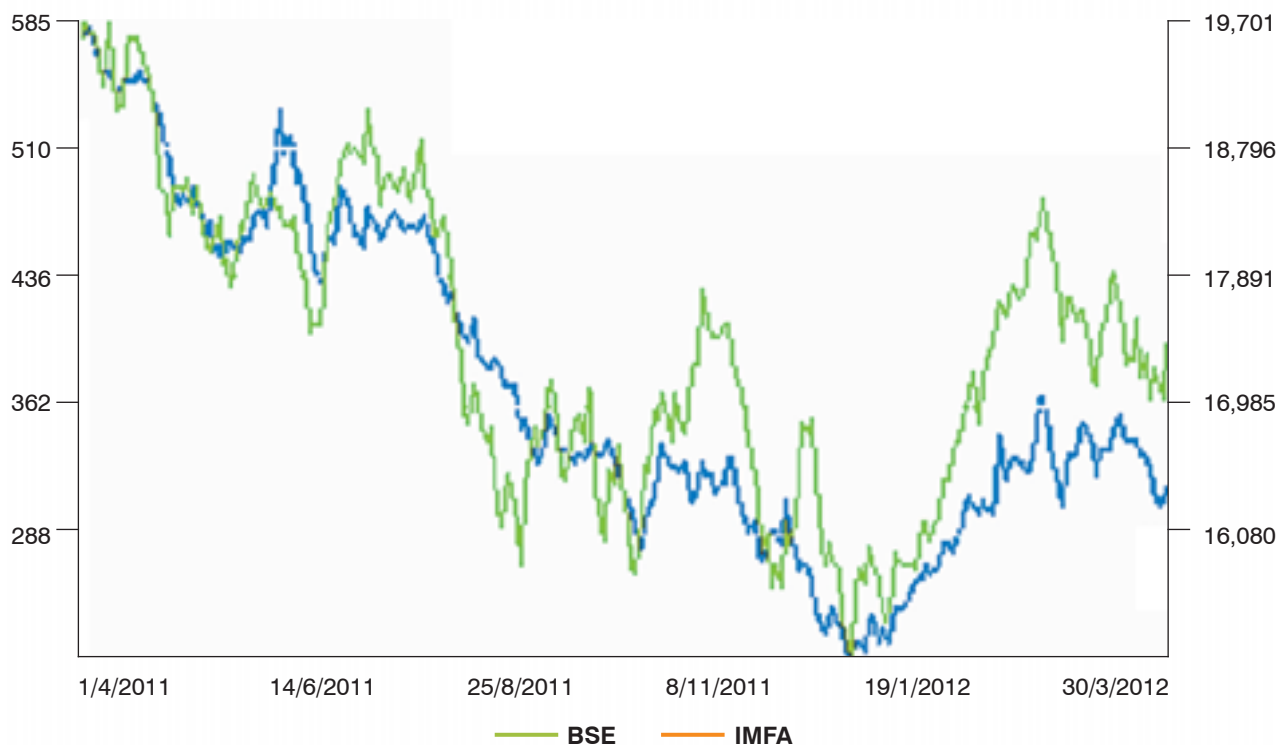
#### NSE:

Month	High	Low
April,11	600.00	540.00
May,11	540.25	431.30
June,11	544.00	421.10
July,11	499.00	440.00
August,11	446.00	335.25
September,11	365.00	312.00
October,11	354.70	278.00
November,11	346.95	260.65
December,11	317.30	212.00
January,12	330.00	224.55
February,12	384.40	276.90
March,12	360.10	287.05

**Performance in comparison to Broad-based indices:**

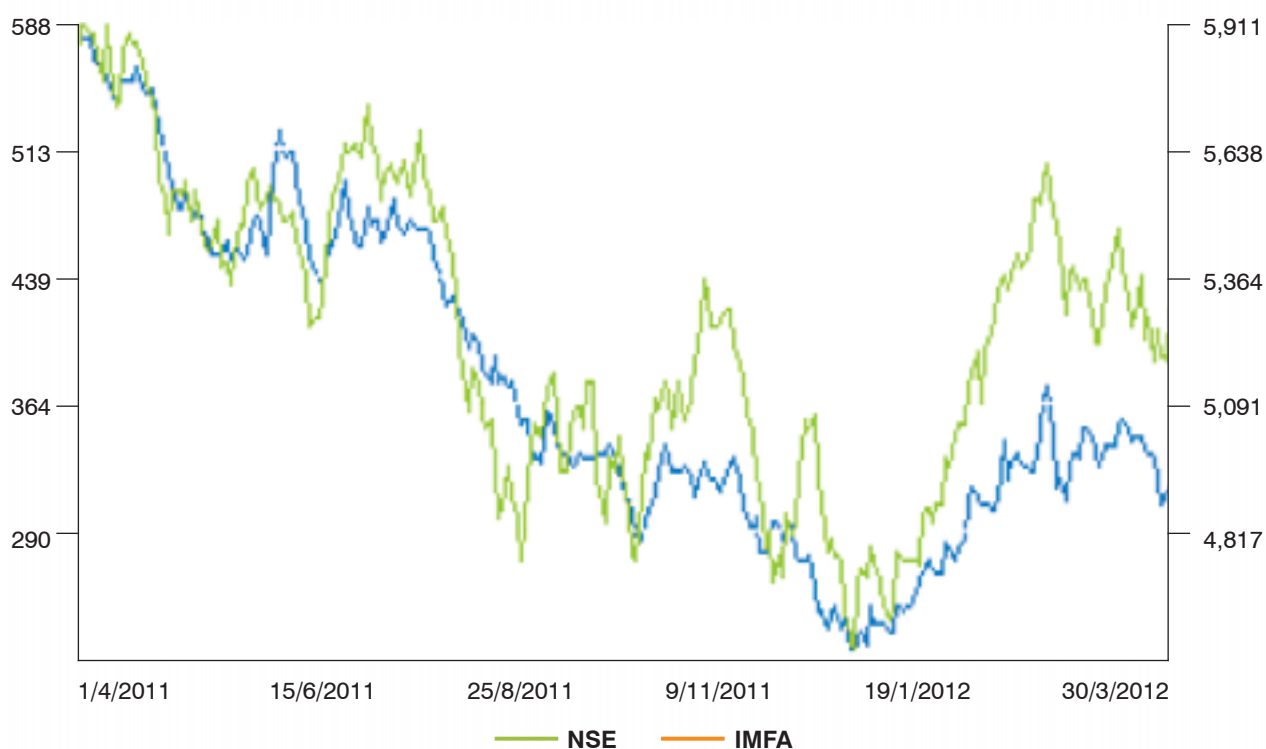
Performance of share price of the Company in comparison to BSE Sensex is as under:

**Indian Metals v/s BSE**



Performance of share price of the Company in comparison to NSE Nifty is as under:

**Indian Metals v/s NSE**





- Registrar and Share Transfer agents : The Company does the share transfer work in-house.
- Share Transfer system : Share Transfer in physical form should be lodged at the Company's Registered Office at Bomikhal, Rasulgarh, Bhubaneswar. The Company's share transfer activity is fully computerised. The Shareholders/Investors Grievance Committee meets fortnightly to approve share transfers and other share related matters.

**Distribution of shareholding as on 31st March, 2012:**

No. of equity shares held	No. of shareholders	% to total
Upto - 250	42519	98.060
251 - 500	388	0.895
501 - 1000	207	0.477
1001 - 2000	110	0.254
2001 - 3000	40	0.092
3001 - 4000	16	0.037
4001 - 5000	8	0.018
5001 - 10000	18	0.042
10001 & above	54	0.125
<b>Total</b>	<b>43360</b>	<b>100.00</b>

**Categories of shareholders as on 31st March, 2012 :**

Category	No. of shares	%
Promoters & Promoter Group	14474392	55.72
Mutual Fund / UTI	2598569	10.00
Financial Institutions & Banks	257559	0.99
Foreign Institutional Investors	66	0.00
Bodies Corporate	1037243	3.99
Trusts	20	0.00
Overseas Corporate Bodies	5634759	21.69
NRIs	217183	0.84
Individuals	1757262	6.77
<b>Total</b>	<b>25977053</b>	<b>100.00</b>

- Dematerialisation of shares & liquidity : The Company's shares are connected under both the Depository Systems NSDL & CDSL. The International Securities Identification Number (ISIN) allotted to the Company's equity shares under the Depository System is INE919H01018.

- Outstanding GDRs/ADRs/Warrants or any convertible instruments : NIL

**Plant locations:**

- Factory : Therubali, Dist-Rayagada -765018, Odisha  
Choudwar, Dist.-Cuttack – 754 071, Odisha
- Mines : Sukinda Chromite Mines, PO Kaliapani, Sukinda, Dist. Jajpur, Odisha  
Mahagiri Chromite Mines, Sukinda, Dist. Jajpur, Odisha  
Chingudipal Chromite Mines, Dist. Jajpur, Odisha  
Nuasahi Chromite Mines, Dist-Keonjhar, Odisha  
Bangur Chromite Mines, Dist. Keonjhar, Odisha

- Address for correspondence : **Indian Metals & Ferro Alloys Limited**  
*Registered & Head Office:*  
Bomikhal, Rasulgarh (PO), Bhubaneswar - 751 010  
Phone: (0674) 2580100 / 2580125  
Fax : (0674) 2580020 / 2580145  
email: mail@imfa.in; website: www.imfa.in

## **CERTIFICATE ON CORPORATE GOVERNANCE UNDER CLAUSE 49 OF LISTING AGREEMENT**

To  
The Members of  
**Indian Metals & Ferro Alloys Limited**

We have examined the compliance of conditions of corporate governance by Indian Metals & Ferro Alloys Limited for the year ended March 31, 2012 as stipulated in clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company or 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, we certify that the Company has complied in all material aspects with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

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

Place: New Delhi  
Date: May 05, 2012

For **RAGHU NATH RAI & CO**  
Chartered Accountants  
Firm Regn.No.000451N

**(Prem Prakash)**  
Partner  
Membership No. 7648

## AUDITORS' REPORT

To

The Members of

**Indian Metals & Ferro Alloys Limited**

We have audited the attached Balance Sheet of the Indian Metals & Ferro Alloys Limited as at 31st March, 2012 and also the Profit and Loss Statement and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of section 227 of Companies Act, 1956, we report that:

1. As required by the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanation given to us, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - ii. In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss statement & cash flow statement dealt with by this report are in agreement with the books of account;

- iv. In our opinion, the balance sheet, profit and loss statement & cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the Directors of the Company as at 31st March, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, except that:-

1. **Disputes with Gridco were settled in favour of the Company vide a unanimous award of the Arbitration Panel dated 23rd March 2008. Subsequently, Gridco filed a petition before the Hon'ble District Judge, Bhubaneswar and obtained an interim stay on the operation of the said award. The Company has filed its objection in the matter.**
2. **An amount of Rs.11.39 crores withheld by sundry debtors, the effect of which on the current year's accounts cannot be ascertained pending settlement thereof.**

the said accounts subject to (vi) above and read together with the significant accounting policies in Note 25 and the notes thereon in Note 26, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- b. in the case of the Profit and Loss Statement, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date;

For **RAGHU NATH RAI & CO**  
Chartered Accountants  
Firm Regn.No.000451N

**(Prem Prakash)**

Partner  
Membership No. 7648

Place: New Delhi  
Date: May 05, 2012

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date.

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of all fixed assets.
- b) Major portion of assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification. The Company has a regular program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to size of the Company and nature of its assets.
- c) No substantial parts of fixed assets have been disposed off during the year.
- (ii) a) As explained to us, the inventories have been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of such verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the size of the operation of the Company and the same have been properly dealt with in the books of account.
- (iii) a) We are informed that the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2004 (as amended) are not applicable to the Company.
- b) We are informed that the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of clause 4 (iii) (f) and (g) of the Companies (Auditor's Report) Order, 2004 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us there are adequate internal control system commensurate with the size of the

Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.

