

## Blueprint to sustainable value creation

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# 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.

## What's Inside?

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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.)

### Sr 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

## Registered Office

Bomikhal, PO. Rasulgarh

Bhubaneswar - 751010, Orissa

## Plants

Therubali, Dist: Rayagada, Orissa

Choudwar, Dist: Cuttack, Orissa

## Mines

Sukinda, Dist: Jajpur, Orissa

Mahagiri, Dist: Jajpur, Orissa

Chingudipal, Dist: Jajpur, Orissa

Nuasahi, Dist: Keonjhar, Orissa

Bangur, Dist: Keonjhar, Orissa

## Registration & Share Transfer Work

Members are requested to correspond directly with  
Company Secretary at the Registered Office of the Company

e-mail: [pkhandelwal@imfa.in](mailto:pkhandelwal@imfa.in)

# IMFA at a glance

## Our origin

Incorporated in 1961 by Dr B Panda, a technocrat, first generation entrepreneur and presently Executive Chairman of the Group. IMFA commenced operations in 1967. Presently, the company is being managed by Mr. Subhrakant Panda, Managing Director and second generation entrepreneur.

## Our reputation

We are the largest producer and exporter of ferro-chrome in India, having presence across the value chain - in chrome ore mines, coal mines and power.

## Geographical presence

### Registered office

Bomikhal, Rasulgarh (PO), Bhubaneswar - 751 010, Orissa

### Manufacturing facilities

- Therubali, Orissa - 3 furnaces (produces ferro chrome, ferro silicon and ferro silicon magnesium)
- Choudwar, Orissa - 3 furnaces (produces ferro chrome) and a power plant

### Chrome ore mines

- Sukinda, Mahagiri and Chingudipal in Jajpur district, Orissa
- Nuasahi and Bangur in Keonjhar district, Orissa

## Product presence and capacities

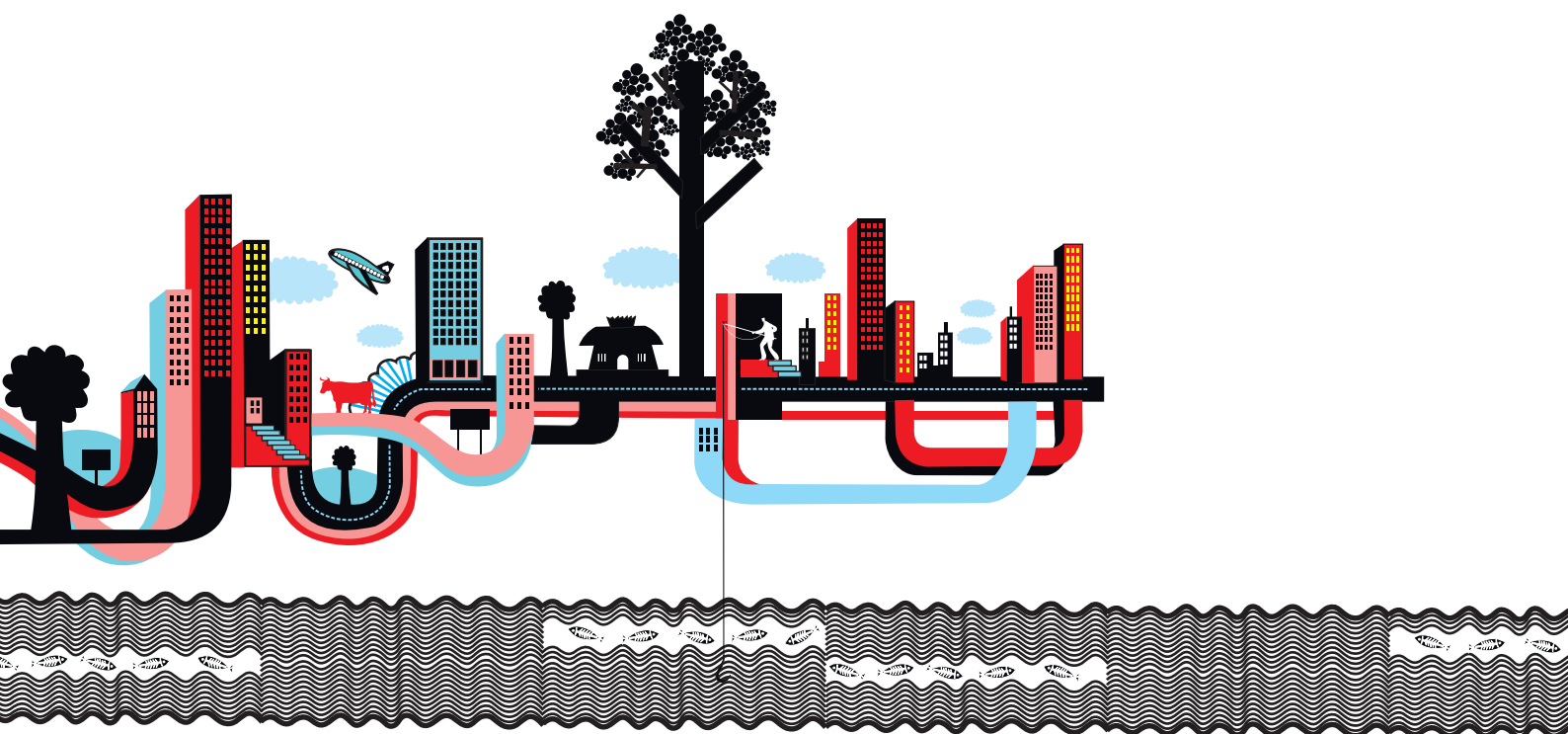
Products	Existing capacity
Ferro Alloys (ferro chrome, ferro silicon and ferro silicon magnesium)	187 MVA
Power	108 MW

## People

1,946 employees as on March 31, 2011

## Listings

Our shares are listed on the Bombay Stock Exchange (Stock code: 533047) and National Stock Exchange (Stock symbol: IMFA). Our market capitalization as on March 31, 2011 was Rs. 1,543 crore.



# Notice

Notice is hereby given that the 49th 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, Orissa on Saturday, the 16th July, 2011 at 3.00 PM to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 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 confirm interim dividend and declare final dividend for the FY 2010-11.
3. To appoint a Director in place of Mr Alexius Markus Amrein who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr S P Mathur who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of General Shankar Roychowdhury who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors for the financial year 2011-2012 on a remuneration to be fixed by the Board of Directors of the Company. M/s Raghunath Rai & Co., Chartered Accountants, the retiring Auditors, are eligible also for re-appointment.
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, 2011 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 2004 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 2004 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 6 above for the approval of the Members.

## 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 12th July, 2011 to 16th July, 2011 both days inclusive.
4. Dividend, if declared, will be paid to those members whose names shall appear on the Register of Members as on 11th July, 2011 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).

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

(Prem Khandelwal)

Sr Vice President (Finance)  
& Company Secretary

Place: New Delhi  
Date : 3rd May, 2011

# Details of Directors

seeking re-appointment at the Annual General Meeting

## 1. Mr Alex Amrein

Father's Name	Mr Josef Amrein
Date of Birth	3rd August, 1936
Nationality	Swiss
Date of Appointment	21st January, 2006
Qualifications	Degree in Chemistry & Economics from the University of Zurich and a Diploma (Commerce & Trade) Swiss Association of Business Schools
Expertise in specific functional areas	Vast and rich experience in the field of metal trading, engineering consultancy and corporate management
Directorships held in other Companies	Litec Aktiengesellschaft
Member of Committees of the Board	NIL
Member of Committees in other Companies	NIL
Shares held in IMFA	NIL (in his individual capacity) Litec Aktiengesellschaft holds 3844259 equity shares and he represents the said Company as a Nominee on the Board.

## 2. Mr S P Mathur

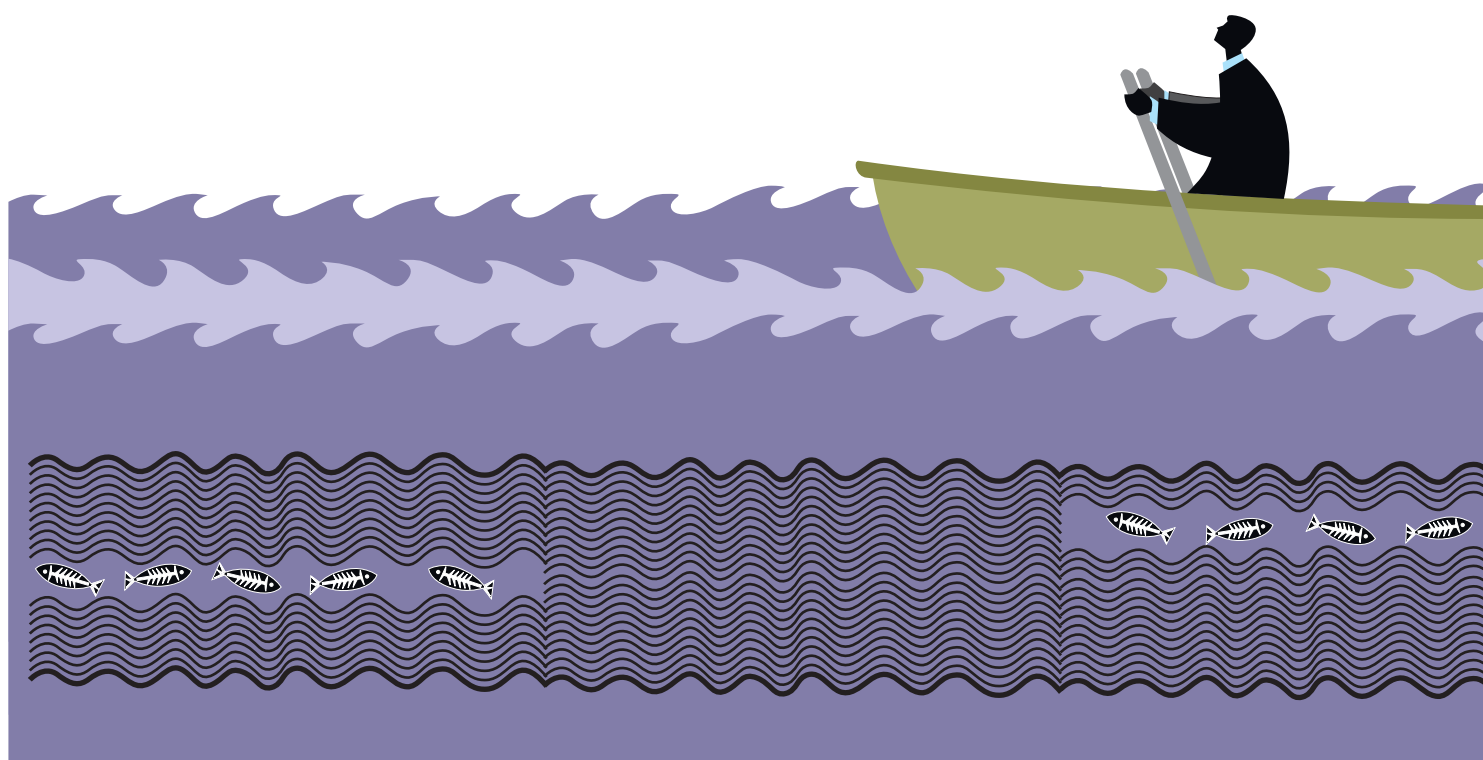
Father's Name	Late J Sahai
Date of Birth	12th October, 1946
Nationality	Indian
Date of Appointment	28th October, 2007
Qualifications	B.Com., CA
Expertise in specific functional areas	Vast and rich experience in accounts, corporate laws, finance and corporate management
Directorships held in other Companies	Orissa Media Ventures Pvt. Ltd.
Member of Committees of the Board	NIL
Member of Committees in other Companies	NIL
Shares held in IMFA	NIL

# Details of Directors

seeking re-appointment at the Annual General Meeting (Contd.)

