



# Building on Strong Foundations

**Impex Ferro Tech Ltd.**  
Annual Report 2010-11

## Cautionary Statement

Certain statement in the Management Discussion and Analysis describing Company's estimates, predictions, expectations may be forward-looking. The actual result may vary materially from those expressed or implied in the statement. The important factors that could influence the Company's operation includes global and domestic demand and supply condition, Tax regimes, Government policies, industrial relation, Economic development within the Country and the countries within which the Company conducts business.

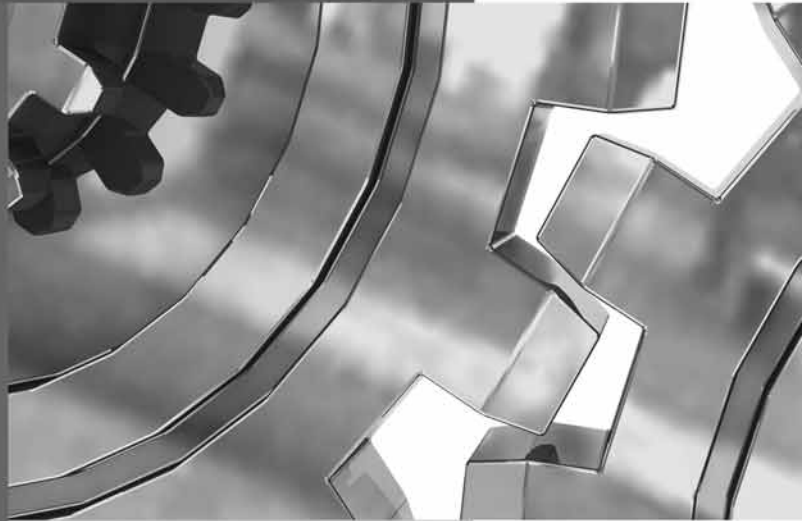
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# Management discussion and analysis

## Economic Environment

After growing at 8% in 2009-2010, the Indian economy picked up further steam and recorded a real GDP growth of 8.6% during the year. The Agricultural sector posted an above-trend growth of 5.4%, Industry and Services grew by 8.1% and 9.6% respectively. After clocking an impressive growth of 8.9% in the first half of the year, the economy showed signs of moderation in the second half especially in capital goods production and investment spending. Persistently high level of inflation in the economy despite good monsoons was a key cause for concern. The country is expected to witness improved growth led by increasing consumption, momentum in the savings and investment rates and vibrant service sector even though the inflation, increasing rate of interest is a challenge which the economy has to address, keeping the growth intact.



## Industry Structure and Development

India accounts for around 10% of the world's ferro alloy production. India emerged as a preferred supplier on account of low-cost manpower, ore availability and favourable locations. Besides, ongoing power issues in South Africa and the recent Chinese clampdown have helped India emerge as a favourable ferro-alloys supplier. The Indian industry's 3.25 mtpa capacity covers products like manganese alloys (high-carbon, MC and low-carbon ferro-manganese and silico-manganese), ferro-silicon, chrome alloys (high-carbon, MC and low-carbon ferro-chrome, silico-chrome and charge chrome), noble ferro alloys (ferro-molybdenum, ferro-vanadium, ferro-tungsten, ferro-silicon magnesium, ferro-boron and ferro-titanium). The demand for ferro-alloys is driven by steel production, which in turn depends on growth from the infrastructure, housing, automobile and consumer durable industries.



### Demand Drivers of Ferro Alloys:

- Crude steel production
- Alloy and special steel production
- Stainless steel production

The Company manufactures manganese based alloys i.e. Ferro Manganese and Silico Manganese.

Rapid growth in Iron and Steel sectors in recent year's both at domestic and international level pushed up the capacity and production of Ferro Alloys in the line of development in core sector.

# Opportunity & Threats

The fortune of the ferro alloys industry depends on the iron & steel industry which in turn depend upon its user industry i.e. infrastructures and construction, automobiles, consumer durables etc. As per world steel association, the world crude steel production in the first six months of 2011 was 757.8 mmt, 7.6% higher in comparison with the same period of 2010. All major steel-producing regions showed increased production. India is also continuing to grow its internal steel production at greater than world average rates, produced 6.0 mmt for June 2011, an increase of 7.3% over June 2010. According to the estimates of Ministry of steel, India will add around 200mtonnes of capacity during next decade. The steel demand in developed countries is also growing with the emphasis of the government in social spending. The growth prospect and accelerating demand of iron and steel is expected to provide good opportunity to the ferro alloys industry to add capacity to meet the rising domestic demand and growing export opportunity. One of the major threats to the industry is the cost and availability of electrical energy which is one of the major inputs in production of ferro alloys. The costs of power in India is very high in comparison to China, South Africa, Russia and CIS countries and also varies from state to state in India resulting in imbalance in viability. The other possible threats are availability of raw material, competition from other market players, lower cost imports and fluctuation in demand.