- (v) a) According to the information and explanations given to us the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) During the year, the company has not accepted fixed deposit from the public.
- (vii) In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We are of the opinion that prima facie, the cost records and accounts prescribed by the Government of India under Section 209(1)(d) of the Companies Act, 1956 have been made and maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- (ix) a) According to the information and explanations given to us the Company has been regular in depositing undisputed statutory dues including provident fund, investors education & protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and any other statutory dues with appropriate authorities and no dues are pending for a period more than six months from the date they became payable except for electricity duty as mentioned vide Note 26.4 (notes forming part of the accounts).
- b) According to the information and explanations given to us at the end of the financial year there were no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute pending except as under:

## ANNEXURE TO THE AUDITORS' REPORT [CONTD.]

Name of the statute	Nature of dues	Amount Rs. In lakhs	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Custom Duty	535.54	2001-04	CESTAT, (SZB) Bangalore
Customs Act, 1962	Anti-dumping Duty	4.30	April,2003	Odisha High Court
Income Tax Act, 1961	Income Tax	25.79	1986-87,1987-88	Odisha High Court
Income Tax Act, 1961	Income Tax	3945.86	2008-09	CIT (A)-II, Bhubaneswar
Income Tax Act, 1961	Income Tax	4376.42	2009-10	CIT (A)-II, Bhubaneswar
Central Excise Act, 1944	Central Excise	38.76	1993-2002	Odisha High Court
Odisha Sales Tax Act, 1947	VAT (FAD Unit)	69.96	April 05 to January 08	A. C. , Sales Tax
Odisha Sales Tax Act, 1947	VAT (FAD Unit)	2.30	February 08 to May 09	A. C. , Sales Tax
Odisha Sales Tax Act, 1947	O S T	7.04	2002 - 03	A. C. , Sales Tax
Odisha Sales Tax Act, 1947	OST	4.19	1994-95	Sales Tax Tribunal
Odisha Sales Tax Act, 1947	Entry Tax	2.00	2002-03	Sales Tax Tribunal
Odisha Sales Tax Act, 1947	Entry Tax (FAD Unit)	0.43	April 05 to January 08	A. C. , Sales Tax
Odisha Sales Tax Act, 1947	Entry Tax	19.11	March 08 to Sept.09	Odisha High Court
Odisha Sales Tax Act, 1947	Entry Tax On imported goods	211.14	From December 2007	Odisha High Court
Odisha Sales Tax Act, 1947	Entry Tax (FAD Unit)	67.18	February 08 to May 09	Odisha High Court

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year. The Company has generated cash profits during the financial year covered by our audit. While reporting on this clause, we have not taken into consideration the unquantifiable qualifications being shown in our audit report.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of its dues to any financial institution/bank during the year in terms of the structured settlement reached with them.
- (xii) According to the information and explanations given to us the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund/societies.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, debentures and other investments and hence paragraph 4 (xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions where of are prejudicial to the interest of the company.
- (xvi) According to the information and explanations given to us, the term loan taken by the company have been applied for the purpose for which they were raised.

- (xvii) In our opinion and according to the information and explanations given to us and shown by the records examined by us, no fund raised on short-term basis have been used for long-term investment during the year.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xix) According to the information and explanations given to us, the Company has not issued any debenture.
- (xx) The company has not raised any money by public issue during the year, and hence paragraph 4 (xx) of the Order is not applicable.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by management.

For **RAGHU NATH RAI & CO**  
Chartered Accountants  
Firm Regn.No.000451N

(Prem Prakash)

Partner  
Membership No. 7648

Place: New Delhi  
Date: May 05, 2012



## BALANCE SHEET

### AS AT 31ST MARCH, 2012

	Note	As at 31.03.2012	(Rs. in crore) As at 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	25.98	26.33
(b) Reserves and Surplus	2	760.93	715.09
		<b>786.91</b>	<b>741.42</b>
<b>2. Non-Current Liabilities</b>			
(a) Long Term borrowings	3	579.49	395.72
(b) Deferred Tax Liability(Net)		20.31	13.74
(c) Other Long term liabilities	4	98.56	87.93
(d) Long-term provisions	5	3.40	3.81
		<b>701.76</b>	<b>501.20</b>
<b>3. Current Liabilities</b>			
(a) Short Term borrowings	6	133.25	48.29
(b) Trade payables	7	157.48	77.32
(c) Other current liabilities	8	145.95	135.04
(d) Short-term provisions	9	164.38	154.75
		<b>601.06</b>	<b>415.40</b>
<b>Total</b>		<b>2089.73</b>	<b>1658.02</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible assets	10	857.89	700.31
Less: Depreciation		349.70	296.37
Net Tangible assets		508.19	403.94
(ii) Capital Work-in-Progress		602.56	341.30
		<b>1110.75</b>	<b>745.24</b>
(b) Non-current investment	11	139.37	144.74
(c) Long-term loans and advances	12	115.76	149.12
(d) Other non-current assets	13	11.58	11.58
<b>2. Current Assets</b>			
(a) Inventories	14	329.69	331.16
(b) Trade Receivables	15	36.44	11.89
(c) Cash and Cash Equivalent	16	19.40	24.81
(d) Short-term loans and advances	17	326.07	238.31
(e) Other current assets	18	0.67	1.17
		<b>712.27</b>	<b>607.34</b>
<b>Total</b>		<b>2089.73</b>	<b>1658.02</b>

Notes to financial statements (Including significant accounting policies)

1 to 27

The Notes referred to above form an integral part of the financial statement.

Auditors' Report to the Members  
As per our report of even date attached  
For **Raghu Nath Rai & Co.**  
Chartered Accountants  
Firm Regn. No. 000451N

For and on behalf of the board

(Prem Prakash)  
Partner  
Membership No. 7648  
Place: New Delhi  
Date: May 05, 2012

Prem Khandelwal  
CFO & Company Secretary

Subhrakant Panda  
Managing Director

Baijayant Panda  
Vice Chairman



## STATEMENT OF PROFIT AND LOSS

### FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in crore)

	Note	Year 2011-12	Year 2010-11
<b>I. Revenue from operations</b>	19	1192.54	1068.04
<b>II. Other Income</b>	20	5.66	10.00
<b>III. Total Revenue(I+II)</b>		<b>1198.20</b>	<b>1078.04</b>
<b>IV. Expenses</b>			
Cost of materials consumed	21	591.13	420.92
Changes in inventories of finished goods		(31.05)	(11.74)
Employees Benefit Expenses	22	92.67	87.17
Finance costs	23	83.20	54.10
Depreciation and amortization expense		55.18	41.85
Other expenses	24	310.78	232.08
<b>Total expenses</b>		<b>1101.91</b>	<b>824.38</b>
<b>V. Profit before tax</b>		96.29	253.66
<b>VI. Tax Expense</b>			
Current Tax/ MAT		28.37	65.51
Deferred Tax		6.57	22.71
Earlier years Adjustments		(2.58)	0.00
<b>VII. Profit After Taxation</b>		63.93	165.44
Balance Brought Forward		319.05	200.81
<b>Profit Available for Appropriation</b>		382.98	366.25
<b>Earnings Per Share</b>			
Basic and Diluted Earnings Per Share (in rupees)	26.14	24.61	62.84

Notes to financial statements (Including significant accounting policies)

1 to 27

The Notes referred to above form an integral part of the financial statement.

Auditors' Report to the Members  
As per our report of even date attached  
For **Raghu Nath Rai & Co.**  
Chartered Accountants  
Firm Regn. No. 000451N

For and on behalf of the board

**(Prem Prakash)**  
Partner  
Membership No. 7648  
Place: New Delhi  
Date: May 05, 2012

**Prem Khandelwal**  
CFO & Company Secretary

**Subhrakant Panda**  
Managing Director

**Baijayant Panda**  
Vice Chairman

## CASH FLOW STATEMENT FOR THE YEAR 2011-12

	Year 2011-12	(Rs. in crore) Year 2010-11
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	96.29	253.66
<b>Adjustment for :</b>		
Depreciation	55.18	41.85
(Profit)/loss on sale of assets (net)	(0.43)	(0.05)
Unrealised foreign exchange (gain)/loss (net)	2.83	(0.42)
Interest income	(1.83)	(4.39)
Interest and financial expenses	30.07	28.66
<b>Operating profit before working capital changes</b>	<b>182.11</b>	<b>319.31</b>
<b>Adjustment for :</b>		
Trade and other receivables	(86.64)	(29.58)
Inventories	1.47	(77.11)
Trade payables	71.47	34.01
Cash generated from operations	168.41	246.63
Direct taxes paid	(52.98)	(66.84)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>115.43</b>	<b>179.79</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (net)	(379.86)	(237.52)
Sale of fixed assets	0.81	0.29
Sale/(purchase) of investment	5.37	(6.95)
Interest received	1.83	4.39
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(371.85)</b>	<b>(239.79)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest and financial charges paid	(30.07)	(28.66)
Repayment of loans (net)	(83.77)	(134.34)
Cash credit (net)	43.98	18.89
Proceeds from/(Repayment of) long term borrowings	295.43	212.95
Unsecured Loan	40.54	0.00
Dividend paid (including dividend tax)	(15.10)	(30.70)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>251.01</b>	<b>38.14</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(5.41)</b>	<b>(21.86)</b>
<b>CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>	<b>24.81</b>	<b>46.67</b>
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>19.40</b>	<b>24.81</b>

Auditors' Report to the Members  
As per our report of even date attached  
For **Raghu Nath Rai & Co.**  
Chartered Accountants  
Firm Regn. No. 000451N

For and on behalf of the board

**(Prem Prakash)**  
Partner  
Membership No. 7648  
Place: New Delhi  
Date: May 05, 2012

**Prem Khandelwal**  
CFO & Company Secretary

**Subhrakant Panda**  
Managing Director

**Baijayant Panda**  
Vice Chairman

## NOTES

### ANNEXED TO THE ACCOUNTS

(Rs. in crore)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE 1: SHARE CAPITAL</b>		
<b>Authorised</b>		
3,00,00,000 Equity Shares of Rs.10/- each	30.00	30.00
(Previous Year 3,00,00,000 Equity Shares of Rs.10/- each)		
40,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each	0.40	0.40
2,60,000 2nd Series Redeemable Cumulative Preference Shares of Rs.100/- each	2.60	2.60
	<b>33.00</b>	<b>33.00</b>
<b>Issued, Subscribed and Paid-up</b>	25.98	26.33
2,59,77,053 Equity Shares of Rs.10 /- each fully paid		
(Previous Year 2,63,26,519 Equity Shares of Rs.10/- each)	25.98	26.33

#### a. Share Holding

Disclosure pursuant to Note no.6(A)(d) of Part I of Schedule VI of Companies Act,1956

Particulars	Equity Shares		Preference shares	
	No of Shares	Rs. Cr.	No of shares	Rs. Cr.
i. Shares outstanding at the beginning of the year	26326519	26.33	Nil	
ii. Shares issued during the year				
iii. Shares cancelled during the year (Refer Note no.26.7)	349466	0.35		
iv. Shares outstanding at the end of the year	25977053	25.98	Nil	

#### b. Share Holding more than 5%

Disclosure pursuant to Note no.6(A)(g) of Part I of Schedule VI of Companies Act,1956

	As at 31.03.2012		As at 31.03.2011	
	No of Shares	%	No of Shares	%
i. Barabati Investment & Trading Co Pvt Ltd	26,34,778	10.14	26,34,778	10.00
ii. KB Investment Pvt Ltd	25,16,401	9.68	25,16,401	9.55
iii. Madhuban Investment Pvt Ltd	23,95,696	9.22	23,95,696	9.09
iv. Paramita Investment & Trading Co Pvt Ltd	26,34,778	10.14	26,34,778	10.00
v. LITEC Company Ltd	38,44,259	14.79	38,44,259	14.60

#### c. Shares allotted other than cash

Disclosure pursuant to Note no.6(A)(i) of Part I of Schedule VI of Companies Act,1956; 25,11,754 shares were allotted to the Shareholders of Utkal Manufacturing & Services Ltd. upon acquisition of its assets by the Company in the year 2009-10 pursuant to the Scheme of Demerger of its Ferro Alloys Division.