## 3. General Shankar Roychowdhury

Father's Name	Late Sunil Chandra Roychowdhury
Date of Birth	6th September, 1937
Nationality	Indian
Date of Appointment	21st January, 2008
Qualifications	Graduate of National Defence Academy, Indian Military Academy, Defence Services Staff College, Army War College, National Defence College and also Doctorate D. Litt (Honoris CAVSA).
Expertise in specific functional areas	Former Chief of Army Staff, Indian Army, former Member of Parliament, Rajya Sabha.
Directorships held in other Companies	NIL
Member of Committees of the Board	NIL
Member of Committees in other Companies	NIL
Shares held in IMFA	NIL





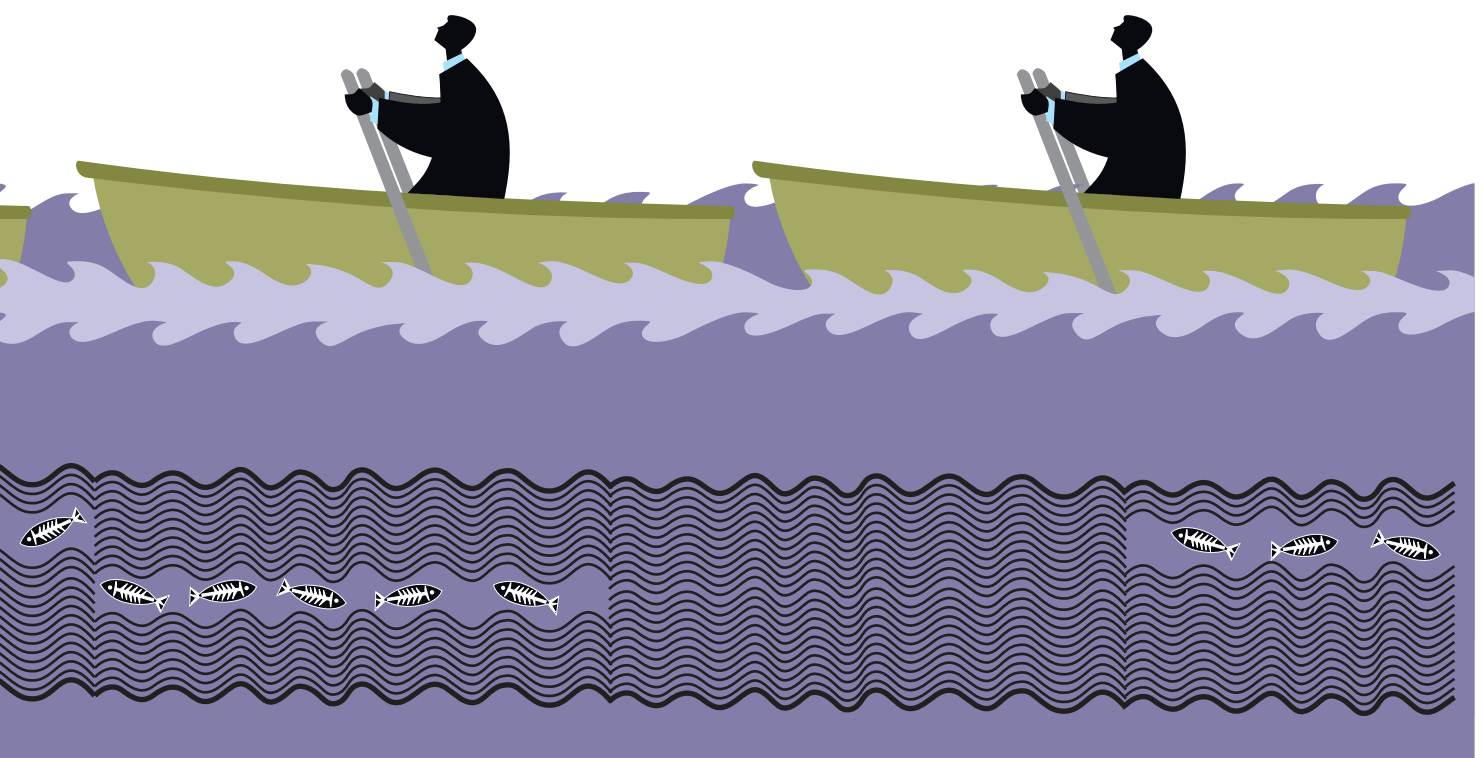
# Management Discussion and Analysis

## A. Industry Structure and Developments

Ferro chrome is a value-added intermediate product which imparts the non-corrosive property to stainless steel. As such, ferro chrome manufacturing is a highly power intensive process and though globally South Africa is the largest producer of chrome ore and ferro chrome, availability of power remains a big challenge for the country and has resulted in changing dynamics in the industry. In a scenario of higher costs and restricted supply as well as lack of significant investment in new smelting capacity worldwide, rising demand has resulted in ferro chrome prices moving up.

The stainless steel industry is the primary user of ferro chrome and its sustained growth over the years, in particular the rapid growth witnessed in China, has led to what is often referred to as a "super cycle" for various commodities. While the recent economic crisis was a sobering reality check, the bounce back thereafter has been quite significant. As such, factors such as the development of interior areas of China and strong economic growth in India requiring massive investment in infrastructure is expected to sustain stainless steel & ferro chrome demand over the medium to long term.

Another outcome of the power shortage in South Africa is the export of raw (i.e. not beneficiated) chrome ore particularly to China which now imports almost 50 per cent of its total requirement from that country. Coupled with China's aggressive approach towards investment in mineral resources to feed its requirement there is now approximately 2 million tonnes of ferro chrome smelting capacity which is based on imported ore. As a result the cost of production of ferro chrome in China acts both as a floor as well as a ceiling.



## B. Opportunities and Threats

The demand for ferro chrome is cyclical in nature, reflecting a similar trend as the stainless steel industry. As a result, there is substantial volatility in prices. However, with fast recovery in stainless steel industry particularly in China and Asia in general, the price of ferro chrome was relatively stable during the year under review and the demand for ferro chrome is expected to remain steady in the near future. The fortunes of your Company are dependent to a large extent on the prevailing prices in the international market which is influenced / set by large producers in South Africa and Kazakhstan. However, your Company has followed the strategy of entering into long-term contracts as a hedge against the vagaries of the market. Such arrangements with companies like POSCO and Nisshin have benefited your Company to a great deal by way of committed off-take on 'producer price' basis. At the same time, your Company also keeps aside tonnage for selling in the spot market so as to benefit from any upward trend in prices.

Finally, the dominance of large producers in South Africa, Kazakhstan, etc leaves little leeway to your Company in determining prices. However, being an integrated player resulting in low cost of production, your Company is well positioned to mitigate such risks.

## C. Segment-wise or Product-wise Performance

Your Company's operations can be broadly categorised under Ferro Alloys, Mining and Power. Further, during the year under review, your Company prioritized production of ferro chrome given better margins arising out of being fully integrated. As such, the production of ferro silicon remained suspended during the year.

Segment-wise performance is as set out below:

### i. Ferro Alloys

Sl. Particulars	Ferro chrome 2010-11	Ferro chrome 2009-10
1 Production (tonnes)	179,850	130,758
2 Sales (tonnes)	180,081	126,667
3 Revenue (Rs in crore)	1037	542

### ii. Power

Sl. Particulars	2010-11	2009-10
1 Generation (in million units)	774	726
2 Sales (in million units)	47	187
3 Revenue (Rs in crore)	15	57

### iii. Mining (Chrome Ore)

Sl. Particulars	2010-11	2009-10
1 Production (tonnes)	427,973	282,836

## D. Outlook

The stainless steel industry is expected to continue witnessing robust growth going ahead which will largely be driven by demand emanating from China and India. In fact, stainless steel demand in India is likely to be very strong going ahead given rising per capita income and massive augmentation of infrastructure arising from sustained economic growth. The hitherto fragmented ferro chrome industry in India could witness some consolidation as small to medium producers without backward integration (ore and/or power) will find it difficult to compete.

## E. Risks and Concerns

The major risk for the ferro chrome industry continues to be slack demand as a result of a slowdown in the stainless steel industry. Although production of stainless steel is once again on the growth path, any hiccup in global economic recovery will once again put pressure. Furthermore, since ferro chrome is a dollar denominated commodity, the sharp fluctuations of the US Dollar is a matter of concern. However, by virtue of being fully integrated, your Company is well placed to meet such challenges and has a proactive risk management policy which includes tying up off-take through long term contracts and hedging foreign currency exposure.

## F. Internal Control Systems and their Adequacy

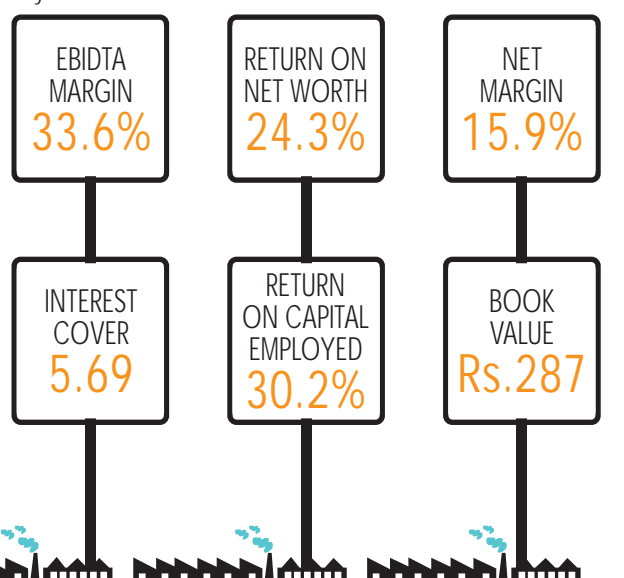
Your Company has an adequate system of internal controls to safeguard and protect from loss, unauthorized use or disposition of its assets. All transactions are properly authorized, recorded and reported to the management. Your Company is following all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. Your Company has an Internal Audit department and has also appointed outside Internal Auditors to review various areas of the operations of the Company. The audit reports are reviewed by the management and the Audit Committee of the Board periodically.

## G. Discussion on Financial Performance with respect to Operational Performance

### Financial review

	2010-11	2009-10	Growth (%)
Turnover (Rs in crore) Net	1040.48	592.59	76
EBIDTA (Rs in crore)	349.61	142.27	146
Profit after tax (Rs in crore)	165.44	41.01	303
Cash profit (Rs in crore)	207.29	81.40	155
EPS (Rs)	62.84	16.82	274
Cash EPS (Rs)	78.74	30.92	155
Dividend (Rs)	10.00	5.00	100
Net worth (Rs in crore)	756.72	606.63	25
Capital employed (Rs in crore)	1150.13	886.78	30
Fixed assets (with CWIP) (Rs in crore)	831.12	635.69	31
Net current assets (Rs in crore)	319.01	251.09	27

## Key derivatives



## Revenue

During the financial year under review, your Company's total income increased by 76 per cent to Rs 1040.48 crores derived from domestic sales and exports in a ratio of 12:88. Given the expected increase in stainless steel production in India the proportion of domestic sales is likely to go up significantly in the near future.

## Exports

The Company derived 88 per cent of its total sales from exports markets and during the year under review foreign currency earnings in rupee terms increased by 110% to Rs 916.68 crores.

## Expenditure

EXPENSES (as % of total expenses)	2010-11	2009-10
Manufacturing & other expenses	57%	60%
Employee Cost	11%	11%
Administrative and selling expenses	10%	11%

EXPENSES (as % of total income)	2010-11	2009-10
Manufacturing & other expenses	43%	55%
Employee Cost	8%	10%
Administrative and selling expenses	8%	10%

## Margins

The Company strengthened its EBITDA margin from 24% in 2009-10 to 33.6% in 2010-11 primarily on account of a near doubling of topline. Correspondingly the Company's post tax profit margin strengthened from 6.9% in 2009-10 to 15.9% in 2010-11.

## Share Capital and reserves

The Company's share capital of Rs 26.34 crores comprised 2,63,26,519 equity shares with face value of Rs 10/- each. As on 31st March 2011, the Company's reserves accounted for Rs 730.38 crores, an increase of 26% 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 82 per cent of the Company's reserves indicating an aggressive plough back of profits in the business. The size of the Company's reserves translated into healthy book value at the close of 2010-11.

## Loan Profile and funding cost

The total debt on the Company's books increased by 22.8 per cent from Rs 426.91 crores as on 31st March 2010 to Rs 524.41 crores as on 31st March 2011 with working capital loans accounting for 9% of the secured loans. Nearly 94% of the Company's loans were rupee-dominated while the rest was in US Dollars.

The cost of debt (interest) for the Company increased by 21.9% from Rs 44.39 crores in 2009-10 to Rs 54.10 crores in 2010-11. The Company's average cost of debt was 11.4% in 2010-11, similar to that in 2009-10, despite revised PLR for all the banks during the year under review.

## Capital work in progress (CWIP)

The Company's CWIP as on 31st March 2011 stood at Rs 427.18 crores, up 57% as compared to Rs 272.10 crores as on 31st March 2010. The Company capitalized expenditure of Rs 69.14 crores and made fresh capital expenditure of Rs 224.22 crores during 2010-11.

## Gross Block

As on 31st March 2011 the Company had a gross block of Rs 700.31 crores as compared to Rs 619 crores as on 31st March 2010. The Company's assets are technologically sound and do not require frequent replacement. Furthermore, if the Company decides to invest significantly in gross block, its present earnings are attractive enough to cover such investments through internal accruals.

## H Human Resources/Industrial Relations:

The Company presently directly employs 1946 employees across 12 locations. The growth and sustained leadership of the Company is largely a function of the competence and quality of its human resource. The Company's employee base has an average age of 42 years and 21.48% of them are professionals, highlighting a blend of youth and experienced. Being in diversified businesses, the Company encourages inter-departmental and inter-unit movement ensuring better retention of talent and at the same time providing newer avenues to its employees. As a result, the Company's attrition rates are nearly nil at the senior management level. The Company enjoyed cordial industrial relation throughout the year under review.



# Directors' Report

To The Members

Your Directors are pleased to present the 49th Annual Report together with Audited Statement of Accounts of the Company for the financial year ended 31st March 2011.

## FINANCIAL RESULTS

	(Rs in Crore)	
	2010-11	2009-10
1. Gross sales:	1052.15	601.23
Less : Excise Duty	11.67	8.64
Net Sales	1040.48	592.59
2. Other Income	37.56	29.63
Total Revenue	1078.04	622.22
3. Profit before interest, depreciation and taxation	349.61	142.27
4. Interest	54.10	44.39
5. Depreciation	41.85	40.39
6. Profit before Tax	253.66	57.49
7. Tax including Deferred Tax	88.22	16.48
8. Profit after Tax	165.44	41.01
9. Balance brought forward from previous year	200.81	179.30
10. Amount available for appropriation	366.25	220.31
11. Interim Dividend (including Tax on dividend)	15.35	-
12. Proposed dividend (including Tax on dividend)	15.30	15.40
13. Transfer to General Reserve	16.55	4.10
14. Balance carried forward	319.05	200.81

The revival in demand for commodities helped your Company post gross sales of Rs 1052.15 crores during the year under review representing a 75% increase (previous year : Rs 601.23 crores) while profit before interest, depreciation & taxes increased by 146% to Rs 349.61 crores (previous year : Rs 142.27 crores) and profit after tax increased by 303% to Rs 165.44 crores (previous year : Rs 41.01 crores).