India is the seventh highest producer of manganese ore in the world. Major reserves of Manganese ore are located in Orissa, MP, Jharkhand, Maharashtra, Karnataka and Goa.

The power generation cost in India is not high. The element of cross subsidisation to agriculture, low power load factor and transmission and distribution loads led to increase the power cost. To mitigate the increasing power cost in long term, the ferro alloys industry are now setting up captive power generation project to feed the uninterrupted power supply at a much less rates than the rate charged by the state electricity boards.

The availability of all inputs within the country and the Company's current linkage with domestic and overseas mine operators for Manganese Ore supply and power plant of 30 MW to feed the power requirement of its manufacturing facilities, the Company is confident of maintaining cost competitiveness and prevail over the competition in the market.

The worlds steel demand is projected to grow by 6%. Demand in many emerging and developing economies will continue to increase steadily, supported by infrastructure investments, industrialisation and further urbanisation.

## Outlook

The worlds steel demand is projected to grow by 6%. Demand in many emerging and developing economies will continue to increase steadily, supported by infrastructure investments, industrialisation and further urbanisation.

The Iron and Steel Industry in India is one of the fastest growing sectors. The industry expected to see capacity addition to meet the growing demand mainly driven by massive infrastructure needs, expansion of industrial production, activities in automobiles industry, real estate industry, transportation system, aircraft industry and ship building industry amongst other. In the line with the overall high growth trend in iron and steel sector the demand for Ferro alloys is expected to remain buoyant.





## Risks and concerns

In the normal course of business the Company is exposed to external risks such as regional demand and supply imbalances, volatile swings in market demand, competition from other market players, risk arising from supply chain glitches, internal risk like variation in raw material prices, financial risk of adverse variation in interest rate and fluctuation in foreign exchange rates, technology risk of being equipped with updated technologies. All the key function and division heads are independently responsible to monitor the risk associated in their respective areas.

## Internal Control

The Company has a proper adequate internal control system commensurate with the size and nature of its business to ensure optimum use of resources and compliance with applicable legislations. The internal control system of the Company are monitored and evaluated by the Internal Auditors. The Audit committee regularly reviews the observations and suggestions of the internal auditors and takes necessary corrective actions.

## Segment-wise Performance

The Company operates in Iron and Steel industry comprising of industry intermediates like Ferro Manganese, Silico Manganese and Iron & Steel products. The key financial of the segments are given in notes no. B (15) of Schedule 19 to the Annual Accounts for the year 2010-11.

## Industrial Relation and Human Resources

Human resources are the strength of the Company. Your Company has a team of qualified and dedicated personnel who have contributed to the growth of the Company. The industrial climate of your company continues to remain harmonious. The Company continues to retain and attract best talent in the industry. As on 31st March 2011, the company's human resource strength stood at 196.

# Notice

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of the Company will be held on Friday, 16th September, 2011 at 10.30 AM at 'Rotary Sadan', 94/2, Chowringhee Road, Kolkata - 700 020 to transact the following business :

## Ordinary Business :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. Prem Narayan Khandelwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Krishna Kumar Chanani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to authorise the Board to fix their remuneration. The retiring Auditors, M/s S. Jaykishan, Chartered Accountants, being eligible offer themselves for re-appointment.