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

	As at 31.03.2012	(Rs. in crore) As at 31.03.2011
<b>NOTE 2: RESERVES AND SURPLUS</b>		
<b>1. Capital Reserve</b>	0.91	0.91
<b>2. Capital Redemption Reserve</b>	0.20	0.20
<b>3. Securities Premium Reserve</b>	131.39	131.39
<b>4. Other Reserve</b>		
General Reserve (Opening Balance)	263.54	246.99
Adjustments during the year	(2.99)	
Add: Transferred from Profit and Loss Account	6.40	16.55
	<b>266.95</b>	<b>263.54</b>
<b>5. Surplus as per Profit and Loss Account</b>	382.98	366.25
Less : APPROPRIATIONS		
Proposed Dividend @ 50%	12.99	13.16
Interim Dividend	0.00	13.16
Tax on Dividend	2.11	4.33
General Reserve	6.40	16.55
Balance Carried Forward	361.48	319.05
	<b>760.93</b>	<b>715.09</b>
<b>NOTE 3: LONG TERM BORROWINGS</b>		
<b>Term Loans from Banks (secured)</b>		
1. From IDBI secured by pari passu first charge on present and future fixed assets of the company (excluding property situated at 44, Chowringhee Road, Kolkata, Aircrafts, Vehicles, Office Equipments of Therubali Division & project assets related to 27MVA Plant, 30 MVA plant, 30 MW & 120 MW Power Plant, Coal Handling Plant etc) EMI of Rs 4.67cr till Mar'14	56.09	112.19
2. From PFC.PFS & IDBI secured by first charge ranking pari passu on the company's movable & immovable properties, present & future, relating to the 120 MW Power Plant in addition to the personal Guarantee of two directors. PFC:48 EQI of Rs 6.20cr from Jan' 13 PFS:48 EQI of Rs 2.50cr from Jan' 13 IDBI:48 EQI of Rs 0.60cr from Nov' 12	357.69	125.03
3. From IDBI secured by exclusive charge on Coal Handling Plant assets & personal guarantee of two Directors. 28 EQI of Rs2.29cr from Oct' 12	59.38	20.00
4. From State Bank of India secured by exclusive charge on 30 MW captive power plant (CPP) assets, pari passu first charge on the plot no. 43 on which CPP has been erected and second charge on current assets in addition to the personal guarantee of two Directors. EQI of Rs 2.175cr from July' 10 to June' 14 EQI of Rs 2.610cr from July' 14 to June' 19	60.90	71.78

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

(Rs. in crore)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE 3: LONG TERM BORROWINGS (Contd.)</b>		
5. From State Bank of India secured by exclusive charge on 30MVA assets in addition to the personal guarantee of two Directors EQI of Rs 2.33cr from Dec'10 to Mar'15	18.70	28.02
6. ECB from Standard Chartered Bank secured by book debts under three years contract entered with Marubeni Tetsugen Co Ltd, Japan & 27MVA furnace at Choudwar 17 EQI from Oct'11 to Oct'15	20.89	27.42
7. From SREI Equipment Finance Pvt Ltd secured by first charge on the CJ 2 Cessna Aircraft. EMI from May'11 to Feb'14	5.84	11.28
	<b>579.49</b>	<b>395.72</b>
<b>NOTE 4: OTHER LONG TERM LIABILITIES</b>		
<b>Unsecured</b>		
Trade Payable	87.88	77.15
Security Deposit	10.68	10.78
	<b>98.56</b>	<b>87.93</b>
<b>NOTE 5: LONG TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>	3.40	3.81
	<b>3.40</b>	<b>3.81</b>
<b>NOTE 6: SHORT TERM BORROWINGS</b>		
<b>Loans Payable on Demand</b>		
a) Working Capital Loan From Indian Overseas Bank, State Bank of India and Standard Chartered Bank secured by hypothecation of entire stocks and book debts and fixed assets of Therubali Division (excluding property situated at 44, Chowringhee Road, Kolkata aircrafts, vehicles, office equipments of Therubali Division) on pari passu basis in addition to the personal guarantee of two Directors and from IDBI Bank Ltd & ICICI Bank Ltd secured by hypothecation of entire stocks and book debts.	90.26	44.88
b) Unsecured loan from DBS Bank Ltd	40.54	0.00
Advance from Subsidiary	0.07	0.07
Advance from Customers	1.64	2.81
Earnest Money and Security Deposits	0.74	0.53
	<b>133.25</b>	<b>48.29</b>

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

(Rs. in crore)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE 7: TRADE PAYABLES</b>		
Trade Payables	157.48	77.32
	<b>157.48</b>	<b>77.32</b>
<b>NOTE 8: OTHER CURRENT LIABILITIES</b>		
Current Maturity of Long Term Debt	110.30	82.41
Unpaid Dividend @	0.57	0.42
Due to Directors	5.09	12.53
Interest Accrued but not Due	2.12	1.40
Capital Payable	20.44	20.93
Other Liabilities	7.43	17.35
	<b>145.95</b>	<b>135.04</b>
@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund		
<b>NOTE 9: SHORT TERM PROVISIONS</b>		
Taxation	141.72	132.75
Proposed Dividend	12.99	13.16
Tax on Dividend	2.11	2.14
Employees Benefit	7.56	6.70
	<b>164.38</b>	<b>154.75</b>

### NOTE 10: FIXED ASSETS

#### TANGIBLE ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.11	Additions	Sales / Transfer	As at 31.03.12	As at 01.04.11	For the year	Deductions	As at 31.03.12	As at 31.03.12	As at 01.04.11
Freehold Land	40.85	1.54	0.00	42.39	0.00	0.00	0.00	0.00	42.39	40.85
Leasehold Land	21.79	0.00	0.00	21.79	0.00	0.00	0.00	0.00	21.79	21.79
Buildings	178.87	34.12	0.00	212.99	60.00	11.12	0.00	71.12	141.87	118.87
Railway Siding & Runways	5.88	0.00	0.00	5.88	2.91	0.29	0.00	3.20	2.68	2.97
Plant & Equipments	415.40	116.43	1.21	530.62	212.50	39.46	1.03	250.93	279.69	202.90
Office Equipments	7.51	1.20	0.04	8.67	4.36	0.57	0.02	4.91	3.76	3.15
Computer & Accessories	3.95	2.55	0.00	6.50	3.26	0.54	0.00	3.80	2.70	0.69
Furniture and Fixtures	4.21	0.27	0.00	4.48	2.90	0.32	0.00	3.22	1.26	1.31
Vehicles	13.47	3.79	1.07	16.19	6.48	2.16	0.80	7.84	8.35	6.99
Aircrafts	8.38	0.00	0.00	8.38	3.96	0.72	0.00	4.68	3.70	4.42
	<b>700.31</b>	<b>159.90</b>	<b>2.32</b>	<b>857.89</b>	<b>296.37</b>	<b>55.18</b>	<b>1.85</b>	<b>349.70</b>	<b>508.19</b>	<b>403.94</b>



## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

(Rs. in crore)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE 11: NON-CURRENT INVESTMENTS</b>		
<b>Long Term Investments : (At Cost)</b>		
1. Investments in Shares (Quoted) Interest in the Trust Nil(PY 3,49,466) Equity Shares at fair value pursuant to the scheme of arrangement and amalgamation for the benefit of small shareholders	0.00	5.98
2. Investments in Shares of Subsidiary Companies (Unquoted) 10,49,998 Equity Shares of Rs.10/- each fully paid-up in Indian Metals & Carbide Limited Less: Provision for diminution in investment	1.09	0.23
	<b>0.03</b>	<b>0.23</b>
50,000 Equity Shares of Rs.10/- each fully paid-up in Utkal Power Limited	0.05	0.05
1,48,00,000 Equity Shares of Rs 10/-each fully paid up in Utkal Coal Limited	82.88	82.88
23,00,000 Equity Shares of Rs.10/- each fully paid-up in IMFA Alloys Finlease Limited	2.30	2.30
9,80,000 Equity Shares of Rs.10/- each fully paid-up in UGEL	0.98	0.05
1,17,21,801 Equity Shares fully paid-up in Indmet (Mauritius) Limited	53.13	53.25
	<b>139.37</b>	<b>144.74</b>
<b>NOTE: 12 LONG TERM LOANS &amp; ADVANCES</b> (Unsecured Considered good)		
Capital Advance	44.11	85.88
Security and Other Deposits	5.46	3.23
Loans & Advance to related parties	1.36	13.51
Deposit with Excise and Customs	6.17	4.46
Deposit for electricity in No Lien & Escrow A/c	58.66	42.04
	<b>115.76</b>	<b>149.12</b>
<b>NOTE 13: OTHER NON-CURRENT ASSETS</b>		
Long Term Trade Receivables (Unsecured considered good)	11.58	11.58
	<b>11.58</b>	<b>11.58</b>
<b>NOTE 14: INVENTORIES</b>		
<b>Inventories (verified, valued and certified by the management)</b>		
(a) Raw Materials (Includes RM-In-Transit Rs 19.76cr/PY Rs 47.47cr)	156.93	198.98
(b) Stores and Spares	27.49	18.05
(c) Loose Tools	0.12	0.12
(d) Finished Stock (stock-in-transit Rs 33.80cr/PY Rs nil) (includes Excise Duty on Finished Stock not assessed to duty Rs.9.25 crore - previous year Rs.13.11 crore)	145.15	114.01
	<b>329.69</b>	<b>331.16</b>

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

	As at 31.03.2012	(Rs. in crore) As at 31.03.2011
<b>NOTE 15: TRADE RECEIVABLES</b>		
<b>Trade Receivables</b> (unsecured and considered good by the management)		
(a) Over Six Months		
— Considered good	2.13	0.84
— Considered doubtful	0.38	0.38
Less : Provision for doubtful	0.38	0.38
(b) Others - Considered good	34.31	11.05
	<b>36.44</b>	<b>11.89</b>
<b>NOTE 16: CASH AND CASH EQUIVALENTS</b>		
(a) Balances with Banks		
— In Current Accounts (includes unpaid dividend of Rs 0.57cr/PY Rs 0.42 cr)	6.55	18.68
— In Margin Deposits	7.65	5.56
— In Fixed Deposits (More than 12 months maturity Nil/PY Nil)	4.40	0.00
	<b>18.60</b>	<b>24.24</b>
(b) Cash and Imprest in hand	0.80	0.57
	<b>19.40</b>	<b>24.81</b>
<b>NOTE 17: SHORT TERM LOANS &amp; ADVANCES</b>		
<b>Loans and Advances</b> (unsecured and considered good by the management)		
1. Advances and Loans		
— Subsidiary companies	1.36	0.37
2. Advances towards equity commitment		
— Subsidiary companies	0.00	11.75
— Associate companies	0.00	1.50
3. Advances recoverable in cash or in kind or for value to be received considered good	95.32	55.43
	<b>96.68</b>	<b>69.05</b>
4. Advance Income Tax paid (including TDS)	173.13	139.55
5. Deposit with Excise and Customs	56.26	29.71
	<b>326.07</b>	<b>238.31</b>
<b>NOTE 18: OTHER CURRENT ASSETS</b>		
Employee Advances	0.67	1.17
	<b>0.67</b>	<b>1.17</b>
<b>NOTE 19: REVENUE FROM OPERATIONS</b>		
Sale of products & other operating revenues	1164.93	1052.15
Less: Excise Duty	19.57	11.67
	<b>1145.36</b>	<b>1040.48</b>
Export Incentives	38.23	23.40
Sale of Scrap	8.95	4.16
	<b>1192.54</b>	<b>1068.04</b>

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

(Rs. in crore)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE 20: OTHER INCOME</b>		
Interest Income	1.83	4.39
Rent Realised	0.08	0.07
Profit on Sale of Assets	0.50	0.08
Claims Received	0.46	1.05
Miscellaneous Income	2.79	4.41
	<b>5.66</b>	<b>10.00</b>
<b>NOTE 21: COST OF MATERIAL CONSUMED</b>		
<b>Consumption of Raw Materials</b>		
Coal	267.47	140.20
Chrome Ore	141.38	114.02
Quartz	5.26	4.59
Coke & Others	250.18	199.53
Carbon paste	14.09	12.29
Others	16.23	21.47
<b>Total</b>	<b>694.61</b>	<b>492.10</b>
Less: Adjustment for Inter Unit transfer of Chrome Ore	103.48	71.18
	<b>591.13</b>	<b>420.92</b>
<b>NOTE 22: EMPLOYEES BENEFIT EXPENSES</b>		
<b>Payment to Employees</b>		
Salaries, Wages, Bonus, Allowances, Retirement Benefits etc.	83.03	75.02
Contribution to Employees'		
Provident Fund and Other Funds	6.62	9.11
Workmen and Staff Welfare Expenses	3.02	3.04
	<b>92.67</b>	<b>87.17</b>
<b>NOTE 23: FINANCE COST</b>		
a. Interest Expenditures		
Interest on Long Term Loans	30.07	28.66
Interest on Working Capital	7.08	1.04
b. Other Finance charges	6.05	12.23
c. Other Borrowing Cost	3.98	5.69
d. Loss on Foreign Currency Transaction & Translation	36.02	6.48
	<b>83.20</b>	<b>54.10</b>

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

	As at 31.03.2012	(Rs. in crore) As at 31.03.2011
<b>NOTE 24: OTHER EXPENSES</b>		
<b>a. Manufacturing</b>		
Consumption of Stores, Spares and Tools	23.21	18.85
Consumption of Electricity Purchased	10.42	0.07
Electricity Duty	15.83	14.36
Energy Transmission Charges	4.44	5.06
<i>Repairs and Maintenance</i>		
Plant and Machinery	24.58	14.06
Buildings	3.66	4.03
Other Assets	4.99	3.79
	<b>33.23</b>	<b>21.88</b>
Quarrying, Raising and Other Expenses	83.73	52.15
Finished Stock and Slag Handling Expenses	14.33	20.50
Other Factory Expenses	18.59	13.69
Excise Duty on Closing Stock of Finished Goods	6.22	-0.73
	<b>210.00</b>	<b>145.83</b>
<b>b. Administrative</b>		
Insurance	2.12	1.41
Rent	1.79	1.55
Rates and Taxes	5.39	3.22
Travelling and Conveyance	6.92	5.40
Legal and Consultancy Expenses	6.08	6.14
Auditors' Remuneration and Expenses	0.22	0.20
Commission & Sitting fee (Non executive directors)	0.34	0.34
Adjustment to carrying amount of Investment	1.18	0.00
Miscellaneous Expenses	14.06	12.08
	<b>38.10</b>	<b>30.34</b>
<b>c. Selling</b>		
Carriage Outward and Handling Expenses	38.62	33.82
Export Promotion Expenses	2.59	1.61
Other Selling Expenses	21.47	20.48
	<b>62.68</b>	<b>55.91</b>
	<b>310.78</b>	<b>232.08</b>

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 25: SIGNIFICANT ACCOUNTING POLICIES

##### 25.1 ACCOUNTING CONVENTION

- (a) The financial statements have been prepared under the historical cost convention (excluding certain fixed assets which are restated pursuant to the composite scheme of arrangement and amalgamation) and in accordance with applicable Accounting Standards except where otherwise stated.
- (b) The Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

##### 25.2 REVENUE RECOGNITION

- (a) Gross sales represents invoiced value of goods sold net of sales tax but inclusive of excise duty.
- (b) Inter unit transfers are adjusted against respective expenses.