## DIVIDEND

Your Company had paid an interim dividend of 50% (Rs 5/- per share) in November 2010 and the Board of Directors is pleased to recommend a final dividend of 50% (Rs 5/- per share) taking the aggregate dividend to 100% (Rs 10/- per share).

## OPERATIONS

### Ferro Alloys :

The production of ferro chrome during the year under review increased by 38% to 179,850 tonnes (previous year : 130,758 tonnes) in line with the improvement in demand and consequent to the commissioning of the sixth furnace (30 MVA). However, production of ferro silicon remained suspended even as your Company evaluates the capital expenditure required in order to start producing ferro chrome in the furnace which is currently shut-down.

### Electricity :

During the year under review your Company generated 774 million units of electricity (previous year : 726 mu's) which translates to a plant load factor of 88.35% on MER basis and sold 47.47 mu's to Gridco at an average rate of Rs 3.15 per unit.

### Mining :

The total quantum of chrome ore raised from your Company's mines for captive use amounted to 427,973 tonnes during the year under review (previous year : 282,836 tonnes) which was an increase of 51%. 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.

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 the Annual Listing Fee for the year 2011-12 has been paid.

Your Company's shares have also been listed on National Stock

Exchange of India Ltd (stock symbol : IMFA) and trading commenced w.e.f. 23rd July 2010. Annual Listing Fee for the year 2011-12 has been paid.

## REDUCTION OF SHARE CAPITAL

Pursuant to the Composite Scheme of Arrangement & Amalgamation 864,902 shares were allotted to 'Erstwhile ICCL Shareholders Trust' and made available by the Trustees at Rs 50/- per share to small shareholders. However, despite several extensions / reminders, only 515,436 shares were subscribed with the balance 349,466 shares remaining unsubscribed. The Company filed a petition before the Hon'ble Orissa High Court under Section 392 of the Companies Act, 1956 seeking approval to modify the Scheme of Arrangement & Amalgamation and confirming the reduction of share capital by way of cancelling 349,466 equity shares of Rs 10/- each held by 'Erstwhile ICCL Shareholders Trust'. The petition was approved by the Hon'ble High Court of Orissa vide its order dated 16th March 2011 and registered with the Registrar of Companies (ROC), Orissa on 01st April 2011. Accordingly the paid up equity share capital stands 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 with effect from 01st April, 2011. Several shareholders have subsequently challenged the reduction of share capital before a Division Bench of the Hon'ble Orissa High Court and the matter has been reserved for judgement.

## JOINT VENTURE WITH POSCO

Your Company has signed a Joint Venture (JV) Agreement with POSCO on 18th January 2011 wherein the newly commissioned 30 MVA furnace will be transferred to the JV Company and then leased back to IMFA for operating and supplying the entire production of ferro chrome to POSCO. In addition, POSCO will also purchase 50,000 tonnes per annum of ferro chrome from the Company under a long term supply agreement valid for five years and renewable by mutual consent thereafter.

## AWARDS & RECOGNITIONS

Your Company has been awarded the prestigious 'Top Exporter from Eastern Region for the year 2008-09 (Silver Trophy)' in the Large Enterprise Category by EEPC India for its outstanding export performance during the year 2008-09.

Your Company has also been awarded the prestigious 'FIEO Niryat Shree Award' for the year 2008-09.

### 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 profit of Rs 17,012/- during 2010-11 as against a net loss of Rs 1.24 lakhs during the previous year. In view of inadequate profit, the Board of Directors of the said Company have not proposed any dividend.

Utkal Power Ltd, Utkal Coal Ltd, IMFA Alloys Ltd, Indmet (Mauritius) Ltd, Indmet Mining Pte. Ltd, Singapore and Utkal Green Energy Ltd, all subsidiaries of your Company, are yet to begin operations. Hence, no Profit & Loss Account has been prepared for any of these entities.

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 2011 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.

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 Company has not accepted any public deposits during the year under review. However, unclaimed deposits pending repayment amounting to Rs 0.02 crore was paid during the year under review.

### NEW PROJECTS

Completion of the 30 MW dual fuel power plant has got inordinately delayed due to a variety of reasons and is a matter of great concern. However, the primary focus now is to commission the unit expeditiously and start generating electricity. All necessary steps are being taken in this direction and your Directors are hopeful that the unit will be commissioned by June 2011.

Meanwhile, construction activities pertaining to the 2 x 60 MW Captive Power Plant is going on in full swing and the progress till date is satisfactory. As such, the project is on track to be completed by the last quarter of the current financial year.

Finally, 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 except forest clearance being in place. Stage I clearance has already been received and considerable progress has been made towards getting Stage II clearance which is expected shortly. Other activities like displacement of affected people and acquisition of land for captive railway siding to evacuate coal is also underway. As such, your Directors are hopeful that the mining lease will be executed within the calendar year and operations will commence shortly thereafter.

### 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. However, unclaimed deposits pending repayment amounting to Rs 0.02 crore was paid 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 Schedule 'N' which are self-explanatory.

## DIRECTORATE

Mr Alex Amrein, Mr S P Mathur and General Shankar Roychowdhury, Directors, retire by rotation at the forthcoming Annual General Meeting of the Company and are eligible for re-appointment. The proposals regarding their re-appointment as Directors are placed for your approval. Mr S K Pattanaik, was appointed as Alternate Director to Mr Alex Amrein wef 21st July 2010 till 23rd January 2011. The Directors convey their gratitude to Mr Pattanaik for his invaluable contribution during his tenure.

Brief resume/details relating to Directors who are to be re-appointed are furnished in the Explanatory Statement to the Notice of the ensuing Annual General Meeting as required under the Code of Corporate Governance.

## 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, 2011, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that they have 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 have 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 have prepared the annual accounts of the Company for the financial year ended 31st March, 2011 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.

## CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a report on the Corporate Governance, 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 would also like to recognise and appreciate the support received from Term Lenders and Working Capital Bankers. Last but certainly by no means least, your Company would like to thank its shareholders, customers and the public at large for their continued support and confidence.

For and on behalf of the Board

Place: New Delhi

Date : 3rd May 2011

**Baijayant Panda** **Subhrakant Panda**

Vice Chairman 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. The Charge chrome furnace bottom cooling fan no.2 was having cast aluminum blade set. To achieve energy conservation, the material of the cast aluminum blade was replaced with FRP blade. This material modification has resulted in electrical energy saving to the tune of 28050 KWH per annum.
2. The electrode mantle cooling fans are being used to limit the electrode paste temperature within 60°C at the 50% opening of the damper. The over capacity fan motors of 18.5 KW have been replaced with 11 KW motors, which are operating at 75% opening of damper & the electrode paste temperature is being maintained. This modification has resulted in electrical energy saving to the tune of 131400 KWH per annum.
3. At raw material handling section the running hours of the conveyor no. 4 & 6 were reduced to at least 4 hours per day during crushing & storage of fines and the idle running of the conveyors could be avoided by doing necessary modification in the control circuit. This has resulted in electrical energy saving to the tune of 16100 KWH per annum.
4. The Sodium Vapour lamps of 24 nos 250 W, 18 nos 150 W and 18 nos 70 W were replaced with similar wattage metal halide lamps at various places of charge chrome plant for better illumination and energy conservation. Electrical energy is saved to the tune of 11060 KWH per annum.
5. At raw material handling section the hydrated lime feeding conveyor BC 4 was eliminated and modified lime feeding system has been implemented to achieve energy conservation and ease in operational maintenance. By doing this modification the electrical energy is saved to the tune of 30660 KWH per annum.

6. Two nos. pumps of capacity 2.20 KW & 0.75 KW were operating to transfer LDO from tanker to storage tank and further from storage tank to furnace day bin tank respectively. These two nos pumps were replaced with one energy efficient gear pump of capacity 2.20 KW and necessary modification were carried out in the pipe lines for transferring LDO. As a result the pump efficiency is increased & pump operation time reduced for LDO transfer & electrical energy is saved to the tune of 4500 KWH per annum.
7. The 5 nos old mancoolers of 2.2 KW capacity each were replaced with 5 nos new energy efficient 0.55 KW capacity mancoolers, which are being used for ventilation at Boiler house, Compressor room and TG 1 area at power plant. This action has resulted in saving of electrical energy to the tune of 54000 KWH per annum.
8. 80 nos ( 2 x 28 W ) energy efficient tube lights fittings were replaced at power plant boiler house in place of existing (2x40W) capacity tube light fittings. By doing this electrical energy is saved to the tune of 16820 KWH per annum.

#### THERUBALI

1. Total 103 Nos of 70 W SV fitting replaced by 35 Watt CFL fittings.
2. 49 Nos 60 Watt Bulbs replaced by 11 Watt CFL Lamps for Gate Light purpose.
3. 18 Nos of T8 TL fittings replaced by T5 fittings.

#### MINES

1. Stopping air leakage in the pipe lines by energy audit saving compressed air and excess running of compressor & creating awareness among employees by giving seminar on this topic.
2. Maintenance of de-watering pumps properly to operate the pumps at maximum efficiency.
3. Switching off all lights and fans in the office premises by the people before leaving the office.

4. Supply of drinking water in the Incline & surface through 4 HP pump eliminating running of tipper for carrying drinking water for underground Mines.
5. Stopping compressors for one hour in the shift beginning & half an hour at the end of shift to reduce energy consumption.
6. Providing tube lights in place of high wattage HPSV & HPMV lamps.
7. Automatic on-off operation of street light through time switch.
8. Daily monitoring of loading & unloading hours of compressors & taking action to reduce unloading hours.
9. Using low wattage Compact Fluorescent Lamps by individual in the colony to reduce own power consumption after fixing the energy meters.
10. Daily monitoring of running hours of underground pumps.
11. Operating Haulage and winder judiciously for operation and avoiding unnecessary trips.
12. Switching of Air Conditioner of computer room during non working hours.
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.
14. Providing energy meters in worker's colony to reduce power consumption.
15. Daily monitoring of every load of underground mines & taking corrective action if required.
16. Use of 5 HP Electrical pump for dewatering from the decline face, thus reducing the running of 150 hp compressor substantially.
17. Improving power factor up to 0.97 by setting of leading power factor at APFC Panel.
18. Providing energy meters in Staff's colony to reduce power consumption.

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

***THERUBALI:***

1. An Energy audit was conducted by third party (PCRA) in June 2010 & study was aimed at identifying the potential for reduction of energy consumption in the various areas like Pumps, Compressors, Illumination system etc. Total cost invested towards Audit : Rs 55,000/-.
2. The Energy Audit proposal for replacement of low performing efficiencies pumps with high efficiency energy saving pumps with an estimated cost of Rs 600,000/- has been approved in first phase. This job is expected to complete during the year 2011.
3. Total cost incurred for replacement/ retrofitting of Lights in year 2010-11 is Rs 42,346/-.

***MINES:***

Proposal for installation of 1200 CFM, 200 HP Screw Compressor.

**(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 : 25,715 units /Year.

***MINES:***

1. The total saving due to power factor incentive is Rs 473,292/-.
2. Total annual saving after installation of 1200 CFM compressor will be Rs 30,00,000/-.
3. Total annual saving after installation of 5 HP Electrical pump for dewatering from the decline face will be Rs 156,000/-.

- (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 and benefits derived as a result of those efforts.

#### CHOUHDWAR

- (a) The clarified water from Power plant was supplied to Unit - II Charge Chrome plant for use in cooling of process equipment along with metal & slag cooling. Also a significant amount of raw water was being pumped from nearby river for various miscellaneous activities i.e dust suppression, road cleaning, civil jobs, gardening etc.

In order to optimize the waste water use and reduction in consumption of river water, a pump was installed at waste water collection pit & necessary pipe lines extended to Unit-II plant during January 2011. Presently at Unit -II plant the clarified water is being used for process cooling & waste water is being used for all other miscellaneous purpose inside the plant premises. This has resulted a saving of river water about 250 M<sup>3</sup> per day.

- (b) A fly ash brick manufacturing unit with production capacity of 100,000 bricks per day has been installed. The unit will consume 4250 MT fly ash per month from our captive power plant and the trial run of the plant has been completed.

- (c) The generator rotor of Turbo Generator No 2 of 54 MW capacity has been replaced with new & improved design generator rotor having retainer rings (Cr 18/Mn 18) and modified 'D' lead system. This will ensure longer life & high reliability of the turbo generator.

- (d) Earlier the incoming coal received by truck was unloaded in the wagon hopper, due to more quantity of bigger size coal, the wagon hopper was getting jammed. The bigger size coal were being broken manually on the grizzly of the Wagon hopper. It was a risky & time taking operation due to inadequate space on the grizzly. As a result the daily output of coal crusher was affected.

To overcome this problem, two no's portable screens were fabricated and installed at Coal yard. The incoming coal is being segregated during unloading from trucks initially & broken into smaller sizes before shifting to Wagon hopper. This has improved the coal crusher output from 1000 MT per day to 2500 MT per day besides improvement in operational safety.