## Special Business :

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

"RESOLVED that Mr. Ankit Patni who was appointed as an Additional Director of the Company by the Board of Directors on 28th March, 2011 to hold office upto the date of ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the Company has received a notice in writing from a member in terms of the provisions of Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED that Mr. Rohit Patni who was appointed as an Additional Director of the Company by the Board of Directors on 28th March, 2011 to hold office upto the date of ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the Company has received a notice

in writing from a member in terms of the provisions of Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

## Corporate Office : By Order of the Board of Directors

SKP House  
132A, S. P. Mukherjee Road,  
Kolkata - 700 026  
Date : 12th August, 2011

**P. K. Agarwal**  
*Company Secretary*

## NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in relation to the special business in point no. 5 & 6 to be transacted is annexed hereto.
3. Proxies in order to be effective should be completed, stamped, signed and must be deposited at the Corporate Office of the Company not less than forty-eight hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Books will remain closed from 12th September, 2011 to 16th September, 2011 (both days inclusive).
5. Shareholders holding shares in physical form are requested to advise any change of the address immediately to the Company's Registrar and Share Transfer Agents : Maheshwari Datamatics Pvt. Ltd, 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001.
6. Additional information pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting is annexed to the notice.
7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least ten days before the meeting so that the same could be complied in advance.
8. Members/Proxies should bring their attendance slip sent herewith, duly filled in, for attending the meeting.

## Notice

9. Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialised at the earliest.

### 10. IMPORTANT ANNOUNCEMENT TO MEMBERS :

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies and has issued circulars allowing service of notices/documents including Annual Report by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to do the same immediately.

### EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT, 1956

#### Item No. 5

Mr. Ankit Patni was appointed as an Additional Director in terms of Section 260 of the Companies Act, 1956 by the Board of Directors at their meeting held on 28th March, 2011.

In terms of the provision of Section 260 of the Companies Act, 1956, Mr. Ankit Patni holds office up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 along with the deposit from a member proposing the candidature of Mr. Ankit Patni as a Director of the Company. Requisite consent pursuant to the provision of Section 264(1) of the Companies Act, 1956 has been filed by Mr. Ankit Patni to act as such Director, if appointed.

The Board of Directors recommend the resolution set out in item no. 5 for your consideration and approval.

None of the directors except Mr. Ankit Patni himself and Mr. Suresh Kumar Patni and Mr. Rohit Patni, being his relatives are concerned or interested in the aforesaid resolution.

#### Item No. 6

Mr. Rohit Patni was appointed as an Additional Director in terms of Section 260 of the Companies Act, 1956 by the Board of Directors at their meeting held on 28th March, 2011.

In terms of the provision of Section 260 of the Companies Act, 1956, Mr. Rohit Patni holds office up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 along with the deposit from a member proposing the candidature of Mr. Rohit Patni as

a Director of the Company. Requisite consent pursuant to the provision of Section 264(1) of the Companies Act, 1956 has been filed by Mr. Rohit Patni to act as such Director, if appointed.

The Board of Directors recommend the resolution set out in item no-6 for your consideration and approval.

None of the directors except Mr. Rohit Patni himself and Mr. Suresh Kumar Patni and Mr. Ankit Patni, being his relatives are concerned or interested in the aforesaid resolution.

**Corporate Office :** SKP House  
132A, S. P. Mukherjee Road,  
Kolkata - 700 026  
Date : 12th August, 2011

**By Order of the Board of Directors**

**P. K. Agarwal**  
Company Secretary



# Notice

## DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE- APPOINTMENT (In pursuance to Clause 49 of the Listing Agreement)

Name of the Director	Mr. Prem Narayan Khandelwal	Mr. Krishna Kumar Chanani	Mr. Ankit Patni	Mr. Rohit Patni
Date of Birth	18.08.1938	08.05.1970	13.01.1985	11.01.1984
Date of Appointment	12.04.2004	27.04.2006	28.03.2011	28.03.2011
Expertise in Specific Functional Area	Finance & Management	Finance & wide Management Experience	Finance & Marketing	Management and Project
Qualification	B.Sc., M.A. (Economics)	B. Com, FCA, C.W.A, C.S	M.B.A from University of Technology, Sydney, CFA from ICFAI University	Engg. (B.E) from PESIT M.B.A. from Cardiff University, U.K
Board membership of other Public Companies as on 31st March, 2011	Sarita Steel & Power Ltd.	Nil	Rohit Ferro-Tech Ltd. SKP Aviation Services Ltd. Ankit Metal & Power Ltd. Impex Metal & Ferro Alloys Ltd. Sarita Steel & Power Ltd.	SKP Power Ventures Ltd. Rohit Ferro-Tech Ltd. SKP Aviation Services Ltd. Ankit Metal & Power Ltd. Impex Metal & Ferro Alloys Ltd. Sarita Steel & Power Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company as on 31st March, 2011	Nil	Chairman - Audit Committee Chairman - Remuneration Committee	Member - Audit Committee	Member - Investors' Grievance Committee
Chairman/Member of the Committee of Directors of other public Companies in which he is a Director as on 31st March, 2011				
a) Audit Committee	Nil	Nil	Nil	Nil
b) Share Transfer cum Investors' Grievance Committee	Nil	Nil	Member - Ankit Metal & Power Ltd.	Nil
c) Remuneration Committee	Nil	Nil	Nil	Nil
Shareholding as on 31st March, 2011	Nil	Nil	Nil	Nil