##### 25.3 FIXED ASSETS

- (a) Freehold and leasehold lands are not depreciated.
- (b) Expenses on construction of approach roads are treated as revenue.
- (c) Depreciation is charged on plant & machinery and buildings of third furnace at Therubali on straight line method and for all other categories of assets, on the reducing balance method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.
- (d) Full depreciation is charged on R & D assets in the year of installation.

##### 25.4 INVESTMENTS

Current investments are valued at the lower of cost and fair value. Long term investments are valued at cost except in the case of a permanent diminution in their value, in which case necessary provision is made.

##### 25.5 INVENTORIES

Inventories are valued as under, after providing for obsolescence:

- (a) Raw materials, stores & spares and loose tools are valued at weighted average cost. Finished goods, work-in-progress, slow moving, rejected/substandard stocks and fines generated are valued at lower of cost or net realisable value. Cost formula used is weighted average cost.
- (b) Carriage inward on general stores material is directly charged to revenue.
- (c) Stores and spares purchased for Aviation Division are directly charged to revenue.
- (d) Inter unit transfers of mining material and stock of usable ore at mines are valued at lower of cost or net realisable value.
- (e) By-products at mines are not valued as they do not carry any material value.

##### 25.6 DEBTORS AND ADVANCES

Provision has been made for doubtful debts and advances to the extent considered necessary by the management.

##### 25.7 FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated at the rate of exchange prevailing on the date of transaction. Closing balances in foreign currency as at Balance Sheet date are converted at the rate of exchange prevailing on that date.

##### 25.8 EMPLOYEE BENEFITS

- (a) Company's contributions to provident fund, pension fund and superannuation fund are accounted on accrual basis.
- (b) Provision for gratuity and leave encashment is made on the basis of actuarial valuation at the end of the year.

##### 25.9 BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

##### 25.10 FINANCIAL DERIVATIVES

In respect of financial derivatives, premium paid, losses on restatement and gains/losses on settlement are charged to the profit and loss account.

##### 25.11 DEFERRED TAX

Deferred tax is recognised subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

##### 25.12 IMPAIRMENT OF ASSETS

The Company assesses at each balance sheet 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 or the recoverable amount of the cash generating unit to which the asset belongs 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 recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

##### 25.13 MINING DEVELOPMENT EXPENSES

Mining development expenses in respect of operating mines are charged off to revenue as and when incurred.

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 26 – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

##### 25.14 PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

**26.1** Disputes with Gridco were settled in favour of the Company vide a unanimous award of the Arbitration Panel dated 23rd March 2008. Subsequently, Gridco filed a petition before the District Judge, Bhubaneswar and obtained an interim stay on the operation of the said award. The Company has filed its objection in the matter.

**26.2** In the arbitration proceedings relating to Tata Steel reneging on a conversion contract with the Company, an interim order was passed in January 2003 upholding all issues in the Company's favour without however quantifying the amount to be paid as damages by Tata Steel. The matter is now pending before the Hon'ble High Court of Kolkata.

**26.3** An amount of Rs 11.39 crores withheld by Sundry debtors, the effect of which on the current year's account cannot be ascertained pending settlement thereof.

**26.4** Pursuant to the order of Hon'ble High Court of Odisha dated 21st April 2005 the Company was paying electricity duty at 6 paise per unit to the Govt of Odisha and keeping the differential duty of 14 paise per unit in a separate 'no lien account' till final disposal of the writ petition. The Hon'ble High Court of Odisha disposed the said writ petition vide judgment dated 6.5.2010 by directing the Company to deposit the differential duty amount lying in no lien account with the State Exchequer. Hence the Company preferred an appeal before the Hon'ble Supreme Court of India. The Hon'ble Supreme Court vide its order dated 7.2.2011 directed the company to continue the payment in the same manner but to deposit the differential amount of 14 paise per unit in an Escrow account in stead of no lien account till final disposal of the appeal. Accordingly, the Company is paying the balance 14 paise per unit in an escrow account with State Bank of India from February 2011 onwards.

**26.5** Pursuant to a Scheme of Arrangement and Amalgamation sanctioned by Hon'ble Odisha High Court vide its order dated 13.10.2006 Indian Charge Chrome Limited ("ICCL") a group company was amalgamated with the Company and debts of erstwhile ICCL became the liability of the Company. The Company has paid the entire settlement

amount by accelerating the payments to all the secured creditors. However Andhra Bank, vide its notice dated 03.04.2010, alleged that the right of recompense payable by the Company is Rs 58.09 crores and called upon the Company to pay the said amount within 15 days failing which threatened to institute recovery proceedings before DRT, Cuttack. The Company thereafter filed an application under section 392 of the Companies Act before the Hon'ble Odisha High Court, in respect of the claim of Andhra Bank towards recompense amount etc. and the Hon'ble Odisha High Court vide its order dated 09.04.2010 directed that no coercive action shall be taken against the company pursuant to the demand notice. The Company has been advised that the case of Andhra Bank has no merit.

**26.6** Indmet Mauritius Limited a 100 % Subsidiary of the Company has applied for voluntary winding up of the company. Consequently all its assets & liabilities including the shares of Indmet Mining Pte Ltd, Singapore would be transferred to IMFA from the effective date upon completion of winding up proceedings & as permitted under the Mauritius law. The loss on this account is Rs 0.12 Crore.

**26.7** Pursuant to the Composite Scheme of Arrangement & Amalgamation, 8,64,902 shares were allotted to 'Erstwhile ICCL Shareholders Trust' and made available by the Trustees at Rs. 50/- per share to the small shareholders. However, in spite of extensions/reminders only 5,15,436 shares were subscribed leaving 3,49,466 shares as unsubscribed. The Company filed a petition to the Hon'ble High Court of Odisha, Cuttack under Section 392 of the Companies Act, 1956 seeking the approval to modify the Scheme of Arrangement & Amalgamation by confirming the reduction of share capital by cancellation of 3,49,466 equity shares of Rs.10/- each held by erstwhile ICCL Shareholders Trust. The petition was approved by Hon'ble High Court of Odisha by an order dated 16th March 2011 and registered with Registrar of Companies (ROC), Odisha on 1st April, 2011. Accordingly the paid up equity share capital has reduced from Rs.26,32,65,190/- (Rupees twenty six crore thirty two lakhs sixty five thousand one hundred ninety only) divided into 2,63,26,519 equity shares of Rs.10/- each to Rs.25,97,70,530/- (Rupees twenty five crore ninety seven lakhs seventy thousand five hundred thirty only) divided into 2,59,77,053 equity shares of Rs.10/- each in the current year 2011-12.

**26.8** Provision for Income Tax for the assessments completed which are pending under appeals and for the current year have been made to the extent considered necessary by the management.



## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 26 – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

**26.9** The Company has been providing employee benefits as per Accounting Standard – 15 based on the actuarial valuation under the projected unit credit method.

a) The amounts recognised in the Balance sheet are as under :

(Rs. In Crore)				
Particulars	Gratuity 2011-12	Gratuity 2010-11	Leave Encashment 2011-12	Leave Encashment 2010-11
Present Value of obligation	15.37	14.19	3.95	3.45
Fair value of plan assets	15.26	12.55	—	—
Net Assets / (liabilities) recognised in balance sheet	(0.11)	(1.64)	(3.95)	(3.45)

b) Changes in present value of obligation :

(Rs. In Crore)				
Particulars	Gratuity 2011-12	Gratuity 2010-11	Leave Encashment 2011-12	Leave Encashment 2010-11
Present Value of obligation at the beginning of the year	14.19	9.54	3.45	2.67
Interest cost	1.19	0.95	0.30	0.24
Current service cost	1.08	0.95	0.21	0.20
Benefits paid	(0.96)	(0.94)	(1.29)	(1.01)
Actuarial (Gain) / loss on obligation	(0.13)	3.69	1.28	1.35
Present value of obligation as at the end of the year	15.37	14.19	3.95	3.45

c) Changes in plan assets :

(Rs. In Crore)				
Particulars	Gratuity 2011-12	Gratuity 2010-11	Leave Encashment 2011-12	Leave Encashment 2010-11
Fair Value of plan assets as at the beginning of the year	12.55	5.29	—	—
Return on plan assets	1.13	0.71	—	—
Contributions	2.41	7.50	1.29	1.01
Benefits paid	(0.96)	(0.94)	(1.29)	(1.01)
Actuarial Gain/ (loss ) on Plan assets	0.13	(0.01)	—	—
Fair value of plan assets as at the end of the year	15.26	12.55	—	—

d) Principal actuarial assumptions at the Balance Sheet date are as follows:

Discount rate per annum compound	8%
Rate of increase in salary	5%
Rate of return on plan assets	8%
Expected average remaining working lives of employees (years)	15.57
Withdrawal rates	Varying between 2% per annum & 1% per annum depending on duration & age of the employees.
Mortality Table	Standard table LIC(1994-96)

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 26 – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

##### 26.10 SEGMENT REPORTING

Segments are being identified on the basis of dominant source and nature of risks and returns. Industry segments at the company are primarily Ferro Alloys, Power & Chrome Ore mining. The segments which are not required to be reported separately are grouped under 'Others'.

Income, direct expenses and fixed assets in relation to segments are categorized based on items that are individually identifiable to that segment. The remainder are separately grouped as "Unallocated".

(Rs in crore)

	2011-12			2010-11		
	External sale	Inter Segment	Total	External sale	Inter Segment	Total
<b>SEGMENT REVENUE</b>						
a. Power	0.80	352.50	353.30	14.95	202.58	217.53
b. Ferro Alloys	1144.54	—	1144.54	1025.53	—	1025.53
c. Chrome ore Mining	—	103.48	103.48	—	71.18	71.18
d. others	0.02	—	0.02	—	—	—
<b>Total</b>	<b>1145.36</b>	<b>455.98</b>	<b>1601.34</b>	<b>1040.48</b>	<b>273.76</b>	<b>1314.24</b>

##### SEGMENT RESULT

a. Power			(0.82)			1.46
b. Ferro Alloys			254.95			359.22
c. Chrome ore Mining			—			—
<b>Total</b>			<b>254.13</b>			<b>360.68</b>
Less:						
Interest			83.20			54.10
Other Unallocable expenditure net of unallocable income			74.64			52.92
Profit Before Tax			96.29			253.66
Tax			32.36			88.22
<b>Profit After Tax</b>			<b>63.93</b>			<b>165.44</b>

##### OTHER INFORMATIONS

	Segment Assets		Segment Liabilities	Segment Assets		Segment Liabilities
a. Power	929.84		153.15	596.10		121.86
b. Ferro Alloys	850.52		103.26	822.79		73.28
c. Chrome ore Mining	39.59		13.11	34.42		12.22
d. Others	23.13		1.87	—		—
e. Unallocated	246.65		1818.34	204.71		1450.66
<b>Total</b>	<b>2089.73</b>		<b>2089.73</b>	<b>1658.02</b>		<b>1658.02</b>

	Capital Asset	CWIP	Depreciation	Capital Asset	CWIP	Depreciation
a. Power	188.62	580.49	22.74	94.13	324.39	13.89
b. Ferro Alloys	239.88	6.90	26.44	247.47	15.62	22.63
c. Chrome ore Mining	17.50	0.97	1.76	15.68	1.02	1.76
d. Others	11.83	11.15	0.03	—	—	—
e. Unallocated	50.36	3.05	4.21	46.66	0.27	3.57
<b>Total</b>	<b>508.19</b>	<b>602.56</b>	<b>55.18</b>	<b>403.94</b>	<b>341.30</b>	<b>41.85</b>

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 26 – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

##### 26.11 RELATED PARTY DISCLOSURES

Disclosures as required by the Accounting Standard – 18 “Related Party Disclosures” are given below:

(a) List of related parties:

###### Subsidiaries:

- 1 Indian Metals & Carbide Ltd
- 2 Utkal Power Ltd
- 3 Utkal Coal Ltd
- 4 IMFA Alloys Finlease Ltd
- 5 Utkal Green Energy Ltd
- 6 Indmet (Mauritius) Ltd
- 7 Indmet Mining ( Pte ) Ltd, Singapore
- 8 PT. Sumber Rahayu Indah, Indonesia