#### MINES

- (a) Connection of weigh bridge - I & II through 2 nos. of batteries for protection from lightning & smooth operation of despatch without any break down.
- (b) Commissioning of overhead tank of 40 KL capacity for drinking water supply.
- (c) Modification of Mechanical Depth Indicator instead of replacing with new one for increased depth.
- (d) Replacement of DA cylinder with LPG cylinder

- (2) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.
- (a) Saving of Rs 256,000/-
  - (b) Supply of water with required pressure
  - (c) Saving of Rs 300,000/-
  - (d) Saving of Rs 250,000/-
- (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 : Not Applicable
  - (b) Year of import :
  - (c) Has technology been fully absorbed :
  - (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action :

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

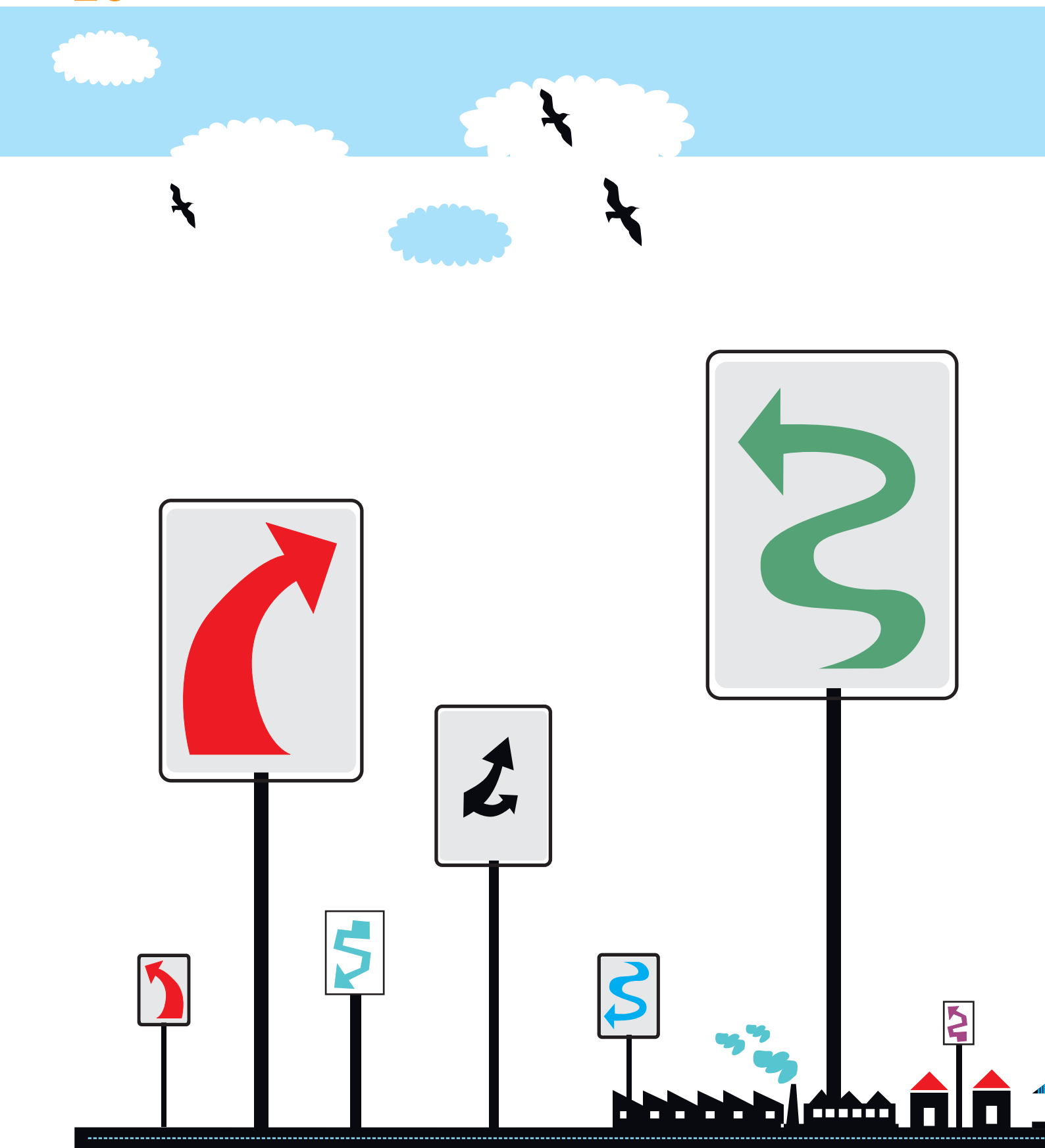
- (i) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans:

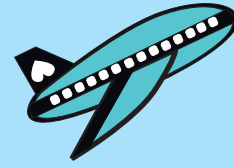
The year under review saw a significant revival in the stainless steel industry with production, particularly in China in particular and Asia in general, increasing sharply. With increase in both stainless steel & ferro chrome production, market balance as well as relatively stable price is maintained. Your Company maintained its close relationship with POSCO and Nisshin. Furthermore, China being the largest producer of stainless steel, your Company reached out & concluded repeat transactions with many buyers. Your Company has also signed a Joint Venture (JV) Agreement with POSCO wherein the newly commissioned 30 MVA furnace will be transferred to the JV Company and then leased back to IMFA for producing and supplying the entire output of ferro chrome to POSCO. In addition, POSCO will also buy 50,000 tonnes per annum of ferro chrome from your Company under a long term supply agreement valid for five years and renewable by mutual consent thereafter.

- (ii) Total foreign exchange used and earned

(Rs in Crore)

- (a) Foreign Exchange earnings : 890.55  
(previous year: 423.34)
- (b) Foreign Exchange outgo : 230.86  
(previous year: 131.91)





Report on

# Corporate Governance

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 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, 2011 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	-	-
Bajjayant Panda	Vice Chairman	Promoter Non-Independent Executive	11	-	1
Subhrakant Panda	Managing Director	Promoter Non-Independent Executive	7	-	-
J K Misra	Director (Corporate)	Non-Independent Executive	3	-	-
Paramita Mahapatra	Director	Promoter Non-Independent Non-Executive	17	-	-
G L Tandon	Director	Independent Non-Executive	4	-	3
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	1	-	-
N R Mohanty	Director	Independent Non-Executive	3	2	-
Alex Amrein	Director	Non-Independent Non-Executive	1	-	-
S P Mathur	Director	Non-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 2010-11	Attendance at AGM held on 17th July, 2010	Remarks
Dr B Panda	4	Yes	
Bajjayant Panda	2	No	
Subhrakant Panda	4	Yes	
J K Misra	4	Yes	
Paramita Mahapatra	4	Yes	
G L Tandon	3	Yes	
D Bandyopadhyay	3	Yes	
Maj R N Misra (Retd.)	4	Yes	
H Biswas	3	No	
Dr S Acharya	4	Yes	
N R Mohanty	4	Yes	
S K Pattanaik	2	No	Ceased to be a Director wef 17.07.2010 and appointed as an Alternate Director wef 21.07.2010 till 23.01.2011
Alex Amrein	2	Yes	
S P Mathur	4	Yes	
General Shankar Roychowdhury (Retd)	2	No	

Dates on which Board Meetings were held are

: 11.05.10, 17.07.10, 29.10.10, 25.01.11



### 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.

Name of Member	Category	No. of meetings attended during 2010-11
G L Tandon, Chairman	Independent Non-Executive	3
Paramita Mahapatra	Non-Independent Non-Executive	4
D Bandyopadhyay	Independent Non-Executive	3
Major R N Misra (Retd.)	Independent Non-Executive	4

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

Dates on which meetings were held are : 11.05.10, 17.07.10, 29.10.10, 25.01.11

### 4. Remuneration Committee:

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

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

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

Name of Member	Category	No. of meetings attended during 2010-11
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 : 11.05.2010

### 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 2010-11

#### Non-Executive Directors

(Amt in Rs)			
Name	Commission	Sitting Fees	Total
Paramita Mahapatra	-	1,65,000	1,65,000
Alex Amrein	-	10,000	10,000
G L Tandon	4,11,400	30,000	4,41,400
D Bandyopadhyay	4,11,400	35,000	4,46,400
Major R N Misra	4,11,400	45,000	4,56,400
Dr S Acharya	4,11,400	45,000	4,56,400
H Biswas *	4,11,400	15,000	4,26,400
S P Mathur	-	20,000	20,000
S K Pattanaik	1,20,200	10,000	1,30,200
N R Mohanty	4,11,400	20,000	4,31,400
General Shankar Roychowdhury	4,11,400	10,000	4,21,400
Total	30,00,000	4,05,000	34,05,000

\* 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	12,49,381	-	3,98,93,000	4,57,02,381
Baijayant Panda	43,20,000	15,47,989	-	3,98,93,000	4,57,60,989
Subhrakant Panda	43,20,000	15,35,466	-	3,98,93,000	4,57,48,466
J K Misra	32,15,472	13,77,262	-	25,00,000	70,92,734
Total	1,64,15,472	57,10,098	-	12,21,79,000	14,43,04,570

## 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 2010-11
Paramita Mahapatra, Chairperson	Non-Executive Non-Independent	21
Dr S Acharya	Non-Executive Independent	3
J K Misra	Executive Non-Independent	24

Dates on which meetings were held are : 15.04.10, 30.04.10, 15.05.10, 31.05.10, 15.06.10, 05.07.10, 12.07.10, 31.07.10, 16.08.10, 31.08.10, 15.09.10, 30.09.10, 14.10.10, 30.10.10, 12.11.10, 26.11.10, 15.12.10, 27.12.10, 17.01.11, 31.01.11, 15.02.11, 28.02.11, 15.03.11, 30.03.11.

Name, designation & address of Compliance Officer:

Mr. Prem Khandelwal, Sr Vice President (Finance) & Company Secretary

Indian Metals & Ferro Alloys Limited

Bomikhal, PO. Rasulgarh

Bhubaneswar - 751 010

Phone : 0674-2580100

Fax : 0674-2580020

e-mail : pkhandelwal@imfa.in

No. of complaints received from the shareholders

From 01.04.2010 to 31.03.2011 : 1420

No. not solved to the satisfaction of the Shareholders as on 31.03.2011 : Nil

No. of pending share transfers as on 31.03.2011 : 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 2010-11
Dr S Acharya, Chairman	Non-Executive Independent	1
Paramita Mahapatra	Non-Executive Non-Independent	4
J K Misra	Executive Non-Independent	5

Dates on which meetings were held are : 12.05.10, 02.08.10, 28.08.10, 18.12.10, 10.03.11

## 7. General Body Meetings:

Location and time where last three AGMs were held:

The last three AGMs were held on, 17.06.2008(at 12 Noon), 17.07.2009(at 12.30 PM) and 17.07.2010(at 12.30 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, an Ordinary Resolution under section 293(1)(a) of the Companies Act, 1956 for sale/transfer of 30 MVA furnace and other related assets and liabilities of the Company to its 100% subsidiary was 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:

Description of Resolution	No. of Valid Votes polled (%age)	Votes cast in favour of the Resolution (%age)	Votes cast against the Resolution (%age)
Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 for sale/transfer of 30 MVA furnace and other related assets and liabilities of the Company to its 100% subsidiary	100	99.998	0.002

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 are 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, 2011.

New Delhi

3rd May, 2011

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 March 31, 2011 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.

New Delhi

3rd May, 2011

Prem Khandelwal

Sr Vice President (Finance) & Company Secretary

Yours sincerely

(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	: 16th July, 2011 at 3.00 PM
Venue	: At the Registered Office of the Company at Bomikhal, P.O. Rasulgarh, Bhubaneswar - 751 010.
Financial Year	: 1st April, 2010 to 31st March, 2011
Dates of Book closure	: 12th July, 2011 to 16th July, 2011 (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 2011-12 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 01.04.2010 to 31.03.2011 at the Bombay Stock Exchange and National Stock Exchange are as under.

### BSE

Month	High	Low
April, 10	872.85	735.00
May, 10	899.95	660.00
June, 10	764.60	670.00
July, 10	797.55	656.05
August, 10	727.80	632.00
September, 10	800.00	640.05
October, 10	833.00	711.90
November, 10	830.00	585.00
December, 10	707.00	551.25
January, 11	645.00	585.00
February, 11	660.00	539.55
March, 11	597.00	527.05

### NSE

Month	High	Low
July, 10	749.90	635.50
August, 10	735.00	630.10
September, 10	779.65	640.05
October, 10	834.00	712.00
November, 10	829.80	580.10
December, 10	700.00	575.10
January, 11	651.10	567.00
February, 11	659.70	544.60
March, 11	596.20	524.40

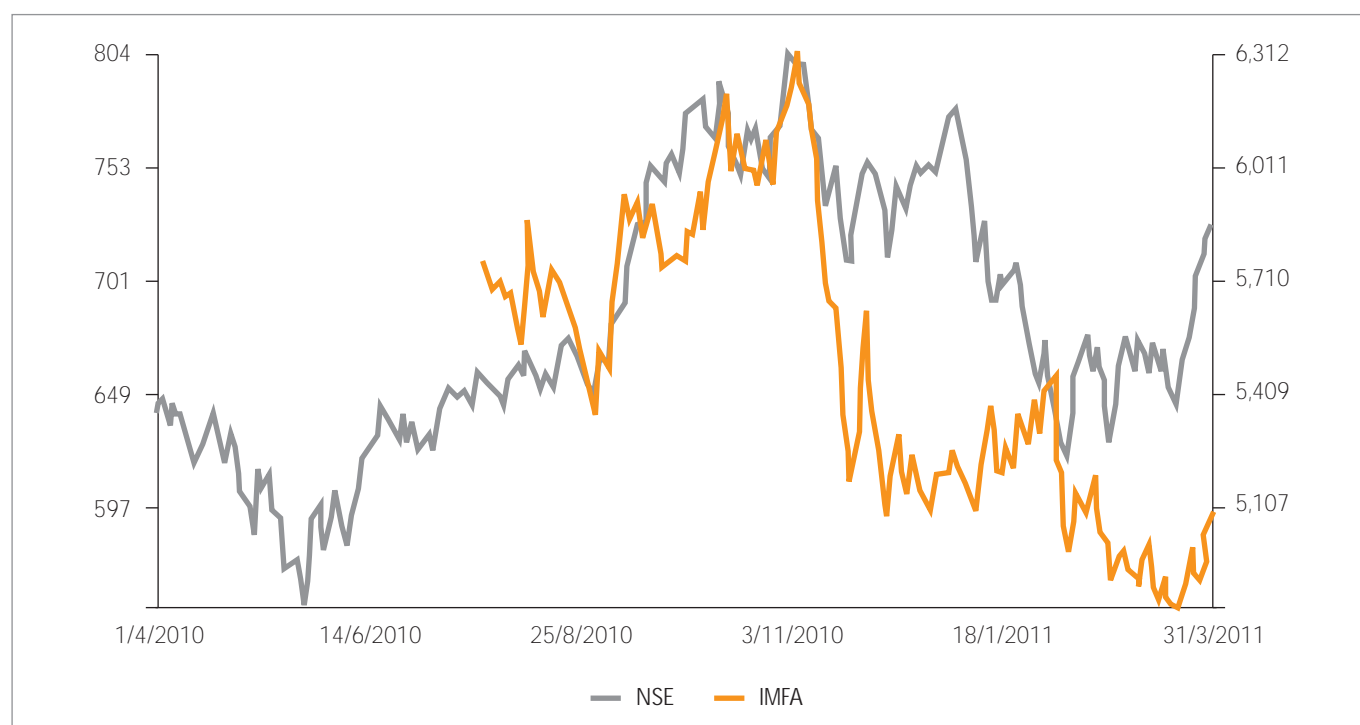
### Performance in comparison to Broad-based indices:

Performance of share price of the Company in comparison to BSE Sensex and Nifty are as under:

#### Indian Metals v/s BSE



#### Indian Metals v/s NSE



Registrar and transfer agents

Share Transfer system

: The Company does the share transfer work in-house.