# Directors' Report

*Dear Shareholders,*

Your Directors are pleased to present the 16th Annual Report of the Company together with the Audited Accounts of the Company for the financial year ended 31st March, 2011.

## Financial Highlights

Particulars	(₹ in lacs)	
	31.03.2011	31.03.2010
Profit before Interest, Depreciation & Tax	2,469.41	2,508.84
Less : Interest	1,126.50	1,211.80
Less : Depreciation	293.29	287.47
<b>Profit Before Tax</b>	<b>1,049.62</b>	<b>1,009.58</b>
Less : Provision for Tax		
Current Tax      350.00		
Deferred Tax    (23.11)	326.89	359.95
<b>Profit After Tax</b>	<b>722.73</b>	<b>649.63</b>
Adjustment for Extra-Ordinary Item	(42.93)	(78.80)
<b>Balance brought forward from Previous year</b>	<b>3,949.00</b>	<b>3,378.16</b>
<b>Balance transferred to Balance Sheet</b>	<b>4,628.80</b>	<b>3,949.00</b>

## Financial and Operational Review

The Company has achieved a total turnover of ₹ 604.83 crores as against ₹ 556.01 crores in the previous year registering a growth of approx. 9% in its top line. The profit before tax for the year stood at ₹ 1,049.62 lacs as against ₹ 1,009.58 lacs in the previous year registering a growth of 4%. During the year, the Company has produced 31,530.68 MT of Ferro Alloys as compared to 36,831.07 MT. During the year, the Company undertook refurbishment of its old furnaces which coupled with power holidays during the major part of the year and altered product mix to suite the market demand led to reduced output in tonnage terms. However, better product mix coupled with altered business strategy helped the Company achieve comparable operating profit.

## Dividend

To conserve the resources for meeting the enhanced working capital requirements, the Directors of your Company do not

recommend any dividend for the financial year 2010-11.

## Awards & Achievement

During the year, the Company was awarded by EEPC-ER (Engineering Export Promotion Council, Eastern Region) top export performance certificate in Medium Enterprises segment for its outstanding contribution to engineering exports during the year 2007-08.

## Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance along with the certificate from the Company Secretary in Practice and the Management Discussion & Analysis forms part of this Annual Report.

## Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby confirms that :

- in preparation of the Annual Accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- the Directors 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 fraud and other irregularities;
- the Directors have prepared the annual accounts on a 'going concern' basis.

## Public Deposits

During the year under review, the Company has not accepted any deposits from the public.

# Directors' Report

## Directors

Mr. Prem Narayan Khandelwal and Mr. Krishna Kumar Chanani retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Vimal Kumar Patni, Mr. Virendra Kumar Jain and Mr. Ajit Kumar Patni, Directors of the Company have resigned from the Directorship of the Company w.e.f. 28th March, 2011 immediately after change in control and management. The Board of Directors took note of the same & recorded its appreciation for the valuable services rendered by the said directors.

Mr. Rohit Patni and Mr. Ankit Patni have been appointed as an additional director w.e.f. 28th March, 2011 to hold office up to the next Annual General Meeting. The Company has received notices under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Rohit Patni and Mr. Ankit Patni as directors of the Company.

Mr. Chhatar Singh Dugar has resigned from the directorship of the Company w.e.f. 5th April, 2011. The Board took note of the same & recorded its appreciation for the valuable services rendered by the said director.

None of the Directors of the Company are disqualified for being appointed as Directors, as specified in Section 274(1)(g) of the Companies Act, 1956. As required under Clause 49 of the Listing Agreement the additional information on the Directors seeking appointment/re-appointment is annexed to the notice.

## Auditors & Auditors' Remarks

The Auditors, M/s. S. Jaykishan, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have confirmed that, if reappointed, their appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Notes on Accounts referred to in the Auditors' Report are self explanatory, and therefore, do not call for any further comments.