###### Associates:

- 1 B Panda & Company Pvt Ltd
- 2 Madhuban Investment Pvt Ltd
- 3 Barabati Investment & Trading Company Pvt Ltd
- 4 K B Investment Pvt Ltd
- 5 Paramita Investment & Trading Company Pvt Ltd
- 6 Panda Investment Pvt Ltd
- 7 Utkal Charitable Trust
- 8 Indian Metals Public Charitable Trust
- 9 Utkal Manufacturing & Services Ltd
- 10 Utkal Housing and Infrastructure Development Ltd
- 11 B Panda Trust
- 12 Utkal Real Estate Pvt Ltd
- 13 B.P.Solar Pvt Ltd
- 14 Esquire Realtors Pvt Ltd
- 15 Bansidhar & Ila Panda Foundation

- 16 Kishangarh Enviromental Development Action Pvt Ltd
- 17 BP Developers Pvt Ltd
- 18 Barabati Realtors Pvt Ltd
- 19 KEDA Enterprise Pvt Ltd
- 20 Ortel communications Ltd
- 21 Metro Skynet Ltd
- 22 Rutayan Ila Trust
- 23 Shaisah Foundation
- 24 Goal Oriented Advisory & Legal Services Pvt Ltd
- 25 Paramita Realtors Pvt Ltd
- 26 Odisha Television Ltd
- 27 Barunei Farm & Nature Resorts Pvt Ltd
- 28 Starone Projects Pvt Ltd
- 29 Odisha Coal & Services Pvt Ltd
- 30 INDMET Commodities Pvt Ltd
- 31 Palios Corporation
- 32 Commercial City Centre Pvt Ltd
- 33 Carolina Consulting Pvt Ltd

###### Key Management Personnel and Relatives:

- 1 Dr. B. Panda
- 2 Mr. Bajjayant Panda
- 3 Mrs. Jagi Mangat Panda
- 4 Mr. Subhrakant Panda
- 5 Mrs. Shaifalika Panda
- 6 Mrs. Paramita Mahapatra
- 7 Mr. Rajen Mahapatra
- 8 Mrs. Nivedita Ganapathi
- 9 Mr. K.G. Ganapathi
- 10 Mr. J. K. Misra

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 26 – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

b) Transactions with related parties during the year 2011-12.

(Rs. in crore)			
Nature of Transactions	Subsidiaries	Associates	Key Management Personnel & Relatives
1. Purchase of raw materials and stores etc.	0.03 (—)	57.38 (16.06)	—
2. Services received	0.04 (0.03)	118.55 (93.81)	0.13 (0.12)
3. Managerial remuneration	—	—	7.02 (14.43)
4. Advance for purchases of raw material	--	2.53 (6.02)	—
5. Advance Others	— (0.01)	—	—
6. Guarantees	145.86 (109.60)	—	—
7. Donation	—	1.00 (1.00)	—
8. Purchase of Assets	13.66 (—)	—	—
9. Reimbursement for services & expenses	7.08 (16.77)	—	—
10. Loans refunded & interest paid to the company	— (6.84)	—	—
11. Financing-Equity	1.79 (—)	—	—
12. Outstanding balances as on 31.03.12 :			
(a) Debit	1.35 (12.12)	— (1.50)	—
(b) Credit	0.07 (0.05)	38.86 (16.23)	4.86 (12.22)

**Note:** Figures in brackets represent corresponding amounts of previous year.

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 26 – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

**26.12** Disclosure of Loans/Advance & Investments to subsidiaries, associates & firms/companies in which directors are interested as required by Clause 32 of the Listing Agreement.

(Rs. in crore)

Name	Investment as on 31.03.12	Maximum amount outstanding during the year	Loans & advances as on 31.03.12	Maximum amount outstanding during the year
1. Indian Metals & Carbide Ltd	0.03 (0.23)	(1.09) (0.23)	—	—
2. Utkal power Ltd	0.05 (0.05)	0.05 (0.05)	1.16 (0.37)	1.16 (0.37)
3. Utkal Coal Ltd	82.88 (82.88)	82.88 (82.88)	— (—)	1.32 (17.21)
4. IMFA Alloys finlease Ltd	2.30 (2.30)	2.30 (2.30)	0.15 (—)	0.15 (—)
5. Indmet (Mauritius) Ltd	53.13 (53.25)	53.25 (53.25)	—	—
6. Utkal Green Energy ltd.	0.98 (0.05)	0.98 (0.05)	0.04 (11.75)	14.73 (11.75)
7. Utkal Housing and Infrastructure Development Ltd	—	—	— (1.50)	1.50 (1.50)

**NOTE:** Figures in brackets represent corresponding amounts of previous year.

#### 26.13 LEASE

The Company's significant leasing arrangements are in respect of operating leases for premises only which are renewable at the option of both the lessor & the lessee. The aggregate lease rentals payable are charged as 'rent' and the aggregate lease rentals receivable are credited as 'rent realised' in the financial statements.

Total of future minimum lease rents payable are summarized below.

(Rs. in Crore)

Not later than one year	1.61
Later than one year & not later than five years	0.29
Later than five years	0.43

Total lease payments recognized in the profit & loss account during the year 2011-12 is Rs. 1.79 crores.

Total of future minimum lease rents receivable are summarized below.

(Rs. in Crore)

Not later than one year	0.08
Later than one year & not later than five years	Nil
Later than five years	Nil

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 26 – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

##### 26.14 EARNINGS PER SHARE

	As at 31.03.12	(Rs. in Crore) As at 31.03.11
a) Number of equity shares of Rs. 10/- each	25977053	26326519
b) Profit after taxation (Rs. in crore)	63.93	165.44
c) Basic and diluted earnings per share (in rupees)	24.61	62.84

##### 26.15 DEFERRED TAX CALCULATION

The Break up of deferred tax asset/(liability) is as under:

	As at 31.03.12	(Rs. in Crore) As at 31.03.11
a) Deferred tax liabilities:		
Difference between book and tax depreciation	30.26	24.28
<b>Total</b>	<b>30.26</b>	<b>24.28</b>
b) Deferred tax assets:		
Electricity Duty	8.65	8.85
Unpaid gratuity and leave encashment	1.30	1.69
<b>Total</b>	<b>9.95</b>	<b>10.54</b>
Deferred tax asset (Liability) (net)	(20.31)	(13.74)

##### 26.16 Micro, Small and Medium Enterprises Development Act

The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Consequently the amount paid/payable to these parties during the year is nil.

##### 26.17 Contingent liabilities & Other Commitments

###### A. Contingent Liabilities

	As at 31.03.12	(Rs. in Crore) As at 31.03.11
a) i. Guarantees issued by Banks (Margin money against above Rs.5.18 crores ( previous year Rs.5.55 crores )	82.58	35.19
ii. Guarantee given by the company for Utkal Coal Ltd	146.60	109.60
b) i. Claims against Company not acknowledged as debts	117.59	34.36
ii. For suits filed against the Company in earlier years but not acknowledged as debts	1.31	1.19
c) Government Claims:		
i. Sales tax demand not accepted by the Company (deposits made under protest Rs.0.15 crores previous year Rs 0.19 crores.)	3.98	2.64
ii. Penalty for road tax (deposit made under protest Rs.06 crores)	0.12	0.12
iii. Provisional duty bonds to customs authority pending final debonding of 100% EOU	Amount not quantifiable	Amount not quantifiable

###### B. Other commitments

a) For capital contracts pending execution net off advance	103.11	334.66
--	--------	--------

26.18 Previous year's figures have been regrouped/recast wherever considered necessary.

26.19 As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act , 1956 is applicable to the financial statements for the financial year commencing on or after 1 st April, 2011. Accordingly, the financial statements for the year ended March 31, 2012 are prepared in accordance with the Revised schedule VI. The amounts & disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.



## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 27: INFORMATION PURSUANT TO PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

##### 27.1 STOCKS

	(Rs. in Crore)	
	As at 31.03.12	As at 31.03.11
Charge Chrome	132.72	100.49
Ferro Silicon	0.07	0.04
Chrome ore at Mines	12.22	13.48
Fly Ash Bricks*	0.14	—
<b>Total</b>	<b>145.15</b>	<b>114.01</b>

\*Stock of Fly ash bricks worth Rs 0.09 Crore was taken over from Utkal Green Energy Limited during the year.

##### 27.2 OTHER ADDITIONAL INFORMATION

	(Rs. in Crore)	
	Year 2011-12	Year 2010-11
a. Value of Imports on CIF basis:		
Raw materials	184.13	190.38
Components and spare parts	13.18	3.04
Capital goods	0.15	2.84
b. Expenditure in Foreign currency:		
Interest	1.09	1.11
Travelling	4.06	1.96
Others	5.15	3.59
c. Earnings in foreign exchange:		
F O B value of exports	939.70	890.55

	(Rs. in Crore)		
	Year 2011-12	Year 2010-11	
d. Remittance in Foreign Currency:			
On account of dividend to non-resident investors			
i. Year to which dividend pertains	2010-11	2009-10	2010-11
ii. Number of shareholders	6	594	596
iii. Number of equity shares	5635847	5817755	5819239
iv. Net amount remitted (Rs. in crore)	2.81	2.91	2.91

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 27: INFORMATION PURSUANT TO PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (Contd.)

		(Rs. in Crore)	
		Year 2011-12	Year 2010-11
e. Value of imported/Indigenous raw materials, spare parts, components & stores consumed		Rs. In crore	%
i. Raw materials			
Imported		254.45	36.63
Indigenous		440.16	63.37
ii. Spare parts, components & stores			
Imported		8.88	15.41
Indigenous		48.73	84.59

		(Rs. in Crore)	
		Year 2011-12	Year 2010-11
f. Payment to Auditors			
1. Statutory Auditors			
(a) As auditor		0.18	0.17
(b) Other Services		0.01	0.01
(c) Reimbursement of expenses		0.02	0.02
2. Tax Auditor		0.01	0.01
3. Cost Auditor		0.01	—
<b>Total</b>		<b>0.23</b>	<b>0.21</b>

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 27: INFORMATION PURSUANT TO PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (Contd.)

##### 27.3 STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956

1.	Name of the subsidiary	Indian Metals & Carbide Ltd	Utkal Power Ltd	Utkal Coal Ltd	IMFA Alloys Finlease Ltd.	Utkal Green Energy Ltd	Indmet (Mauritius) Ltd	Indmet Mining (Pte) Ltd	PT Sumber Rahayu Indah
2.	Financial year of the subsidiary ended on	31.3.2012	31.3.2012	31.3.2012	31.3.2012	31.3.2012	31.3.2012	31.3.2012	31.3.2012
3.	Holding Company's interest								
	Number of shares held	1049998	50000	14800000	2300000	980000	11721801	100% subsidiary of Indmet Mauritius Ltd	Subsidiary of Indmet Mining(Pte) Ltd
	Percentage of share holding	100	100	74	100	100	100		
4.	The net aggregate amount of the subsidiary's profit/(loss) so far as it concerns members of the Holding Company and is not dealt with in the Holding Company's accounts		Nil (yet to commence business)		Nil (yet to commence business)				
	For the financial year of the subsidiary	(0.79)	Not applicable	(0.03)	Not applicable	(0.96)	(0.02)	0.01	(0.20)
	For the previous financial years of the subsidiary since it became the Holding Company's subsidiary	(0.28)	Not applicable	(0.15)	Not applicable	—	(0.11)	(2.28)	(2.60)
5.	The net aggregate amount of the subsidiary's profit/(loss) dealt with in the Holding Company's accounts								
	For the financial year of the subsidiary		Nil	Nil	Nil	Nil		Nil	Nil
	For the previous financial years of the subsidiary since it became the Holding Company's subsidiary		Nil	Nil	Nil	Nil		Nil	Nil

The figures of Indmet Mauritius Ltd, Indmet Mining (Pte) Ltd & PT Sumber Rahayu Indah have been converted to INR at an exchange rate of INR 50.67/USD.

Auditors' Report to the Members  
As per our report of even date attached  
For **Raghu Nath Rai & Co.**  
Chartered Accountants  
Firm Regn. No. 00045IN

For and on behalf of the board

(Prem Prakash)  
Partner  
Membership No. 7648  
Place: New Delhi  
Date: May 05, 2012

Prem Khandelwal  
CFO & Company Secretary

Subhrakant Panda  
Managing Director

Bajjayant Panda  
Vice Chairman



# **CONSOLIDATED ACCOUNTS**

## CONSOLIDATED AUDITORS' REPORT

To the Board of Directors of Indian Metals & Ferro Alloys Limited on the Consolidated Financial Statements of Indian Metals & Ferro Alloys Limited and its Subsidiaries

1. We have examined the attached Consolidated Balance Sheet of Indian Metals & Ferro Alloys Limited and its Subsidiaries, Indian Metals & Carbide Limited, Utkal Coal Ltd, Utkal Power Limited, IMFA Alloys Ltd, Indmet (Mauritius) Ltd, Indmet Mining (Pte) Ltd, Utkal Green Energy Ltd, PT. Sumber Rahayu Indah, Indonesia as at 31st March, 2012, the Consolidated Profit and Loss Statement and the Consolidated Cash Flow Statement for the year then ended. These Consolidated financial statements are the responsibility of Indian Metals & Ferro Alloys Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all respects, in accordance with an identified financial reporting frame work and are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries. These financial statements have been audited by other auditor whose reports have been furnished to us. And our opinion, in so far as it relates to the amount included in respect of the subsidiaries, is based solely on the report of the other auditor.