: 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, 2011

:

No. of equity shares held	No. of shareholders	% to total
Upto - 250	50977	98.42
251 - 500	380	0.73
501 - 1000	208	0.40
1001 - 2000	102	0.19
2001 - 3000	34	0.07
3001 - 4000	18	0.04
4001 - 5000	10	0.02
5001 - 10000	14	0.03
10001 & above	54	0.10
Total	51797	100.00

Categories of shareholders as on 31st March, 2011

:

Category	No. of shares	% to total
Promoters & Promoter Group	14418380	54.77
Foreign Promoters	51456	0.19
Mutual Fund / UTI	2655991	10.09
Financial Institutions & Banks	293145	1.12
Foreign Institutional Investors	24801	0.09
Bodies Corporate	981649	3.73
Trusts	349574	1.33
Overseas Corporate Bodies	5634759	21.40
NRIs	221764	0.84
Individuals	1695000	6.44
Total	26326519	100.00



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	:	<b>Therubali</b> Dist-Rayagada -765018, Orissa <b>Choudwar</b> Dist-Cuttack - 754 071, Orissa
Mines	:	<b>Sukinda Chromite Mines</b> PO Kaliapani, Sukinda, Dist. Jajpur, Orissa <b>Mahagiri Chromite Mines</b> Sukinda, Dist. Jajpur, Orissa <b>Chingudipal Chromite Mines</b> Dist. Jajpur, Orissa <b>Nuasahi Chromite Mines</b> Dist-Keonjhar, Orissa <b>Bangur Chromite Mines</b> Dist. Keonjhar, Orissa
Address for correspondence	:	<b>Indian Metals &amp; Ferro Alloys Limited</b> 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, 2011 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.

For RAGHU NATH RAI & CO.  
Chartered Accountants

Firm Regn. No. 000451N

(Sharat Prakash)  
Partner

Membership No. 96267

Place: New Delhi

Dated: 3rd May 2011

## 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, 2011 and also the Profit and Loss Account 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 account & 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 account & 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, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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. *The Arbitral Tribunal which went into the various disputes between the Company and Gridco unanimously decided in favour of the Company vide its award dated 23rd March 2008. However, Gridco subsequently filed a petition before the Hon'ble District Judge, Bhubaneswar for setting aside the same and obtained an ex-parte interim order staying the operation of the award. Since the Company has filed an objection and is confident of the ultimate outcome being in its favour, no provision has been deemed necessary for the counter-claim of Rs.247.35 crores by Gridco.*
    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 Schedule M and the notes thereon in Schedule N, 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, 2011;
- b. in the case of the Profit and Loss Account, 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

(Sharat Prakash)  
Partner

Place: New Delhi  
Dated: 3rd May 2011

Membership No.96267

## 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 no.4 of schedule " N " (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:

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	Orissa High Court
Income Tax Act,1961	Income Tax	25.79	1986-87, 1987-88	Orissa High Court
Central Excise Act, 1944	Central Excise	38.76	1993-2002	Orissa High Court
Cenvat Credit Rules 2004	Disallowance of cenvat credit	4.42	April 2006 to March 2007	CESTAT(EZB) Kolkata.

## 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
Orissa Sales Tax Act, 1947	O S T	0.25	2004 - 05	A. C. , Sales Tax
Orissa Sales Tax Act, 1947	O S T	0.98	2000 - 01	Sales Tax Tribunal
Orissa Sales Tax Act, 1947	VAT (FAD Unit)	69.96	April 05 to January 08	A. C. , Sales Tax
Orissa Sales Tax Act, 1947	VAT (FAD Unit)	2.30	February 08 to May 09	A. C. , Sales Tax
Orissa Sales Tax Act, 1947	O S T	0.49	2003 - 04	Sales Tax Tribunal
Orissa Sales Tax Act, 1947	O S T	7.04	2002 - 03	A. C. , Sales Tax
Orissa Sales Tax Act, 1947	O S T	4.19	1994-95	Sales Tax Tribunal
Orissa Sales Tax Act, 1947	Entry Tax	2.00	2002-03	Sales Tax Tribunal
Orissa Sales Tax Act, 1947	Entry Tax (FAD Unit)	0.43	April 05 to January 08	A. C. , Sales Tax
Orissa Sales Tax Act, 1947	Entry Tax (FAD Unit)	67.18	February 08 to May 09	Orissa 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

(Sharat Prakash)  
Partner

Place: New Delhi  
Dated: 3rd May 2011

Membership No.96267



# Balance Sheet as at 31st March, 2011

(Rs. in crore)

	SCHEDULE	As at 31.03.11	As at 31.03.10
<b>I. SOURCES OF FUNDS</b>			
1. Shareholders' Funds			
(a) Share Capital	'A'	26.34	26.34
(b) Reserves and Surplus	'B'	715.08	580.29
		741.42	606.63
2. Loan Funds	'C'		
(a) Secured Loans		524.41	426.55
(b) Unsecured Loans		0.00	0.36
		524.41	426.91
<b>Total</b>		<b>1265.83</b>	<b>1033.54</b>
<b>II. APPLICATION OF FUNDS</b>			
1. Fixed Assets	'D'		
(a) Gross Block		700.31	619.00
Less: Depreciation		296.37	255.41
Net Block		403.94	363.59
(b) Capital Work-in-Progress		427.18	272.10
		831.12	635.69
2. Investment	'E'	144.74	137.79
3. Deferred Tax Assets/ (Liabilities) (Net)		(13.74)	8.97
4. Current Assets , Loans and Advances	'F'		
(a) Inventories		331.16	254.05
(b) Sundry Debtors		23.47	20.50
(c) Cash and Bank Balance		24.81	46.67
(d) Loans and Advances		302.72	236.93
		682.16	558.15
Less : Current and Liabilities & Provision	'G'		
(a) Current Liabilities		225.31	189.48
(b) Provisions		153.14	117.58
		378.45	307.06
Net Current Assets		303.71	251.09
<b>Total</b>		<b>1265.83</b>	<b>1033.54</b>
Significant Accounting Policies	'M'		
Notes forming part of the Accounts	'N'		
Information pursuant to Schedule VI	'O'		

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

(Sharat Prakash)  
Partner  
Membership No. 096267  
Place : New Delhi,  
Dated : 3rd May, 2011

Prem Khandelwal  
CFO & Company Secretary

Subhrakant Panda  
Managing Director

Baijayant Panda  
Vice Chairman

## Profit and Loss Account

for the period ended 31st March, 2011

(Rs. in crore)

	SCHEDULE	Year 2010-11	Year 2009-10
<b>INCOME</b>			
Gross Sales		1052.15	601.23
Less: Excise Duty		11.67	8.64
Net Sales		1040.48	592.59
Other Income	'H'	37.56	29.63
Closing Stock		114.01	102.27
		<b>1192.05</b>	<b>724.49</b>
<b>EXPENDITURE</b>			
Opening Stock		102.27	91.90
Manufacturing and Other Expenses	'I'	623.24	411.26
Administrative Expenses	'J'	61.02	42.23
Selling Expenses	'K'	55.91	36.91
Interest and Financial Expenses	'L'	54.10	44.39
Depreciation		41.85	40.39
		<b>938.39</b>	<b>667.08</b>
Earlier years Adjustments - Expenses/(Income)		0.00	(0.08)
		<b>938.39</b>	<b>667.00</b>
<b>PROFIT BEFORE TAXATION</b>		<b>253.66</b>	<b>57.49</b>
Provision for Taxation:			
Current Tax/ MAT		65.51	25.81
Deferred Tax		22.71	(2.92)
MAT Credit available for set off		0.00	(6.41)
<b>PROFIT AFTER TAXATION</b>		<b>165.44</b>	<b>41.01</b>
Balance Brought Forward		200.81	179.30
Profit available for Appropriation		<b>366.25</b>	<b>220.31</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend		13.16	13.16
Interim Dividend		13.16	0.00
Tax on Dividend		4.33	2.24
General Reserve		16.55	4.10
Balance Carried Forward		319.05	200.81
		<b>366.25</b>	<b>220.31</b>
<b>EARNINGS PER SHARE</b>			
Basic and Diluted Earnings Per Share (in rupees) (refer note no.13 of schedule 'N')		<b>62.84</b>	<b>16.82</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

(Sharat Prakash)  
Partner  
Membership No. 096267  
Place : New Delhi,  
Dated : 3rd May, 2011

Prem Khandelwal  
CFO & Company Secretary

Subhrakant Panda  
Managing Director

Baijayant Panda  
Vice Chairman



# Cash Flow Statement for the period ended 31st March, 2011

(Rs. in crore)

	Year 2010-11	Year 2009-10
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	253.66	57.49
Adjustment for :		
Depreciation	41.85	40.39
(Profit)/loss on sale of assets (net)	(0.05)	(0.03)
Unrealised foreign exchange (gain)/loss (net)	(0.42)	(0.79)
Interest income	(4.39)	(8.25)
Interest and financial expenses	28.66	30.80
Operating profit before working capital changes	319.31	119.61
Adjustment for :		
Trade and other receivables	(29.58)	82.56
Inventories	(77.11)	(34.97)
Trade payables	34.01	(2.06)
Cash generated from operations	246.63	165.14
Direct taxes paid	(66.84)	(19.52)
NET CASH FROM OPERATING ACTIVITIES	179.79	145.62
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (net)	(237.52)	(142.11)
Sale of fixed assets	0.29	0.09
Sale/(purchase) of investment	(6.95)	(44.69)
Interest received	4.39	8.25
NET CASH USED IN INVESTING ACTIVITIES	(239.79)	(178.46)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest and financial charges paid	(28.66)	(30.8)
Repayment of loans (net)	(134.34)	(9.31)
Cash credit (net)	18.89	20.64
Share Capital & Reserve & Surplus	0.00	91.10
Proceeds from/(Repayment of) long term borrowings	212.95	25.78
Dividend paid (including dividend tax)	(30.70)	(24.94)
NET CASH USED IN FINANCING ACTIVITIES	38.14	72.47
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	(21.86)	39.63
CASH AND CASH EQUIVALENTS - OPENING BALANCE	46.67	7.04
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	24.81	46.67

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

(Sharat Prakash)  
Partner  
Membership No. 096267  
Place : New Delhi,  
Dated : 3rd May, 2011

Prem Khandelwal  
CFO & Company Secretary

Subhrakant Panda  
Managing Director

Baijayant Panda  
Vice Chairman



## SCHEDULES

annexed to the accounts

(Rs. in crore)

	As at 31.03.11	As at 31.03.10
<b>SCHEDULE 'A' - SHARE CAPITAL</b>		
<b>Authorised</b>		
3,00,00,000 Equity Shares of Rs.10/- each (Previous Year 3,00,00,000 Equity Shares of Rs.10/- each)	30.00	30.00
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>		
2,63,26,519 Equity Shares of Rs.10 /- each fully paid (Previous Year 2,63,26,519 Equity Shares of Rs.10/- each)	26.33	26.33
(Of the above, 1,14,34,781 Equity Shares were issued as fully paid up bonus shares by capitalisation of General Reserves)		
Add: Forfeited Shares (amount originally paid -up)	0.01	0.01
	<b>26.34</b>	<b>26.34</b>

## SCHEDULE 'B' - RESERVES AND SURPLUS

1. Capital Reserves			
Capital Redemption Reserve	0.20		0.20
Backward Area Development Subsidy	0.15		0.15
Housing Subsidy	0.01		0.01
Other Capital Reserves	0.75		0.75
		1.11	1.11
2. Share Premium Account		131.39	131.39
3. General Reserve (Opening Balance)	246.98		211.42
Add: Reserve from merger			31.46
Add: Transferred from Profit and Loss Account	16.55		4.10
		263.53	246.98
4. Surplus as per Profit and Loss Account		319.05	200.81
		<b>715.08</b>	<b>580.29</b>



## SCHEDULES annexed to the accounts (Contd.)

(Rs. in crore)