## Insurance

The properties and insurable assets and interests of your Company, like building, plant and machinery and stocks, among others, are adequately insured.

## Particulars of Employees

The Company had no employee during the year ended 31st March, 2011 who was in receipt of remuneration in excess of the limit specified under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

## Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo

The information relating to conservation of energy, technology absorption and foreign exchange earning and outgo as 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 is given in the annexure to this report.

## Acknowledgement

The Directors of your Company express their sincere thanks to the Company's Shareholders, Business Partners, Suppliers and Bankers for their continued support and co-operation. The Board wishes to record their deep sense of appreciation for the committed services of all the employees of the Company.

For and on behalf of the Board

Suresh Kumar Patni

Kolkata, 12th August, 2011 *Chairman cum Managing Director*

# Annexure to the Directors' Report

## Information pursuant to Section 217(1)(e) of the Companies Act, 1956

### A) Conservation of Energy

- a. Energy conservation measures taken :
  - Close monitoring of operating parameters of high energy consuming equipment in plant.
  - Using power factor controller/capacitors to maintain power factor at optimum level.
  - Keeping maximum demand under control by scheduling auxiliary load during peak power consumption levels.
- b. Additional investment and proposals, if any, being implemented for reduction of consumption of energy : Nil
- c. Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of the goods :
  - The electricity consumption has reduced to 4,431 Unit/MT from 4,625 Unit/MT and the Coal & Coke consumption has also reduced from 959 Kg/MT to 953 Kg/MT.

- d. Total energy consumption and energy consumption per unit of production as per **Form A** attached

### B) Technology Absorption

- a. Effort made in technology absorption as per **Form B** attached

### C) Foreign Exchange earning and outgo

- a. Activities relating to export, initiative taken to increase exports, development of new export markets for the products & services and export plans :
  - Continuing efforts are being made to increase export by exploring and developing new markets for the products of the Company.
- b. Total Foreign Exchange used and earned
  - Total Foreign Exchange ₹ 10,380.00 lacs earned :
  - Total Foreign Exchange ₹ 2,821.05 lacs used :

### FORM A

(Disclosure of Particulars with respect to Conservation of Energy)

	2010-11	2009-10
<b>A. Power &amp; Fuel Consumption</b>		
1. Electricity		
Total Unit in lacs	1,396.99	1,703.62
Amount - ₹ in lacs	4,043.65	5,128.18
Rate per Unit	2.89	3.01
2. Coal & Coke		
Quantity - MT	30,046	35,320
Total Cost - ₹ in lacs	1,925.94	2,307.53
Average rate - ₹ per ton	6,410	6,533
<b>B. Consumption per unit of production</b>		
1. Electricity (Unit/MT)	4,431	4,625
2. Coal & Coke (Kg/MT)	953	959

# Annexure to the Directors' Report

## FORM B

(Disclosure of Particulars with respect to Technology Absorption)

### A. Research & Development (R&D)

Specific areas in which R&D proposed to be carried out by the Company

None

Benefits derived

Not Applicable

Expenditure on R&D	Amount in ₹
a) Capital	Nil
b) Recurring	Nil
c) Total	Nil
d) Total R&D expenditure as a percentage of total turnover	Nil

### B. Technology Absorption, Adaptation and Innovation

Efforts Made :

Continuous efforts are being made towards improvements in existing production process.

Benefits :

The Company is successful in improving the quality of its products and reducing specific consumption of inputs.

Particulars of imported Technology during last 5 years

Nil

For and on behalf of the Board

Kolkata, 12th August, 2011

**Suresh Kumar Patni**  
Chairman cum Managing Director

# Corporate Governance Report

## I. Philosophy

The Company has always believed in good Corporate Governance which involves transparency, accountability, integrity and fairness in all facts of its operations and in all its transactions with the shareholders, employees, lenders and the Government.

## II. Board of Directors

The Board of the Company comprises of six Directors out of which one is Executive Director and five are Non-Executive Directors. The Chairman of the Company is an Executive/Promoter-Director. The composition of the Board during the year was in conformity with Clause 49 of the Listing Agreement executed with

the Stock Exchanges.

None of the Directors on the Board are members of more than ten Committees and Chairman of more than five Committees (Committees being Audit Committee and Shareholders/Investors' Grievance Committee) across all the Public Companies in which they are the Directors. The necessary disclosures regarding other directorships and committee memberships have been made by all the Directors.