4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirement of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Indian Metals & Ferro Alloys Limited and its Subsidiaries included in the Consolidated financial statement.
5. On the basis of information and explanation given to us and on the consideration of the separate audit report on individual audited financial statements of Indian Metals & Ferro Alloys Limited and its Subsidiaries except the audited report of PT. Sumber Rahayu Indah, Indonesia, & Indmet Mauritius Ltd (audit is not required as per the Local Act) we are of the opinion that the said financial statements give a true and fair view in conformity with accounting principles generally accepted in India;
  - (i) in the case of the Consolidated Balance Sheet, consolidated state of affairs of the Company and its Subsidiaries as at 31st March, 2012
  - (ii) in the case of Consolidated Profit and Loss Statement, of the consolidated results of operations of the Company and its Subsidiaries for the year then ended; and
  - (iii) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its Subsidiaries for the year then ended.

For **Raghu Nath Rai & Co.**  
Chartered Accountants  
Firm Regn.No.000451N

**(Prem Prakash)**  
Partner  
Membership No. 7648

Place: New Delhi  
Date: May 05, 2012

## CONSOLIDATED BALANCE SHEET

### AS AT 31ST MARCH, 2012

	NOTE	As at 31.03.2012	(Rs. in crore) As at 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	25.98	26.33
(b) Reserves and Surplus	2	760.94	711.89
(c) Minority Interest		22.48	22.97
		<b>809.40</b>	<b>761.19</b>
<b>2. Non-Current Liabilities</b>			
(a) Long Term borrowings	3	725.36	505.32
(b) Deferred Tax Liability (Net)		20.29	13.74
(c) Other Long term liabilities	4	100.39	88.65
(d) Long-term provisions	5	3.42	3.82
		<b>849.46</b>	<b>611.53</b>
<b>3. Current Liabilities</b>			
(a) Short Term borrowings	6	133.30	60.03
(b) Trade payables	7	157.51	77.33
(c) Other current liabilities	8	147.04	138.35
(d) Short-term provisions	9	164.38	154.75
		<b>602.23</b>	<b>430.46</b>
<b>Total</b>		<b>2261.09</b>	<b>1803.18</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible assets	10	1011.61	833.18
Less: Depreciation		349.85	296.88
Net Tangible assets		661.76	536.30
(ii) Capital Work-in-Progress		679.43	414.97
Intangible assets (Goodwill)		59.79	17.70
		<b>1400.98</b>	<b>968.97</b>
(b) Non-current investment	11	0.10	6.08
(c) Long-term loans and advances	12	116.14	149.67
(d) Other non-current assets	13	13.05	12.11
<b>2. Current Assets</b>			
(a) Current investment	14	1.54	0.00
(b) Inventories	15	329.74	331.21
(c) Trade Receivables	16	36.44	11.89
(d) Cash and Cash Equivalent	17	36.10	43.23
(e) Short-term loans and advances	18	326.33	278.85
(f) Other current assets	19	0.67	1.17
		<b>730.82</b>	<b>666.35</b>
<b>Total</b>		<b>2261.09</b>	<b>1803.18</b>

Notes to consolidated financial statements

1 to 28

The Notes referred to above form an integral part of the Consolidated Financial Statements

Auditors' Report to the Members

As per our report of even date attached

For **Raghu Nath Rai & Co.**

Chartered Accountants

Firm Regn. No. 000451N

For and on behalf of the board

**(Prem Prakash)**

Partner

Membership No. 7648

Place: New Delhi

Date: May 05, 2012

**Prem Khandelwal**  
CFO & Company Secretary

**Subhrakant Panda**  
Managing Director

**Baijayant Panda**  
Vice Chairman



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2012

(Rs. in crore)

	NOTE	Year 2011-12	Year 2010-11
<b>I. Revenue from operations</b>	20	1192.73	1068.04
<b>II. Other Income</b>	21	5.76	9.21
<b>III. Total Revenue (I+II)</b>		1198.49	1077.25
<b>IV. EXPENSES</b>			
Cost of materials consumed	22	591.30	420.92
Changes in inventories of finished goods		(31.14)	(11.74)
Employees Benefit Expenses	23	92.77	87.20
Finance costs	24	83.20	54.10
Depreciation and amortization expense		55.96	41.85
Other expenses	25	312.21	234.46
<b>Total expenses</b>		<b>1104.30</b>	<b>826.79</b>
<b>V. Profit Before Tax &amp; Prior Period Item</b>		94.19	250.46
Prior Period expenses		0.20	0.00
<b>VI. Profit Before Tax</b>		93.99	250.46
<b>VII. Tax Expense</b>			
Current Tax/ MAT		28.37	65.51
Deferred Tax		6.57	22.71
Earlier years Adjustments		(2.58)	0.00
<b>VIII. Profit After Taxation</b>		61.63	162.24
Balance Brought Forward		315.56	200.52
<b>Profit Available For Appropriation</b>		377.19	362.76
<b>Earnings Per Share</b>			
Basic and Diluted Earnings Per Share (in rupees)		23.72	62.46

Notes to consolidated financial statements

1 to 28

Auditors' Report to the Members  
As per our report of even date attached  
For **Raghu Nath Rai & Co.**  
Chartered Accountants  
Firm Regn. No. 00045IN

For and on behalf of the board

**(Prem Prakash)**  
Partner  
Membership No. 7648  
Place: New Delhi  
Date: May 05, 2012

**Prem Khandelwal**  
CFO & Company Secretary

**Subhrakant Panda**  
Managing Director

**Baijayant Panda**  
Vice Chairman

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2011-12

	(Rs. in crore)	
	Year 2011-12	Year 2010-11
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	93.99	250.46
Adjustment for :		
Depreciation	55.96	41.85
(Profit)/loss on sale of assets (net)	(0.43)	(0.05)
Unrealised foreign exchange (gain)/loss (net)	2.83	(0.23)
Interest income	(1.83)	(3.55)
Interest and financial expenses	30.07	28.66
<b>Operating profit before working capital changes</b>	<b>180.59</b>	<b>317.14</b>
Adjustment for :		
Trade and other receivables	(40.91)	(69.88)
Inventories	1.47	(77.12)
Trade & other payables	21.41	48.78
Cash generated from operations	162.56	218.92
Direct taxes paid	(52.98)	(66.84)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>109.58</b>	<b>152.08</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (net)	(384.82)	(281.97)
Sale of fixed assets	0.82	0.29
Sale/(purchase) of investment	(53.69)	(48.15)
Interest received/Dividend Income	1.96	4.42
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(435.73)</b>	<b>(325.41)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest and financial charges paid	(48.89)	(28.66)
Repayment of loans (net)	(95.43)	(140.62)
Share Capital & Reserve Surplus	98.12	55.35
Miscellaneous Expenditure	0.00	(20.58)
Cash credit (net)	43.98	18.89
Proceeds from/(Repayment of) long term borrowings	295.43	315.30
Unsecured Loan	40.91	0.00
Dividend paid (including dividend tax)	(15.10)	(30.70)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>319.02</b>	<b>168.98</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(7.13)</b>	<b>(4.35)</b>
<b>CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>	<b>43.23</b>	<b>47.58</b>
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>36.10</b>	<b>43.23</b>

Auditors' Report to the Members  
As per our report of even date attached  
For **Raghu Nath Rai & Co.**  
Chartered Accountants  
Firm Regn. No. 00045IN

For and on behalf of the board

**(Prem Prakash)**  
Partner  
Membership No. 7648  
Place: New Delhi  
Date: May 05, 2012

**Prem Khandelwal**  
CFO & Company Secretary

**Subhrakant Panda**  
Managing Director

**Baijayant Panda**  
Vice Chairman

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

(Rs. in crore)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE 1: SHARE CAPITAL</b>		
<b>Authorised</b>		
3,00,00,000 Equity Shares of Rs.10/- each	30.00	30.00
(Previous Year 3,00,00,000 Equity Shares of Rs.10/- each)		
40,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each	0.40	0.40
2,60,000 2nd Series Redeemable Cumulative Preference Shares of Rs.100/- each	2.60	2.60
<b>Total</b>	<b>33.00</b>	<b>33.00</b>
<b>Issued,Subscribed and Paid-up</b>		
2,59,77,053 Equity Shares of Rs.10 /- each fully paid	25.98	26.33
(Previous Year 2,63,26,519 Equity Shares of Rs.10/- each)		
	<b>25.98</b>	<b>26.33</b>

#### a. Share Holding

Disclosure pursuant to Note no.6(A)(d) of Part I of Schedule VI of Companies Act,1956

Particulars	Equity Shares		Preference shares	
	No of Shares	Rs. Cr.	No of shares	Rs. Cr.
i. Shares outstanding at the beginning of the year	26326519	26.33	Nil	
ii. Shares issued during the year				
iii. Shares cancelled during the year (Refer Note no.26.7)	349466	0.35		
iv. Shares outstanding at the end of the year	25977053	25.98	Nil	

#### b. Share Holding more than 5%

Disclosure pursuant to Note no.6(A)(g) of Part I of Schedule VI of Companies Act,1956

		As at 31.03.2012		As at 31.03.2011	
		No of Shares	%	No of Shares	%
i.	Barabati Investment & Trading Co Pvt Ltd	26,34,778	10.14	26,34,778	10.00
ii.	KB Investment Pvt Ltd	25,16,401	9.68	25,16,401	9.55
iii.	Madhuban Investment Pvt Ltd	23,95,696	9.22	23,95,696	9.09
iv.	Paramita Investment & Trading Co Pvt Ltd	26,34,778	10.14	26,34,778	10.00
v.	LITEC Company Ltd	38,44,259	14.79	38,44,259	14.60

#### c. Shares allotted other than cash

Disclosure pursuant to Note no.6(A)(i) of Part I of Schedule VI of Companies Act,1956; 25,11,754 shares were allotted to the Shareholders of Utkal Manufacturing & Services Ltd upon acquisition of its assets by the Company in the year 2009-10 pursuant to the Scheme of Demerger of its Ferro Alloys Division.

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

	(Rs. in crore)	
	As at 31.03.2012	As at 31.03.2011
<b>NOTE 2: RESERVES AND SURPLUS</b>		
1. Capital Reserve	0.91	0.91
2. Capital Redemption Reserve	0.20	0.20
3. Securities Premium Reserve	131.45	131.39
4. Other Reserve		
General Reserve (Opening Balance)	263.83	247.28
Translation Reserve	6.26	
Adjustments during the year	(3.80)	
Add: Transferred from Profit and Loss Account	6.40	16.55
<b>Total</b>	<b>272.69</b>	<b>263.83</b>
5. Surplus as per Profit and Loss Account	377.19	362.76
Less : APPROPRIATIONS		
Proposed Dividend	12.99	13.16
Interim Dividend	0.00	13.16
Tax on Dividend	2.11	4.33
General Reserve	6.40	16.55
Balance Carried Forward	355.69	315.56
<b>Total</b>	<b>760.94</b>	<b>711.89</b>
<b>NOTE 3: LONG TERM BORROWINGS</b>		
<b>Term Loans from Banks (secured)</b>		
1. From IDBI secured by pari passu first charge on present and future fixed assets of the company (excluding property situated at 44, Chowringhee Road, Kolkata, Aircrafts, Vehicles, Office Equipments of Therubali Division & project assets related to 27MVA Plant, 30 MVA plant, 30 MW & 120 MW Power Plant, Coal Handling Plant etc) EMI of Rs 4.67cr till Mar'14	357.69	125.03
2. From PFC.PFS & IDBI secured by first charge ranking pari passu on the company's movable & immovable properties, present & future, relating to the 120 MW Power Plant in addition to the personal Guarantee of two directors. PFC:48 EQI of Rs 6.20cr from Jan '13 PFS:48 EQI of Rs 2.50cr from Jan '13 IDBI:48 EQI of Rs 0.60cr from Nov '12	357.69	125.03
3. From IDBI secured by exclusive charge on Coal Handling Plant assets & personal guarantee of two Directors. 28 EQI of Rs 2.29cr from Oct '12	59.38	20.00

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

(Rs. in crore)