	As at 31.03.11	As at 31.03.10
<b>SCHEDULE 'C' - LOANS</b>		
1. From IDBI secured by pari passu first charge on present and future fixed assets of Choudwar Division & Therubali Division (excluding the property situated at 44, Chowringhee road, Kolkata, aircrafts, vehicles, office equipments of Therubali Division and project assets related to 27MVA & 30MVA Plants, 30MW & 120 MW Power Plants, Coal Handling Plant)	168.29	213.03
Add: Accumulated interest accrued but not due	0.00	56.75
	168.29	269.78
2. From Punjab National Bank secured by pari passu first charge on present and future fixed assets of of Choudwar Division	0.00	4.86
Add: Accumulated interest accrued but not due	0.00	5.33
	0.00	10.19
3. From IDBI, PFC & PFS 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 guarantees of two Directors	125.03	0.00
4. From IDBI secured by exclusive charge on Coal Handling Plant (CHP) assets & personal guarantees of two Directors	20.00	0.00
5. 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 guarantees of two Directors	80.43	76.92
6. From State Bank of India secured by exclusive charge on 30MVA & 27 MVA Plant in addition to the personal guarantees of two Directors	37.34	42.27
7. From Indian Overseas Bank State Bank of India and Standard Chartered bank secured by hypothecation of entire stocks book debts and fixed assets of Therubali Division (excluding property situated at 44, Chowringhee Road, Kolkata, aircrafts, vehicles, office equipments) on pari passu basis in addition to the personal guarantees of two Directors	46.28	27.39
8. Foreign Currency Loan from Standard Chartered Bank secured by receivables of Marubeni contrats	31.08	0.00
9. From SREI Equipment Finance Pvt. Ltd. secured by first charge on the CI 2 Cessna Aircraft	15.96	0.00
	524.41	426.55
<b>Unsecured Loans</b>		
1. Fixed Deposits	0.00	0.02
2. From Others	0.00	0.34
	0.00	0.36

## SCHEDULES annexed to the accounts (Contd.)

### SCHEDULE 'D' - FIXED ASSETS

(Rs. in crore)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.10	Additions	Sales / Transfer	As at 31.03.11	As at 01.04.10	For the year	Deductions	As at 31.03.11	As at 31.03.11	As at 01.04.10
Freehold Land	39.39	1.46	0.00	40.85	0.00	0.00	0.00	0.00	40.85	39.39
Leasehold Land	19.89	1.90	0.00	21.79	0.00	0.00	0.00	0.00	21.79	19.89
Buildings	157.32	21.55	0.00	178.87	51.11	8.89	0.00	60.00	118.87	106.21
Railway Siding & Runways	5.88	0.00	0.00	5.88	2.58	0.33	0.00	2.91	2.97	3.30
Plant & Machinery	377.11	49.99	0.24	426.86	190.36	29.90	0.14	220.12	206.74	186.75
Furniture & Fixtures	3.92	0.29	0.00	4.21	2.59	0.31	0.00	2.90	1.31	1.33
Vehicles	9.95	4.41	0.89	13.47	5.64	1.59	0.75	6.48	6.99	4.31
Aircrafts	5.54	2.84	0.00	8.38	3.13	0.83	0.00	3.96	4.42	2.41
	619.00	82.44	1.13	700.31	255.41	41.85	0.89	296.37	403.94	363.59
Capital Work-in-Progress	178.02	232.42	69.14	341.30	0.00	0.00	0.00	0.00	341.30	178.02
Advances	94.08	85.64	93.84	85.88	0.00	0.00	0.00	0.00	85.88	94.08
	272.10	318.06	162.98	427.18	0.00	0.00	0.00	0.00	427.18	272.10
	891.10	400.50	164.11	1127.49	255.41	41.85	0.89	296.37	831.12	635.69
Previous Year's Figures	664.75	242.76	16.41	891.1	215.15	40.39	0.13	255.41	635.69	449.60

### SCHEDULE 'E' - INVESTMENTS

(Rs. in crore)

	As at 31.03.11	As at 31.03.10
<b>Long Term Investments :</b>		
(Non-Trade & at Cost)		
1. Investments in Shares (Quoted)		
Interest in the Trust 3,49,466(PY 3,49,466) Equity Shares at fair value pursuant to the scheme of arrangement and amalgamation for the benefit of small shareholders market value Rs 20.48 crores (previous year Rs 25.83 crores)	5.98	5.98
2. Investments in Shares of Subsidiary Companies (Unquoted)		
1,90,000 Equity Shares of Rs.10/- each fully paid-up in Indian Metals & Carbide Limited	0.23	0.23
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 Limited	2.30	0.05
49,940 Equity Shares of Rs.10/- each fully paid-up in UGEL	0.05	0.00
1,17,47,470 Equity Shares fully paid-up in Indmet (Mauritius) Limited	53.25	0.00
<b>Current Investments (Non-Trade &amp; at Cost or market value which ever is less)</b>		
<b>Investments in Units (Quoted)</b>		
HDFC Mutual Fund	0.00	11.47
Birla Sun Life Mutual Fund	0.00	37.13
	144.74	137.79
Aggregate Value of Unquoted Investments	138.76	83.21
Aggregate Value of quoted Investments	5.98	54.58
Market Value of quoted Investments	20.48	74.43

## SCHEDULES annexed to the accounts (Contd.)

### SCHEDULE 'F' - CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in crore)

Current Assets	As at 31.03.2011		As at 31.03.2010
1. Inventories (verified, valued and certified by the management)			
(a) Raw Materials	198.98		136.05
(b) Stores and Spares	18.05		15.66
(c) Loose Tools	0.12		0.07
(d) Finished Stock (includes Excise Duty on Finished Stock not assessed to duty Rs.3.03 crore - previous year Rs.3.76 crore)	114.01		102.27
		331.16	254.05
2. Sundry Debtors (unsecured and considered good by the management)			
(a) Over Six Months			
-- Considered good	12.42		10.16
-- Considered doubtful	0.38		0.38
Less : Provision for doubtful	0.38	12.42	0.38
(b) Others - Considered good	11.05		10.34
		23.47	20.50
3. Cash and Bank Balances			
(a) Cash and Imprest in hand	0.57		0.51
(b) With Scheduled Banks			
-- In Current Accounts	18.68		36.37
-- In Margin Deposits	5.56		9.58
-- In Fixed Deposits	0.00		0.21
		24.81	46.67
		379.44	321.22
Loans and Advances (unsecured and considered good by the management)			
1. Advances and Loans			
-- Subsidiary companies	0.37		6.47
-- Associate companies	0.00		0.00
2. Advances towards equity commitment			
-- Subsidiary companies	11.75		0.00
-- Associate companies	1.50		4.88
3. Advances recoverable in cash or in kind or for value to be received			
Considered good	112.15		106.59
Considered doubtful	0.00		0.00
4. Security and Other Deposits	125.77		117.94
5. Advance Income Tax paid (including TDS)	3.23		2.97
6. Deposit with Excise and Customs	139.55		100.79
	34.17		15.23
		302.72	236.93
		682.16	558.15

## SCHEDULES

annexed to the accounts (Contd.)

### SCHEDULE ' G ' - CURRENT LIABILITIES AND PROVISIONS

	(Rs. in crore)	
	As at 31.03.11	As at 31.03.10
<b>Current Liabilities</b>		
Sundry Creditors		
-- Micro, Small and Medium Enterprises	0.00	0.00
-- Others	194.70	167.51
Advance from Subsidiary	0.07	0.08
Advance from Customers	2.81	0.83
Other Liabilities	3.47	2.11
Unpaid Dividend @	0.42	0.26
Due to Directors	12.53	3.25
Interest Accrued but not Due	0.00	0.01
Earnest Money and Security Deposits	11.31	15.43
	<b>225.31</b>	<b>189.48</b>
<b>Provisions</b>		
Taxation	132.75	95.27
Proposed Dividend	13.16	13.16
Tax on Dividend	2.14	2.24
Gratuity and Leave Encashment	5.09	6.91
	<b>153.14</b>	<b>117.58</b>
	<b>378.45</b>	<b>307.06</b>

@ There is no amount due and outstanding to be credited to Investor Education and Protection Fund

### SCHEDULE ' H ' - OTHER INCOME

	(Rs. in crore)	
	Year 10 - 11	Year 09 - 10
Interest Earned (Tax deducted at source Rs 0.43 crores - previous year Rs. 0.97 crore)	4.39	8.25
Rent Realised	0.07	0.06
Profit on Sale of Assets	0.08	0.03
Claims Received	1.05	2.24
Miscellaneous Income	31.97	19.05
	<b>37.56</b>	<b>29.63</b>

## SCHEDULES annexed to the accounts (Contd.)

### SCHEDULE 'I' - MANUFACTURING AND OTHER EXPENSES

(Rs. in crore)

	As at 31.03.11	As at 31.03.10
Consumption of Raw Materials	399.94	246.54
Consumption of Stores, Spares and Tools	18.85	10.25
Consumption of Electricity	0.07	0.06
Electricity Duty	14.36	10.69
Energy Transmission Charges	5.06	2.46
Briquetting Expenses	20.98	15.10
<b>Payment to Employees</b>		
Salaries, Wages, Bonus, Allowances, Retirement Benefits, etc.	47.62	37.03
Contribution to Employees' Provident Fund and Other Funds	6.37	4.28
Workmen and Staff Welfare Expenses	2.50	1.93
	56.49	43.24
<b>Repairs and Maintenance</b>		
Plant and Machinery	14.06	28.15
Buildings	4.03	2.21
Other Assets	3.79	2.72
	21.88	33.08
Quarrying, Raising and Other Expenses	52.15	33.93
Finished Stock and Slag Handling Expenses	20.50	8.88
Other Factory Expenses	13.69	7.77
Excise Duty on Closing Stock of Finished Goods	(0.73)	(0.74)
	623.24	411.26

### SCHEDULE 'J' - ADMINISTRATIVE EXPENSES

<b>Payment to Directors</b>			
Remuneration	14.16		4.98
Sitting Fees	0.04		0.05
House Rent	0.14		0.09
Others	0.43		0.42
		14.77	5.54
<b>Payment to Employees</b>			
Salaries, Wages, Bonus, Allowances, Retirement Benefits, etc.	13.41		10.66
Provident Fund and Other Funds	2.31		0.73
Workmen and Staff Welfare Expenses	0.53		0.50
		16.25	11.89
Insurance		1.41	1.27
Rent		1.55	1.24
Rates and Taxes		3.22	5.62
Travelling and Conveyance		5.40	3.75
Legal and Consultancy Expenses		6.14	4.07
Auditors' Remuneration and Expenses		0.20	0.18
		12.08	8.67
Miscellaneous Expenses (includes loss on sale of fixed assets of Rs. 0.03 crores -previous year Rs. 0.07 crore)		61.02	42.23

## SCHEDULES annexed to the accounts (Contd.)

### SCHEDULE 'K' - SELLING EXPENSES

	(Rs. in crore)	
	As at 31.03.11	As at 31.03.10
Carriage Outward and Handling Expenses	33.82	23.25
Export Promotion Expenses (foreign travelling of directors)	1.61	1.49
Other Selling Expenses	20.48	12.17
	55.91	36.91

### SCHEDULE 'L' - INTEREST AND FINANCIAL EXPENSES

Interest on Long Term Loans	28.66	30.80
Interest on Working Capital	1.04	3.20
Foreign Exchange Fluctuation	6.48	7.30
Other Interest, Financial Charges and Guarantee Commission	17.92	3.04
Interest on Fixed Deposit	0.00	0.05
	54.10	44.39

### SCHEDULE 'M' - SIGNIFICANT ACCOUNTING POLICIES

#### 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.

#### 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.

#### 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.

#### 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.

#### 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.



## SCHEDULES annexed to the accounts (Contd.)

### SCHEDULE 'M' - SIGNIFICANT ACCOUNTING POLICIES (Contd.)

#### 6. DEBTORS AND ADVANCES

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

#### 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.

#### 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.

#### 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.

#### 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.

#### 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.

#### 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.

#### 13. MINING DEVELOPMENT EXPENSES

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

#### 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.

### SCHEDULE 'N' - NOTES FORMING PART OF THE ACCOUNTS

1. The Arbitral Tribunal which went into the various disputes between the Company and Gridco unanimously decided in favour of the Company vide its award dated 23rd March 2008. However, Gridco subsequently filed a petition before the Hon'ble District Judge, Bhubaneswar for setting aside the same and obtained an ex-parte interim order staying the operation of the award. Since the Company has filed an objection and is confident of the ultimate outcome being in its favour, no provision has been deemed necessary for the counter-claim of Rs.247.35 crores by Gridco.
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.
3. Sundry Debtors include withheld amount of Rs 1.50 crores by Gridco (formerly OSEB) and Rs 9.89 crores by Tata Steel pending settlement of their disputes.
4. Pursuant to the order of Hon'ble High Court of Orissa dated 21st April 2005 the Company was paying electricity duty at 6 paise per unit to the Govt of Orissa 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 Orissa disposed the said writ petition vide judgment dated 6.5.2010 by directing the Company to deposit the differential duty amount.



## SCHEDULES annexed to the accounts (Contd.)

### SCHEDULE 'N' - SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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.

5. Pursuant to a Scheme of Arrangement and Amalgamation sanctioned by Hon'ble Orissa 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, one of the secured creditors namely Canara Bank has filed a Recovery Petition Case No. 15 of 2007 before Debt Recovery Tribunal, Cuttack ('DRT') for recovery of Rs. 93.01 crores being the original amount due to it alleging breach of certain terms of the settlement by the Company essentially in payment of recompense amount payable to Canara Bank under the Scheme. The Company thereafter filed an application under Section 392 of the Companies Act before the Hon'ble Orissa High Court, inter-alia, for clarification/modification to the effect that the contention of the Canara Bank is not tenable. The Hon'ble Orissa High Court vide its order dated 14.05.2009 restrained Canara Bank from pursuing any further its aforesaid RP Case No. 15 of 2007 before DRT. The said application was heard by the Hon'ble Orissa High Court and its order thereon was reserved on 13.01.2010. The Company has been advised that the case of Canara Bank has no merit.