During the year Ten (10) Board Meetings were held on 14th May, 2010; 28th May, 2010; 24th June, 2010; 29th July, 2010; 2nd September, 2010; 13th November, 2010; 4th January, 2011; 14th February, 2011; 28th February, 2011 and 28th March, 2011.

The details of the composition of the Board, attendance at the Board meeting during the year and at the last Annual General Meeting, number of Directorship, Membership/Chairmanship in other Public Companies are as follows :

Sl.No.	Name of the Director	Category	No. of Board Meetings Attended	Attendance at last AGM	No. of Directorships in other Public Limited Companies incorporated in India	No. of Committee positions held in other Public Limited Companies\$	
						As Member	As Chairman
1	Mr. Vimal Kumar Patni *	Promoter/ Non-Executive	10	Yes	8	1	-
2	Mr. Suresh Kumar Patni	Promoter/ Executive	9	No	8	2	-
3	Mr. Virendra Kumar Jain *	Promoter/ Executive	6	Yes	5	-	-
4	Mr. Ajit Kumar Patni *	Promoter/ Non-Executive	10	Yes	10	-	-
5	Mr. Prem Narayan Khandelwal	Independent/ Non-Executive	5	No	1	-	-
6	Mr. Chhatar Singh Dugar *	Independent/ Non-Executive	10	Yes	1	1	-
7	Mr. Krishna Kumar Chanani	Independent/ Non-Executive	9	Yes	-	-	-
8	Mr. Ashok Kumar Jain	Independent/ Non-Executive	8	No	-	-	-
9	Mr. Rohit Patni #	Promoter/ Non-Executive	1	No	6	-	-
10	Mr. Ankit Patni #	Promoter/ Non-Executive	1	No	5	1	-

\$ Includes the Membership/Chairmanship of only Audit Committee and Shareholders/Investors' Grievance Committee

\* Mr. Vimal Kumar Patni, Mr. Virendra Kumar Jain and Mr. Ajit Kumar Patni have resigned from the Directorship of the Company w.e.f. 28th March, 2011. Mr. Chhatar Singh Dugar has resigned w.e.f. 5th April, 2011.

# Mr. Rohit Patni and Mr. Ankit Patni had been appointed as an Additional Director (Promoter/Non Executive) w.e.f. 28th March, 2011 to hold office upto the date of the ensuing Annual General Meeting.

Mr. Rohit Patni and Mr. Ankit Patni are sons of Mr. Suresh Kumar Patni. None of the other directors are in any way related to any other director.

Mr. Suresh Kumar Patni has been re-designated as Chairman cum Managing Director of the Company w.e.f. 28th March, 2011.

# Corporate Governance Report

Board Meetings are held at the Registered Office/Corporate Office of the Company. The Agenda along with explanatory notes are sent in advance to the Directors to get their input in the discussion. The information as required under Annexure IA of Clause 49 are being made available to the Board. The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify the instances of non-compliance, if any. Necessary quorum was present at all these meetings.

### III. Code of Conduct

The Code of Conduct is available on the Company's website i.e. [www.impexferrotech.com](http://www.impexferrotech.com) and is applicable to all Directors and Senior Management Personnel of the Company. The Board and Senior Management Personnel have affirmed the compliances of the said Code of Conduct.

#### Declaration

In accordance with the Clause 49 of the Listing Agreement with the Stock Exchanges, the Board members and the Senior Management Personnel of the Company have affirmed compliances with the Code of Conduct of the Company for the year ended 31st March, 2011.

For **IMPEX FERRO TECH LIMITED**

**Suresh Kumar Patni**

Kolkata, 12th August, 2011 *Chairman cum Managing Director*

### IV. Audit Committee

The Company has an Audit Committee within the scope as set out in Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee includes the powers as laid down in Clause 49 (II)(C) and the role as stipulated in Clause 49 (II)(D) of the Listing Agreement and review of information as laid down in Clause 49(II)(E).

The composition of the Audit Committee and the details of meetings attended by the Committee Members are given below :

Name of the Member	Designation	Category	No. of Meetings attended
Mr. Krishna Kumar Chanani	Chairman	Independent/ Non-Executive	6
Mr. Ankit Patni #	Member	Non-Executive	-
Mr. Ajit Kumar Patni #	Member	Non-Executive	6
Mr. Ashok Kumar Jain *	Member	Independent/ Non-Executive	-

Name of the Member	Designation	Category	No. of Meetings attended
Mr. Chhatar Singh Dugar *	Member	Independent/ Non-Executive	6

# w.e.f. 28th March, 2011 Mr. Ankit Patni has been appointed as a member and Mr. Ajit Kumar Patni ceases to be member of the Committee.