	As at 31.03.2012	As at 31.03.2011
<b>NOTE 3: LONG TERM BORROWINGS (CONTD.)</b>		
4. From State Bank of India secured by exclusive charge on 30 MW captive power plant (CPP) assets, pari passu first charge on the plot no. 43 on which CPP has been erected and second charge on current assets in addition to the personal guarantee of two Directors. EQI of Rs 2.175cr from July'10 to June'14 EQI of Rs 2.610cr from July'14 to June'19	60.90	71.78
5. From State Bank of India secured by exclusive charge on 30MVA assets in addition to the personal guarantees of two Directors EQI of Rs 2.33cr from Dec'10 to Mar'15	18.70	28.02
6. ECB from Standard Chartered Bank secured by book debts under three years contract entered with Marubeni Tetsugen Co Ltd, Japan & 27MVA furnace at Choudwar 17 EQI from Oct'11 to Oct'15	19.13	27.42
7. From SREI Equipment Finance Pvt Ltd secured by first charge on the CJ 2 Cessna Aircraft. EMI from May'11 to Feb'14	7.61	11.28
8. From SREI Infrastructure Ltd secured by first charge on all fixed assets of Utkal Coal Ltd & pledge of 70% shareholding of promoters in the company. 34 EQI from June'12	72.86	73.60
9. From ICICI secured by first charge on all fixed assets of Utkal Coal Ltd & pledge of 30% shareholding of promoters in the company & corporate guarantee of Indian Metals & Ferro Alloys Ltd. 22 EQI from Dec'13.	73.00	36.00
<b>Total</b>	<b>725.36</b>	<b>505.32</b>
<b>NOTE 4: OTHER LONG TERM LIABILITIES</b>		
<b>Unsecured</b>		
Trade Payable	89.19	77.52
Security Deposit	11.20	11.13
<b>Total</b>	<b>100.39</b>	<b>88.65</b>
<b>NOTE 5: LONG TERM PROVISIONS</b>		
Provision for Employee Benefits	3.42	3.82
<b>Total</b>	<b>3.42</b>	<b>3.82</b>

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

	As at 31.03.2012	As at 31.03.2011
(Rs. in crore)		
<b>NOTE 6: SHORT TERM BORROWINGS</b>		
<b>Loans Payable on Demand</b>		
a) Secured Cash credit account From Indian Overseas Bank, State Bank of India and Standard Chartered Bank secured by hypothecation of entire stocks and book debts and fixed assets of Therubali Division (excluding property situated at 44, Chowringhee Road, Kolkata aircrafts, vehicles, office equipments of Therubali Division) on pari passu basis in addition to the personal guarantee of two Directors. IDBI Bank Ltd & ICICI Bank Ltd secured by hypothecation of entire stocks and book debts.	90.26	44.88
b) Unsecured loan from bank	40.54	0.00
Advance from Subsidiary	0.07	0.07
Advance from Customers	1.69	14.55
Earnest Money and Security Deposits	0.74	0.53
<b>Total</b>	<b>133.3</b>	<b>60.03</b>
<b>NOTE 7: TRADE PAYABLES</b>		
Trade Payables	157.51	77.33
<b>Total</b>	<b>157.51</b>	<b>77.33</b>
<b>NOTE 8: OTHER CURRENT LIABILITIES</b>		
Current Maturity of Long Term Debt	111.04	82.41
Unpaid Dividend @	0.57	0.42
Due to Directors	5.09	12.53
Interest Accrued but not Due	2.18	1.40
Project Payables	20.44	22.70
Other Liabilities	7.72	18.89
<b>Total</b>	<b>147.04</b>	<b>138.35</b>
@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund		
<b>NOTE 9: SHORT TERM PROVISIONS</b>		
Taxation	141.72	132.75
Proposed Dividend	12.99	13.16
Tax on Dividend	2.11	2.14
Provision for Employees Benefit	7.56	6.70
<b>Total</b>	<b>164.38</b>	<b>154.75</b>



## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 10: FIXED ASSETS

##### TANGIBLE ASSETS

(Rs. in crore)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.11	Additions	Sales / Transfer	As at 31.03.12	As at 01.04.11	For the year	Deductions	As at 31.03.12	As at 31.03.12	As at 31.03.11
Freehold Land	42.74	9.21	0.00	51.95	0.00	0.00	0.00	0.00	51.95	42.74
Leasehold Land	151.99	13.60	0.00	165.59	0.00	0.00	0.00	0.00	165.59	151.99
Buildings	179.16	34.12	0.29	212.99	60.28	11.12	0.29	71.11	141.88	118.88
Railway Siding & Runways	5.89	0.00	0.00	5.89	2.92	0.29	0.00	3.21	2.68	2.97
Plant & Equipments	415.72	116.45	1.36	530.82	212.70	40.27	1.96	251.02	279.80	203.02
Office Equipments	7.51	1.20	0.04	8.67	4.36	0.57	0.02	4.91	3.76	3.15
Computer & Accessories	3.95	2.55	0.00	6.50	3.26	0.56	0.00	3.82	2.68	0.69
Furniture and Fixtures	4.24	0.27	0.00	4.51	2.90	0.32	0.00	3.22	1.29	1.34
Vehicles	13.60	3.79	1.07	16.32	6.50	2.19	0.80	7.89	8.43	7.10
Aircrafts	8.38	0.00	0.00	8.38	3.96	0.72	0.00	4.68	3.70	4.42
	<b>833.18</b>	<b>181.19</b>	<b>2.76</b>	<b>1011.61</b>	<b>296.88</b>	<b>56.04</b>	<b>3.07</b>	<b>349.85</b>	<b>661.76</b>	<b>536.30</b>
Less:transferred to CWIP						0.08				
	<b>833.18</b>	<b>181.19</b>	<b>2.755</b>	<b>1011.61</b>	<b>296.88</b>	<b>55.96</b>	<b>3.07</b>	<b>349.85</b>	<b>661.76</b>	<b>536.299</b>

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

	As at 31.03.2012	(Rs. in crore) As at 31.03.2011
<b>NOTE 11: NON-CURRENT INVESTMENTS</b>		
<b>Long Term Investments:</b>		
1. Investments in Shares (Quoted) Interest in the Trust Nil(PY 3,49,466) Equity Shares at fair value pursuant to the scheme of arrangement and amalgamation for the benefit of small shareholders	0.00	5.98
2. Investments in Shares (Un-quoted)	0.10	0.10
<b>Total</b>	<b>0.10</b>	<b>6.08</b>
<b>NOTE 12: LONG TERM LOANS &amp; ADVANCES</b> (Unsecured Considered Good)		
Capital Advance	44.40	85.94
Security and Other Deposits	5.48	3.25
Loans & Advances to related parties	1.43	13.99
Deposit with Excise and Customs	6.17	4.46
Deposit for electricity in No Lien & Escrow A/c	58.66	42.04
<b>Total</b>	<b>116.14</b>	<b>149.68</b>
<b>NOTE 13: OTHER NON-CURRENT ASSETS</b>		
Long Term Trade Receivables (Unsecured considered good)	11.58	11.58
<b>Total</b>	<b>11.58</b>	<b>11.58</b>
<b>NOTE 14: CURRENT INVESTMENTS</b> (Cost or market value which ever is less)		
Birla Sunlife Mutual Fund	1.54	0.00
<b>Total</b>	<b>1.54</b>	<b>0.00</b>
<b>NOTE 15: INVENTORIES</b>		
<b>Inventories (verified, valued and certified by the management)</b>		
(a) Raw Materials	156.97	199.02
(b) Stores and Spares	27.50	18.06
(c) Loose Tools	0.12	0.12
(d) Finished Stock	145.15	114.01
<b>Total</b>	<b>329.74</b>	<b>331.21</b>

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

(Rs. in crore)

		As at 31.03.2012	As at 31.03.2011
<b>NOTE 16: TRADE RECEIVABLES</b>			
Trade Receivables (unsecured and considered good by the management)			
(a) Over Six Months			
— Considered good	2.13		0.84
— Considered doubtful	0.38		0.38
Less : Provision for doubtful	0.38	2.13	0.38
(b) Others - Considered good		34.31	11.05
<b>Total</b>		<b>36.44</b>	<b>11.89</b>
<b>NOTE 17: CASH AND CASH EQUIVALENTS</b>			
(a) Balances with Banks			
— In Current Accounts		18.44	32.67
— In Margin Deposits		7.65	5.56
— In Fixed Deposits		6.20	0.00
		<b>32.29</b>	<b>38.23</b>
(b) Cash and Imprest in hand		3.81	5.00
<b>Total</b>		<b>36.10</b>	<b>43.23</b>
<b>NOTE 18: SHORT TERM LOANS &amp; ADVANCES</b>			
<b>Loans and Advances</b> (unsecured and considered good by the management)			
1. Advances and Loans			
— Subsidiary companies		1.36	0.37
2. Advances towards equity commitment			
— Subsidiary companies		0.00	11.75
— Associate companies		0.00	1.50
3. Advances recoverable in cash or in kind or for value to be received			
Considered good		95.32	55.43
<b>Total</b>		<b>96.68</b>	<b>69.05</b>
4. Advance Income Tax paid (including TDS)		173.14	139.56
<b>Total</b>		<b>269.82</b>	<b>208.61</b>
<b>NOTE 19: OTHER CURRENT ASSETS</b>			
Employee Advance		0.67	1.17
<b>Total</b>		<b>0.67</b>	<b>1.17</b>

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

	As at 31.03.2012	(Rs. in crore) As at 31.03.2011
<b>NOTE 20: REVENUE FROM OPERATIONS</b>		
Sale of products & other operating revenues	1164.93	1052.15
Less: Excise Duty	19.57	11.67
<b>Total</b>	<b>1145.36</b>	<b>1040.48</b>
Export Incentives	38.23	23.40
Sale of Scrap	8.95	4.16
<b>Total</b>	<b>1192.54</b>	<b>1068.04</b>
<b>NOTE 21: OTHER INCOME</b>		
Interest Income	1.92	3.55
Rent Realised	0.08	0.12
Profit on Sale of Assets	0.50	0.08
Claims Received	0.46	1.05
Miscellaneous Income	2.80	4.41
<b>Total</b>	<b>5.76</b>	<b>9.21</b>
<b>NOTE 22: COST OF MATERIAL CONSUMED</b>		
Consumption of Raw Materials	591.30	420.92
<b>Total</b>	<b>591.30</b>	<b>420.92</b>
<b>NOTE 23: EMPLOYEES BENEFIT EXPENSES</b>		
Payment to Employees		
Salaries, Wages, Bonus, Allowances, Retirement Benefits, etc.	83.12	75.05
Contribution to Employees' Provident Fund and Other Funds	6.63	9.11
Workmen and Staff Welfare Expenses	3.02	3.04
<b>Total</b>	<b>92.77</b>	<b>87.20</b>
<b>NOTE 24 FINANCE COST</b>		
a. Interest Expenses		
Interest on Long Term Loans	30.07	28.66
Interest on Working Capital	7.08	1.04
b. Other Finance charges	6.05	12.23
c. Other Borrowing Cost	3.98	5.69
d. Loss on Foreign Currency Transaction & Translation	36.02	6.48
	<b>83.20</b>	<b>54.10</b>

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

(Rs. in crore)

		As at 31.03.2012	As at 31.03.2011
<b>NOTE 25: OTHER EXPENSES</b>			
<b>a. Manufacturing</b>			
Consumption of Stores, Spares and Tools		23.22	18.85
Consumption of Electricity Purchased		10.42	0.07
Electricity Duty		15.83	14.36
Energy Transmission Charges		4.44	5.06
Repairs and Maintenance			
Plant and Machinery		24.58	14.06
Buildings		3.66	4.03
Other Assets		4.99	3.79
<b>Total</b>		<b>33.23</b>	<b>21.88</b>
Quarrying, Raising and Other Expenses		83.73	52.15
Finished Stock and Slag Handling Expenses		14.33	20.50
Other Factory Expenses		18.76	13.69
Excise Duty on Closing Stock of Finished Goods		6.22	(-0.73)
<b>Total</b>		<b>210.18</b>	<b>145.83</b>
<b>b. Administrative</b>			
Insurance		2.12	1.41
Rent		1.75	1.55
Rates and Taxes		6.20	3.24
Travelling and Conveyance		6.92	5.40
Legal and Consultancy Expenses		6.10	6.14
Auditors' Remuneration and Expenses		0.22	0.20
Commission & Sitting fee		0.34	0.34
Adjustment in carrying amount of Investment		1.18	0.00
Miscellaneous Expenses		14.71	14.44
<b>Total</b>		<b>39.54</b>	<b>32.72</b>
<b>c. Selling</b>			
Carriage Outward and Handling Expenses		38.63	33.82
Export Promotion Expenses		2.59	1.61
Other Selling Expenses		21.47	20.48
<b>Total</b>		<b>62.69</b>	<b>55.91</b>
		<b>312.41</b>	<b>234.46</b>

## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 26: BASIS OF CONSOLIDATION

##### (a) Basis of preparation

The consolidated financial statements are prepared in accordance with Accounting Standard -21 on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

##### (b) Principles of consolidation

The Consolidated Financial Statements comprise the Financial Statements of Indian Metals & Ferro Alloys Limited ('the Company') and its subsidiaries, Indian Metals & Carbide Limited, Utkal Power Limited, Utkal Coal Ltd, IMFA Alloys Finlease Ltd, Utkal Green Energy Ltd, Indmet (Mauritius) Ltd, Indmet Mining (Pte) Ltd, PT. Sumber Rahayu Indah, ('the Subsidiaries')

The Financial Statements of the companies are prepared according to uniform accounting policies .