The Company has also filed a similar application U/s 392 of the Companies Act before the Hon'ble Orissa High Court in respect of the claim of Andhra Bank towards recompense amount etc., the Hon'ble Orissa 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 also no merit.

6. 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 Orissa, 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 Orissa by an order dated 16th March 2011 and registered with Registrar of Companies (ROC), Orissa on 1st April, 2011. Accordingly the paid up equity share capital will stand 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 financial year 2011-12.
7. Provisions for Income Tax liability 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.
8. The Company has been providing employee benefits as per Accounting Standard - 15 based on the actuarial valuation under the projected unit credit method.

(Rs. in Crore)				
Particulars	Gratuity 2010-11	Gratuity 2009-10	Leave Encashment 2010-11	Leave Encashment 2009-10
a) The amounts recognised in the Balance sheet are as under :				
Present Value of obligation	14.19	9.54	3.45	2.67
Fair value of plan assets	12.55	5.29	--	--
Net Assets / (liabilities) recognised in balance sheet	(1.64)	(4.25)	(3.45)	(2.67)
b) Changes in present value of obligation :				
Present Value of obligation at the beginning of the year	9.54	8.30	2.67	2.18
Interest Cost	0.95	0.71	0.24	0.20
Current service cost	0.95	0.67	0.20	0.16
Benefits paid	(0.94)	(0.79)	(1.01)	(0.80)
Actuarial (Gain) / loss on obligation	3.69	0.65	1.35	0.93
Present value of obligation as at the end of the year	14.19	9.54	3.45	2.67
c) Changes in plan assets :				
Fair Value of plan assets as at the beginning of the year	5.29	4.74	--	--
Return on plan assets	0.71	0.40	--	--
Contributions	7.5	0.90	1.01	0.80
Benefits paid	(0.94)	(0.79)	(1.01)	(0.80)
Actuarial Gain/ (loss) on Plan assets	(0.01)	0.04	--	--
Fair value of plan assets as at the end of the year	12.55	5.29	--	--

## SCHEDULES annexed to the accounts (Contd.)

### SCHEDULE 'N' - SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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

Discount rate per annum compound	- 8%
Rate of increase salaries	- 5%
Rate of return on plan assets	- 8%
Expected average remaining working lives of employees (years)	- 15.28
Withdrawal rates	- Varying between 2% per annum & 1% per annum depending on duration & age of the employees.
Mortality Table	- Standard table LIC(1994-96)

### 9. 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.

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)

	2010-11			2009-10		
	External sale	Inter Segment	Total	External sale	Inter Segment	Total
<b>Segment Revenue</b>						
a. Power	14.95	202.58	217.53	57.31	112.71	170.02
b. Ferro Alloys	1025.53	--	1025.53	535.28	--	535.28
c. Chrome Ore Mining	--	71.18	71.18	--	48.55	48.55
<b>Total</b>	<b>1040.48</b>	<b>273.76</b>	<b>1314.24</b>	<b>592.59</b>	<b>161.26</b>	<b>753.85</b>
<b>Segment result</b>						
a. Power			1.46			16.30
b. Ferro Alloys			359.22			126.01
c. Chrome Ore Mining			--			--
<b>Total</b>			<b>360.68</b>			<b>142.31</b>
Less:						
Interest			54.10			44.39
Other Unallocable expenditure net off unallocable income			52.92			40.43
Profit Before Tax			253.66			57.49
Tax			88.22			16.48
Profit After Tax			165.44			41.01
Other Informations						
	Segment Assets		Segment Liabilities	Segment Assets		Segment Liabilities
a. Power	596.10		121.86	402.71		83.92
b. Ferro Alloys	822.79		73.28	750.07		88.71
c. Chrome Ore Mining	34.42		12.22	31.22		8.77
d. Unallocated	204.71		1450.66	156.60		1159.20
<b>Total</b>	<b>1658.02</b>		<b>1658.02</b>	<b>1340.60</b>		<b>1340.60</b>
	Capital Asset	CWIP	Depreciation	Capital Asset	CWIP	Depreciation
a. Power	94.13	388.58	13.89	111.97	210.55	15.97
b. Ferro Alloys	247.47	21.08	22.63	198.14	59.30	19.48
c. Chrome Ore Mining	15.68	1.02	1.76	13.78	1.31	1.76
d. Unallocated	46.66	16.50	3.57	39.70	0.94	3.18
<b>Total</b>	<b>403.94</b>	<b>427.18</b>	<b>41.85</b>	<b>363.59</b>	<b>272.10</b>	<b>40.39</b>

# SCHEDULES annexed to the accounts (Contd.)

## SCHEDULE 'N' - SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### 10. 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 Ltd
5. Indmet Mauritius Ltd
6. Indmet Mining (Pte) Ltd
7. Utkal Green Energy Ltd

##### Associates

1. B Panda & Company Pvt Ltd
2. Madhuban Investment Pvt Ltd
3. Barabati Investment & Trading Company Pvt Ltd
4. K B Investment Private 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 Environmental Development Action Pvt Ltd

##### Key Management Personnel and Relatives

1. Dr. B. Panda
2. Mr Baijayant Panda
3. Mrs Jagi Mangat Panda
4. Mr Subhrakant Panda
5. Mrs Shaifalika Panda
6. Mrs Paramita Mahapatra
7. Mr Rajen Mahapatra
8. Mr J K Misra

## SCHEDULES annexed to the accounts (Contd.)

### SCHEDULE 'N' - SIGNIFICANT ACCOUNTING POLICIES (Contd.)

#### b) Transactions with related parties

(Rs. in Crore)			
Nature of Transactions	Subsidiaries	Associates	Key Management Personnel & Relatives
1. Purchase of raw materials and stores	--	--	--
2. Services rendered	--	1.00	--
3. Services received	0.03 (0.03)	109.87 (62.29)	0.12 (0.09)
4. Managerial remuneration	--	--	14.43 (5.21)
5. Advance for purchases	--	--	--
6. Advance received against services	0.01 (0.01)	--	--
7. Outstanding balances as on 31.03.2011 :			
(a) Advances & Loans	0.37 (6.47)	--	--
(b) Creditors	0.05 (0.08)	16.23 (10.21)	12.22 (2.93)
8. Amount written off	--	--	--

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

#### 11. 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 31.03.11	Maximum amount outstanding during the year	Loans & advances as on 31.03.11	Maximum amount outstanding during the year
1. Indian Metals & Carbide Ltd	0.23 (0.23)	0.23 (0.23)	--	--
2. Utkal power Ltd	0.05 (0.05)	0.05 (0.05)	0.37 (1.90)	0.37 (1.90)
3. Utkal Coal Ltd	82.88 (82.88)	82.88 (82.88)	-- (6.28)	17.21 (53.64)
4. IMFA Alloys Ltd	2.30 (0.05)	2.30 (0.05)	--	--
5. Indmet Mauritius Ltd	53.25	53.25	--	--
6. Utkal Green Energy Ltd.	0.05	0.05	11.75	11.75
7. Utkal Housing and Infrastructure Development Ltd	--	--	1.50 (1.50)	1.50 (1.50)

NOTE : Figures in brackets represent corresponding amounts of previous year

## SCHEDULES annexed to the accounts (Contd.)

### SCHEDULE 'N' - SIGNIFICANT ACCOUNTING POLICIES (Contd.)

#### 12. 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.

	AMOUNT (Rs. in Crore )
● Not later than one year	1.70
● Later than one year & not later than five years	1.16
● Later than five years	0.49

Total lease payments recognized in the profit & loss account during the year 2010-11 is Rs. 1.62 crores.

Total of future minimum lease rents receivable are summarized below.

	AMOUNT (Rs. in Crore )
● Not later than one year	0.07
● Later than one year & not later than five years	Nil
● Later than five years	Nil

#### 13. EARNINGS PER SHARE

	(Rs. in Crore)
	Year 2010-11
	Year 2009-10
a) Number of equity shares of Rs. 10/- each	26326519
(b) Weighted average No. of equity shares of Rs. 10/- each	--
(c) Profit after taxation (Rs. in crore)	165.44
(d) Basic and diluted earnings per share (in rupees)	62.84

#### 14. DEFERRED TAX CALCULATION

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

	(Rs. in Crore)
	As at 31.03.11
	As at 31.03.10
(a) Deferred Tax Liabilities:	
Difference between book and tax depreciation	24.28
Total	24.28
(b) Deferred Tax Assets:	
Electricity Duty	8.85
Unpaid gratuity and leave encashment	1.69
Other items	--
Total	10.54
Deferred Tax Asset/(Liability) (net)	(13.74)

#### 15. 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.

## SCHEDULES annexed to the accounts (Contd.)

### SCHEDULE 'N' - SIGNIFICANT ACCOUNTING POLICIES (Contd.)

16. Contingent liabilities not provided for as at 31st March 2011 as estimated by the Company :-

(Rs. in Crore)

	As at 31.03.11	As at 31.03.10
(a) (i) Guarantees issued by Banks (Margin money against above Rs. 5.55 crores - previous year Rs.9.58 crores)	35.19	64.00
(ii) Guarantee given by the company for Utkal Coal Ltd	109.60	50.00
(b) (i) Claims against Company not acknowledged as debts	34.36	34.70
(ii) For suits filed against the Company in earlier years but not acknowledged as debts	1.19	1.20
(c) For capital contracts pending execution net off advance	334.66	372.45
(d) Government Claims:		
(i) Sales tax demand not accepted by the Company (deposits made under protest Rs. - 0.19 crores previous year Rs 0.67 crores)	2.64	2.81
(ii) Penalty for road tax (deposit made under protest Rs.0.06 crores )	0.12	0.12
(iii) Provisional duty bonds to customs authority pending final debonding of 100% EOU	Amount not quantifiable	Amount not quantifiable

17. The Ministry of Corporate Affairs has vide its notification dt 8th February 2011 granted exemption of the disclosure required in paragraphs 3(i)(a) & 3(ii)(a) of part II of Schedule VI of the Companies Act 1956.

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

19. Schedule 'A' to 'O' form integral part of the account and have been duly authenticated.

### SCHEDULE 'O' - INFORMATION PURSUANT TO PART II & PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

#### PART: II

#### 1. Information In Respect of Goods Manufactured / Power Generated

##### (a) CAPACITY

Licensed Capacity : Not Applicable  
Installed Capacity:

	Year 2010-11 MT	Year 2009-10 MT
Silicon Metal	38000*	38000*
Ferro Silicon	61000*	61000*
Charge Chrome	275000**	235000**
Power (MW)	108	108

\* At 100% capacity utilisation in all the three furnaces at Therubali, which are inter changeable.

\*\* At 100% capacity utilisation in all the six furnaces(previous year - five furnaces) situated at Therubali and Choudwar.

##### (b) PRODUCTION AND GENERATION OF POWER

	Year 2010-11 MT	Year 2009-10 MT
Charge Chrome	179850	130758
Ferro Silicon	--	188
Power (net) - MU	704	661
Chrome Ore at Mines	427973	282836

##### (c) STOCKS

	As at 31.03.11		As at 31.03.10	
	MT	(Rs. in Crore)	MT	(Rs. in Crore)
Charge Chrome	32579	100.49	32791	89.02
Ferro Silicon	8	0.04	27	0.04
Chrome Ore at Mines	126046	13.48	122986	13.21

## SCHEDULES

annexed to the accounts (Contd.)

### SCHEDULE 'O' - INFORMATION PURSUANT TO PART II & PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (Contd.)

#### 3. Other Additional Information

		(Rs. in Crore)	
		Year 2010-11	Year 2009-10
(a)	VALUE OF IMPORT ON CIF BASIS:		
	Raw materials	190.38	100.32
	Components and spare parts	3.04	7.02
	Capital goods	2.84	13.09
(b)	EXPENDITURE IN FOREIGN CURRENCY:		
	Interest	1.11	--
	Travelling	1.96	1.55
	Others	3.59	4.16
(c)	EARNINGS IN FOREIGN EXCHANGE:		
	F O B value of exports	890.55	423.34
		2010-11	2009-10
(d)	REMITTANCE IN FOREIGN CURRENCY:		
	On account of dividend to non-resident investors		
(i)	Year to which dividend pertains	2009-10	2010-11
(ii)	Number of shareholders	594	596
(iii)	Number of equity shares	5817755	5819239
(iv)	Net amount remitted (Rs. In crores)	2.91	5.77
		Year 10-11 (Rs. in crore)	
(e)	VALUE OF IMPORTED/INDIGENOUS RAW MATERIALS, SPARE PARTS, COMPONENTS & STORES CONSUMED		
(i)	Raw materials		
	Imported	236.57	48.07%
	Indigenous	255.53*	51.93%
(ii)	Spare parts, components & stores		
	Imported	1.86	4.38%
	Indigenous	40.62	95.62%

\* Includes Chrome Ore Consumption of Rs 71.18 crores from its own Mines.

## SCHEDULES annexed to the accounts (Contd.)

### SCHEDULE 'O' - INFORMATION PURSUANT TO PART II & PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (Contd.)

(Rs. in Crore)

	Year 2010-11	Year 2009-10
(f) PAYMENT TO AUDITORS		
(a) As auditor	0.17	0.15
(b) As advisor, or in any other capacity in respect of -		
(i) taxation matters		
(ii) company law matters		
(iii) management services, and		
(c) in any other manner	0.03	0.03
<b>Total</b>	<b>0.20</b>	<b>0.18</b>
(g) DIRECTORS' REMUNERATION		
Salaries	1.64	1.79
Commission	12.52	3.19
Perquisites	0.57	0.51
Sitting fees to other Directors	0.04	0.05
<b>Total</b>	<b>14.77</b>	<b>5.54</b>

#### Computation of net profit under Section 349/198 of the Companies Act, 1956:

Profit before taxation	253.66	57.49
Add: Depreciation	41.85	40.39
Directors' remuneration and perquisites	14.77	5.54
(Profit)/loss on sale of asset/Investment(net)	(2.51)	(3.27)
	307.77	100.15
Less: Depreciation under Section 350 of the Companies Act, 1956	41.85	40.39
Net profit under Section 198 of the Companies Act, 1956	265.92	59.76
Commission payable to :		
Whole-time Directors	12.22	2.89
Non Whole-time Directors	0.30	0.30
	12.52	3.19



## Part- IV **Balance Sheet Abstract** and Company's general business profile

I	Registration Details			
	Registration No: 428 (CIN:- L27101OR1961PLC000428)	State Code	15	
	Balance sheet Date	31	03	2011
		Date	Month	Year
II	Capital issued during the year (Amount in Rs. crore)			
	Public Issue	Rights Issue		
	Nil	Nil		
	Bonus Issue	Private Placement		
	Nil	Nil		
III	Position of Mobilisation and deployment of Funds (Amount in Rs. crore)			
	Total Liabilities	Total Assets		
	1658.02	1658.02		
	Sources of Funds			
	Paid up capital	Reserve and Surplus		
	26.34	715.08		
	Secured Loan	Unsecured Loan		
	524.41	--		
	Current Liabilities	Deferred Tax Liability		
	378.45	13.74		
	Application of Funds			
	Net Fixed Assets	Investments		
	831.12	144.74		
	Current Assets			
	682.16			
	Accumulated Losses			
	Nil			
IV	Performance of the Company (Amount in Rs. Crore)			
	Turnover	Total Expenditure		
	1089.71	836.05		
	Profit/(Loss) before Tax	Profit/(Loss) after Tax		
	253.66	165.44		
	Earning per Share in Rs.	Dividend Rate		
	62.84	100%		
V	Generic Names of three Principal Products of Company (as per monetary terms)			
	Item Code No.	72029900		
	Product Description	Charge Chrome/H C Ferro Chrome		
	Item Code No.	72022100		
	Product Description	Ferro Silicon		
	Item Code No	271600		
	Product Description	Power/Electricity		

Note : The information under item 1(a) of part - II has been given by the management and relied upon by the Auditors

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

(Sharat Prakash)  
Partner  
Membership No. 096267  
Place : New Delhi,  
Dated : 3rd May, 2011

Prem Khandelwal  
CFO & Company Secretary

Subhrakant Panda  
Managing Director

Baijayant Panda  
Vice Chairman



## SCHEDULES annexed to the accounts (Contd.)

### SCHEDULE 'P' - 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 Ltd	Utkal Green Energy Ltd	Indmet Mauritius Ltd	Indmet Mining (Pte) Ltd
2.	Financial year of the subsidiary ended on	31.3.2011	31.3.2011	31.3.2011	31.3.2011	31.3.2011	31.3.2011	31.3.2011
3.	Holding Company's interest							
	Number of shares held	190000	50000	14800000	2300000	49940	11747470	100% subsidiary of Indmet Mauritius Ltd
	Percentage of share holding	76	100	74	100	99.88	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		(yet to commence business)	(yet to commence business)	(yet to commence business)	(yet to commence business)		
	For the financial year of the subsidiary	--	Not applicable	Not applicable	Not applicable	Not applicable	(2.31)	--
	For the previous financial years of the subsidiary since it became the Holding Company's subsidiary	(0.04)	Not applicable	Not applicable	Not applicable	Not applicable	--	--
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	Nil
	For the previous financial years of the subsidiary since it became the Holding Company's subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The figures of Indmet Mauritius Ltd & Indmet Mining (Pte) Ltd has been converted to Indian Rupees.

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

(Sharat Prakash)  
Partner  
Membership No. 096267  
Place : New Delhi,  
Dated : 3rd May, 2011

Prem Khandelwal  
CFO & Company Secretary

Subhrakant Panda  
Managing Director

Baijayant Panda  
Vice Chairman

## 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 as at 31st March, 2011, the Consolidated Profit and Loss Account 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, 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, 2011
  - (ii) in the case of Consolidated Profit and Loss Account, 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

(Sharat Prakash)  
Partner  
Membership No.96267

Place: New Delhi  
Dated: 3rd May 2011



# Consolidated Balance Sheet as at 31st March, 2011

(Rs. in crore)

	As at 31.03.11	As at 31.03.10
<b>I. Sources of Funds</b>		
1. Shareholders' Funds		
(a) Share Capital	26.34	26.34
(b) Reserves and Surplus	714.23	580.29
	740.57	606.63
2. Minority Interest	22.97	22.97
3. Loan Funds		
(a) Secured Loans	634.01	475.00
(b) Unsecured Loans	0.00	0.36
	634.01	475.36
<b>Total</b>	<b>1397.55</b>	<b>1104.96</b>
<b>II. APPLICATION OF FUNDS</b>		
1. Goodwill	17.74	17.74
2. Fixed Assets		
(a) Gross Block	845.73	735.21
Less: Depreciation	296.88	255.88
Net Block	548.85	479.33
(b) Capital Work-in-Progress	446.45	276.12
	995.30	755.45
3. Investment	6.08	54.69
4. Deferred Tax Assets (net)	(13.74)	8.97
5. Current Assets, Loans and Advances		
(a) Inventories	331.21	254.09
(b) Sundry Debtors	23.47	20.50
(c) Cash and Bank Balance	43.23	47.58
(d) Loans and Advances	331.63	230.56
	729.54	552.73
Less : Current and Liabilities & Provision		
(a) Current Liabilities	228.98	189.72
(b) Provisions	153.14	117.58
	382.12	307.30
Net Current Assets	347.42	245.43
6. Miscellaneous Expenditure (to the extent not written off or adjusted)	44.75	22.68
<b>Total</b>	<b>1397.55</b>	<b>1104.96</b>

Notes on accounts attached

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

(Sharat Prakash)  
Partner  
Membership No. 096267  
Place : New Delhi,  
Dated : 3rd May, 2011

Prem Khandelwal  
CFO & Company Secretary

Subhrakant Panda  
Managing Director

Baijayant Panda  
Vice Chairman

## Consolidated Profit and Loss Account for the period ended 31st March, 2011

(Rs. in crore)

	Year 2010-11	Year 2009-10
<b>INCOME</b>		
Gross Sales	1052.15	601.23
Less: Excise Duty	11.67	8.64
Net Sales	1040.48	592.59
Other Income	36.72	29.66
Closing Stock	114.05	102.31
	1191.25	724.56
<b>EXPENDITURE</b>		
Opening Stock	102.31	91.94
Manufacturing and Other Expenses	623.28	411.30
Administrative Expenses	63.34	42.23
Selling Expenses	55.91	36.91
Interest and Financial Expenses	54.10	44.39
Depreciation	41.85	40.39
	940.79	667.16
Earlier years Adjustments - Expenses/(Income)	0.00	(0.08)
	940.79	667.08
<b>Profit Before Taxation</b>	250.46	57.48
<b>Provision for Taxation:</b>		
Current Tax (MAT)	65.56	25.81
Deferred Tax	22.71	(2.92)
MAT Credit available	0.00	(6.41)
Earlier years Adjustments	(0.05)	0.00
<b>Profit After Taxation</b>	162.24	41.00
Less: Minority interest	0.00	0.00
<b>Net Profit Attributable To Parent</b>	162.24	41.00
Balance Brought Forward	200.52	179.02
Profit Available For Appropriation	362.76	220.02
<b>APPROPRIATIONS</b>		
Proposed Dividend	13.16	13.16
Interim Dividend	13.16	0.00
Tax on Dividend	4.33	2.24
General Reserve	16.55	4.10
Balance Carried Forward	328.72	200.52
	362.76	220.02
<b>EARNINGS PER SHARE</b>		
Basic and Diluted Earnings Per Share (in rupees)	61.63	16.82

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

(Sharat Prakash)  
Partner  
Membership No. 096267  
Place : New Delhi,  
Dated : 3rd May, 2011

Prem Khandelwal  
CFO & Company Secretary

Subhrakant Panda  
Managing Director

Baijayant Panda  
Vice Chairman

## Consolidated Cash Flow Statement for the period ended 31st March, 2011

(Rs. in crore)

	Year 201011	Year 200910
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	250.46	57.48
Adjustment for :		
Depreciation	41.85	40.39
(Profit)/loss on sale of assets (net)	(0.05)	(0.03)
Unrealised foreign exchange (gain)/loss (net)	(0.23)	(0.79)
Interest income	(3.55)	(8.25)
Interest and financial expenses	28.66	30.80
Rebate on settlement of term loan	0.00	0.00
Operating profit before working capital changes	317.14	119.60
Adjustment for :		
Trade and other receivables	(69.88)	82.65
Inventories	(77.12)	(34.97)
Trade payables	48.78	(3.80)
Cash generated from operations	218.92	163.48
Direct taxes paid	(66.84)	(19.52)
NET CASH FROM OPERATING ACTIVITIES	152.08	143.96
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (net)	(281.97)	(153.00)
Sale of fixed assets	0.29	0.09
Sale/(purchase) of investment	(48.15)	(44.69)
Interest received	4.42	8.25
NET CASH USED IN INVESTING ACTIVITIES	(325.41)	(189.35)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest and financial charges paid	(28.66)	(30.80)
Repayment of loans (net)	(140.62)	(9.31)
Share Capital & Reserve Surplus	55.35	96.53
Miscellaneous Expenditure	(20.58)	(4.93)
Cash credit (net)	18.89	(14.87)
Proceeds from/(Repayment of) long term borrowings	315.30	74.24
Dividend paid (including dividend tax)	(30.70)	(24.94)
NET CASH USED IN FINANCING ACTIVITIES	168.98	85.92
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	(4.35)	40.53
CASH AND CASH EQUIVALENTS - OPENING BALANCE	47.58	7.05
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	43.23	47.58

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

(Sharat Prakash)  
Partner  
Membership No. 096267  
Place : New Delhi,  
Dated : 3rd May, 2011

Prem Khandelwal  
CFO & Company Secretary

Subhrakant Panda  
Managing Director

Baijayant Panda  
Vice Chairman

## NOTES ON Consolidated Accounts

### 1. 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 Metal & Ferro Alloys Limited ('the Company') and its subsidiaries, Indian Metals & Carbide Limited, Utkal Power Limited, Utkal Coal Ltd, IMFA Alloys Ltd & Utkal Green Energy Ltd ('the Subsidiaries'), Indmet Mauritius Ltd ('the Foreign Subsidiary') & Indmet Mining (Pte) Ltd ('the Subsidiary of the Foreign Subsidiary').

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.

### 2. Proportion of holding

Sl. No.	Name of the Subsidiary	Percentage of ownership & Voting Power	Country of Incorporation
1	Indian Metals & Carbide Ltd	76%	India
2	Utkal Power Ltd	100%	India
3	Utkal Coal Ltd	74%	India
4	IMFA Alloys Ltd	100%	India
5	Utkal Green Energy Ltd	99.88%	India
6	Indmet Mauritius Ltd	100%	Mauritius
7	Indmet Mining (Pte) Ltd (100% Subsidiary of Indmet Mauritius Limited)	100%	Singapore

### 3. Consolidated financial statements of Subsidiaries duly audited & disclosure of the following Information:

Name of the subsidiary	Indian Metals & Carbide Ltd	Utkal Power Ltd	Utkal Coal Ltd	IMFA Alloys Ltd	Utkal Green Energy Ltd	Indmet Mauritius Ltd	Indmet Mining (Pte) Ltd
Capital	0.25	0.05	20.00	2.30	0.23	53.25	--
Reserves	0.34	--	68.08	--	--	--	--
Total Assets	0.59	0.42	198.13	2.30	13.66	53.30	42.50
Total Liabilities	0.59	0.42	198.13	2.30	13.66	53.30	42.50
Investment	0.10	--	--	--	--	--	--
Turn Over	0.05	--	--	--	--	--	--
Profit before Tax	--	--	--	--	--	--	--
Provision for Taxation	--	--	--	--	--	--	--
Profit after Taxation	--	--	--	--	--	--	--
Proposed Dividend	--	--	--	--	--	--	--

The figures of Indmet Mauritius Ltd. & Indmet Mining (Pte) Ltd have been converted from USD to INR at exchange rate of INR 45.17 per USD.

### 4. Other Significant Accounting Policies

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

### 5. Previous years figures have been re-grouped/recast wherever considered necessary.

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

(Sharat Prakash)

Partner

Membership No. 096267

Place : New Delhi,

Dated : 3rd May, 2011

Prem Khandelwal  
CFO & Company Secretary

Subhrakant Panda  
Managing Director

Baijayant Panda  
Vice Chairman







INDIAN METALS & FERRO ALLOYS LIMITED  
Regd & Head Office: Bomikhal, P.O.: Rasulgarh, Bhubaneswar - 751010

## Proxy Form

LEDGER FOLIO NO.....
NO. OF SHARES HELD.....

CLIENT ID NO.* .....
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 49th Annual  
General Meeting of the Company, to be held on Saturday, the 16th July, 2011 or at any adjournment thereof.

Signed this.....day of .....2011.



Signature.....

NB: 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 & Head Office: Bomikhal, P.O.: Rasulgarh, Bhubaneswar - 751010

## Attendance Slip

I hereby record my presence at the 49th Annual General Meeting of the Company at its Registered Office at Bhubaneswar on the 16th day of July, 2011.

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.





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Printed matter



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