The effects of inter company transactions between consolidated companies are eliminated on consolidation.

##### (c) Proportion of holding

Sl. No.	Name of the Subsidiary	Proportion of ownership & Voting Power	Country of Incorporation
1	Indian Metals & Carbide Ltd	100%	India
2	Utkal Power Ltd	100%	India
3	Utkal Coal Ltd	74%	India
4	IMFA Alloys Finlease Ltd	100%	India
5	Utkal Green Energy Ltd	100%	India
6	Indmet Mauritius Ltd	100%	Mauritius
7	Indmet Mining ( Pte) Ltd (100% Subsidiary of Indmet (Mauritius) Ltd)	—	Singapore
8	PT. Sumber Rahayu Indah, (70 % Subsidiary of Indmet Mining (Pte) Ltd)	—	Indonesia



## NOTES

### ANNEXED TO THE ACCOUNTS [CONTD.]

#### NOTE 27: STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SEC 212(8) OF THE COMPANIES ACT, 1956 AS AT 31.3.2012

(Rs. in crore)

Name of the subsidiary	Indian Metals & Carbide Ltd	Utkal Power Ltd	Utkal Coal Ltd	IMFA Alloys Finlease Ltd	Utkal Green Energy Ltd	Indmet (Mauritius) Ltd	Indmet Mining (Pte) Ltd	PT. Sumber Rahayu Indah
Capital	1.05	0.05	20.00	2.30	0.98	59.39	59.40	2.82
Reserves	(0.74)	—	67.83	—	—	—	(2.27)	(4.00)
Total Assets	0.32	1.21	235.22	2.45	0.07	59.45	57.16	0.07
Total Liabilities	0.32	1.21	235.22	2.45	0.07	59.45	57.16	0.07
Investment	0.10	—	—	—	—	59.40	44.34	—
Turn Over	0.05	—	—	—	0.19	—	—	—
Profit before Tax	(0.79)	—	(0.25)	—	(0.96)	(0.02)	0.01	(0.29)
Provision for Taxation	—	—	—	—	—	—	—	—
Profit after Taxation	—	—	—	—	—	—	—	—
Proposed Dividend	—	—	—	—	—	—	—	—

The figures of & Indmet (Mauritius) Ltd, Indmet Mining (Pte) Ltd & PT. Sumber Rahayu Indah have been converted from USD to INR at an exchange rate of INR 50.67/ USD

#### NOTE 28:

(a) Other Significant Accounting Policies:

These are set out under the head 'Significant Accounting Policies' of the company & the subsidiaries.

(b) Previous years figures have been re- grouped/ recast wherever considered necessary.

(c) As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the financial statements for the financial year commencing on or after 1st April, 2011. Accordingly, the financial statements for the year ended March 31, 2012 were prepared for the Company & its Subsidiaries as applicable in accordance with the Revised Schedule VI. The amounts & disclosures included in the consolidated financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.

Auditors' Report to the Members  
As per our report of even date attached  
For **Raghu Nath Rai & Co.**  
Chartered Accountants  
Firm Regn. No. 00045IN

For and on behalf of the board

**(Prem Prakash)**  
Partner  
Membership No. 7648  
Place: New Delhi  
Date: May 05, 2012

**Prem Khandelwal**  
CFO & Company Secretary

**Subhrakant Panda**  
Managing Director

**Baijayant Panda**  
Vice Chairman

## NOTICE

Notice is hereby given that the 50th Annual General Meeting of the members of INDIAN METALS & FERRO ALLOYS LIMITED will be held at the Registered Office of the Company at Bomikhal, PO: Rasulgarh, Bhubaneswar – 751010, Odisha on Saturday, the 28th July, 2012 at 11.00 AM to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To declare Dividend for the FY 2011-12.
3. To appoint a Director in place of Mr D Bandyopadhyay who retires by rotation and, being eligible, offers himself for re-appointment.
4. To resolve not to fill up the vacancy in the Board for the time being, caused by the retirement of Mr G L Tandon who retires by rotation and does not seek re-appointment.
5. To appoint a Director in place of Mr J K Misra who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Dr S Acharya who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint M/s Raghu Nath Rai & Co., Chartered Accountants as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company.

### Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE SUPPORTED BY PROXY FORM (SENT HEREWITH) WHICH SHOULD BE LODGED WITH THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Disclosure pursuant to clause 49 of the listing agreement with respect to the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting is given in the Annexure.
3. The Register of Members of the Company shall remain closed from 24th July, 2012 to 28th July, 2012 both days inclusive.
4. Dividend, if declared, will be paid to those members whose names shall appear on the Register of Members as on 23rd July, 2012 in respect of those Shareholders holding the shares in physical form. In respect of dematerialised shares, the dividend will be payable on the basis of beneficial ownership as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose as on that date.
5. Members are requested to furnish their Bank Account details, change of address etc. to the Company in

respect of shares held in physical form. If the shares are held in electronic form, then the said particulars should be furnished to their respective Depository Participants (DPs).

6. (a) Members holding the shares in electronic mode may please note that their dividend would be paid through Electronic Clearing Services (ECS) wherever available. The dividend would be credited to their bank account as per the mandate given by the members to their DPs. In the absence of availability of ECS facility, the dividend would be paid through warrants and the Bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations.
- (b) Members are requested to send their Bank Account particulars (viz. Account No., Name & Branch of the Bank and the MICR Code) to their DPs in case the shares are held in electronic mode or to Company in case the shares are held in physical mode for printing on dividend warrant to ensure that there is no fraudulent encashment.
7. Members who desire to have any information/clarification as regards the audited annual accounts for the year ended 31st March, 2012 are requested to write to the Company Secretary at least 7 days before the date of meeting.
8. Members are requested to bring their copy of the Annual Report along with attendance slip (sent herewith).
9. The Company has complied with all provisions relating to unpaid dividends of the previous years under section 205A and other applicable provisions of the Companies Act, 1956. Dividend for the financial year ended 31st March 2005 which remains unclaimed, will be due for transfer to the Investor Education Protection Fund of the Central Government (IEPF) pursuant to the provisions of Section 205A of the Companies Act, 1956. Members who have not encashed their dividend warrants for the financial year ended 31st March 2005 or any subsequent financial year, are requested to correspond with the Company. Members are advised that in terms of the provisions of Section 205C of the Companies Act, 1956, once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.
10. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during working hours on any working day till the date of this Annual General Meeting.
11. The Board recommends Resolutions 1 to 7 above for the approval of the Members.

By Order of the Board of Directors  
For **Indian Metals & Ferro Alloys Ltd**

Place: New Delhi  
Date: 5h May, 2012

(Prem Khandelwal)  
CFO & Company Secretary

## DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

### 1. MR D BANDYOPADHYAY

Father's Name	Late Debendranath Bandyopadhyay
Date of Birth	1st October, 1931
Nationality	Indian
Date of Appointment	28th October, 2006
Qualifications	B.A. (Hons.) in Economics from University of Calcutta, M.A. in Economics from University of Calcutta.
Expertise in specific functional areas	Vast and rich experience in the field of revenue, finance, ferro alloys, mining, power and corporate management.
Directorships held in other Companies	Zoom Enterprises Ltd.
Member of Committees of the Board	Audit Committee, Remuneration Committee
Member of Committees in other Companies	Audit Committee – Zoom Enterprises Ltd.
Shares held in IMFA	NIL

### 2. MR J K MISRA

Father's Name	Mr. Baidyanath Misra
Date of Birth	1st October, 1956
Nationality	Indian
Date of Appointment	28th October, 2006
Qualifications	B.E.(Electrical) from erstwhile University of Roorkee, now called IIT, Roorkee, M.E.P. from IIM, Ahmedabad.
Expertise in specific functional areas	Vast and rich experience in the field of ferro alloys, mining, power and corporate management.
Directorships held in other Companies	Utkal Coal Limited Utkal Power Limited IMFA Alloys Finlease Limited Indian Ferro Alloys Producers Association
Member of Committees of the Board	Shareholder/Investor Grievance Committee, Finance Committee
Member of Committees in other Companies	Member of Audit Committee and Working Committee of Utkal Coal Ltd
Shares held in IMFA	1500

## DETAILS OF DIRECTORS

### SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING [CONTD.]

#### 3. DR S ACHARYA

Father's Name	Late Paramanand Acharya
Date of Birth	09th October, 1934
Nationality	Indian
Date of Appointment	27th November, 1987
Qualifications	Post Graduate in Geology, Doctorate Degree from IIT, Kharagpur in Applied Geology.
Expertise in specific functional areas	A well known Geologist and an academician having vast and rich experience in the field of mining and corporate management.
Directorships held in other Companies	Odisha Mining Corporation Limited Pt. Sumber Rahayu Indah (SRI), Indonesia
Member of Committees of the Board	Shareholder/Investor Grievance Committee, Remuneration Committee, Audit Committee
Member of Committees in other Companies	NIL
Shares held in IMFA	NIL

**INDIAN METALS & FERRO ALLOYS LIMITED**

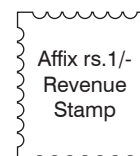
Regd &amp; Head Office: Bomikhal, P.O.: Rasulgarh, Bhubaneswar – 751010

**PROXY FORM**

LEDGER FOLIO NO.....	CLIENT ID NO.*.....
NO. OF SHARES HELD.....	DP ID NO.*.....

I/We..... of ..... being a Member/Member(s) of the above named Company, hereby, appoint ..... of ..... or failing him ..... of ..... as my / our proxy to attend and vote for me / us and on my / our behalf at the 50th Annual General Meeting of the Company, to be held on Saturday, the 28th July, 2012 or at any adjournment thereof.

Signed this.....day of .....2012.



Signature.....

N.B.: This proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

\* Applicable to investor holding shares in demat form.

**INDIAN METALS & FERRO ALLOYS LIMITED**

Regd &amp; Head Office: Bomikhal, P.O.: Rasulgarh, Bhubaneswar – 751010

**ATTENDANCE SLIP**

I hereby record my presence at the 50th ANNUAL GENERAL MEETING of the Company at its Registered Office at Bhubaneswar on the 28th day of July, 2012.

1.	Full Name of Shareholder: ..... (in block letters)		
2.	Folio No. ....	Client ID No./DP ID No.* .....	3. No. of shares held: .....
4.	Signature of the attending member / proxy .....		

To be used only when shareholder first named is not attending

Please give full name of the first joint holder Mr. / Mrs. ....
--

Note: Please fill in this attendance slip and hand it over at the entrance of meeting venue.

\* Applicable to investor holding shares in demat form.









## INDIAN METALS & FERRO ALLOYS LIMITED

Regd & Head Office: Bomikhal, P.O.: Rasulgarh, Bhubaneswar – 751010

Dear Shareholder,

5th May, 2012

### Sub: Registration of e-mail address - “Green Initiative in Corporate Governance”

The Ministry of Corporate Affairs (MCA) has taken a “Green initiative in Corporate Governance” (Circular No. 17/2011) dated 21.04.2011 and Circular No.18/2011 dated 29.04.2011) allowing paperless compliances by companies through electronic mode. The companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. Your Company proposes to send notices / documents including annual reports etc. to the members in electronic form. This will be in compliance to the provision of Section 53 and 219(1) of the Companies Act, 1956.

Members holding Equity Shares of the Company in electronic form are requested to register their e-mail address with their Depository Participant(DP).

Members holding Equity Shares of the Company in physical form, are requested to provide their e-mail address to the Company at our email ID: **investor-relation@imfa.in** or alternatively, dispatch duly filled perforated proforma to **Indian Metals & Ferro Alloys Ltd, IMFA Building, Bhubaneswar – 751010**.

Please note that as a member of the company you are always entitled to receive on request copy of the said documents, free of cost, in accordance with the provision of the Companies Act, 1956.

Thanking you,  
Yours faithfully,

Prem Khandelwal  
CFO & Company Secretary

TEAR HERE

### Indian Metals & Ferro Alloys Ltd

IMFA Building, Bomikhal, Rasulgarh  
Bhubanewar-751010, Odisha, India

### Sub: Registration of e-mail address - “Green Initiative in Corporate Governance”

I agree to receive the documents as referred to in the Company's letter dated 5th May, 2012, in electronic mode. Please register my e-mail address in your records, being my consent towards the same.

Folio No.....

Email ID .....

Name of First/Sole Holder .....

Signature of First/Sole Holder.....

Date

Notes:

- 1) Shareholders are requested to keep the Company informed as and when there is any change in their e-mail address. Unless e-mail address given above is changed by the concerned shareholder by sending another communication in writing, the Company will continue to send the said documents to the e-mail address registered with the Company.
- 2) The above e-mail address will be registered subject to verification of your signature with the specimen signature registered with the Company.







**BOOK POST**

Printed matter



*If undelivered please return to:*

**Indian Metals & Ferro Alloys Limited**

IMFA BUILDING, RASULGARH, BHUBANESHWAR - 751010, ODISSA, INDIA