\* w.e.f. 5th April, 2011 Mr. Ashok Kumar Jain has been appointed as a member and Mr. Chhatar Singh Dugar ceases to be member of the Committee.

The Managing Director and Head of Finance & Accounts departments are permanent invitees to the Committee. The Company Secretary acts as Secretary of the Audit Committee. The Audit Committee invites, as and when considers appropriate, the representatives from the auditors to be present at the meeting of the Committee.

The Audit Committee comprises of three Directors all of whom are financially literate. All the members of the Committee are non-executive of which two are Independent. Mr. Krishna Kumar Chanani, Independent Director having expertise in finance, is the Chairman of the Audit Committee. He was present at the last Annual General Meeting of the Company held on 30th September, 2010 to answer the queries raised by the Shareholders.

During the year, six meetings of the Audit Committee were held on 10th April, 2010; 27th May, 2010; 28th July, 2010; 1st September, 2010; 12th November, 2010 and 14th February, 2011.

The Annual Accounts for the year ended 31st March, 2011 were duly reviewed by the Audit Committee at its meeting held on 30th May, 2011 prior to adoption by the Board.

### V. Remuneration Committee

The Committee comprises of three Non-Executive Independent Directors. The Remuneration Committee is constituted to determine the Company's policy on specific remuneration packages to the Executive Directors and to periodically review the remuneration packages of the Executive Directors and recommend suitable revision in the same. During the year, no meeting of the Remuneration Committee was held. The present composition of the Remuneration Committee is as follows :

Name of the Member	Designation	Category
Mr. Krishna Kumar Chanani	Chairman	Independent/ Non-Executive
Mr. Prem Narayan Khandelwal #	Member	Independent/ Non-Executive

# Corporate Governance Report

Name of the Member	Designation	Category
Mr. Chhatar Singh Dugar #	Member	Independent Non-Executive
Mr. Ashok Kumar Jain	Member	Independent Non-Executive

# w.e.f. 5th April, 2011 Mr. Prem Narayan Khandelwal has been appointed as a member and Mr. Chhatar Singh Dugar ceases to be member of the Committee.

## VI. Remuneration of Directors

The Company pays remuneration by way of salary to its Managing and Whole Time Director. The remuneration paid is within the limit specified under the Companies Act, 1956 and approved by the Board as well as by the shareholders of the Company. The Company does not have any policy for payment of remuneration to Non-Executive Directors including Non-Executive Independent Directors except by way of sitting fees @ ₹1,500 for attending each meeting of the Board or a Committee thereof. No severance fees is payable to the Directors on termination of the employment. The Company has not yet introduced any Stock Option to its Directors/Employees.

The directors' remuneration and sitting fees paid in respect of the financial year 2010-11 is given below :

Managing and Whole Time Director :

Name of the Director	Salary(₹)	Period of Contract		Notice Period
		From	To	
Mr. Suresh Kumar Patni	1,200,000	1st July, 2008	30th June, 2013	2 Months
Mr. Virendra Kumar Jain	866,129	Resigned w.e.f. 28th March, 2011		2 Months

Non-Executive Directors :

Name of the Director	Sitting Fees paid for Board and Committee Meetings (₹)	No. of Shares held as on 31st March, 2011
Mr. Vimal Kumar Patni #	13,500	235,100
Mr. Ajit Kumar Patni #	24,000	175,000
Mr. Chhatar Singh Dugar ##	24,000	Nil
Mr. Krishna Kumar Chanani	21,000	Nil

Name of the Director	Sitting Fees paid for Board and Committee Meetings (₹)	No. of Shares held as on 31.03.2011
Mr. Prem Narayan Khandelwal	6,000	Nil
Mr. Ashok Kumar Jain	12,000	Nil
Mr. Rohit Patni *	-	-
Mr. Ankit Patni *	-	-

# Resigned from the directorship w.e.f. 28th March, 2011.

## Resigned from the directorship w.e.f. 5th April, 2011.

\* Appointed as additional directors w.e.f. 28th March, 2011.

## VII. Investors' Grievance Committee

The Committee is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non receipt of annual report, non receipt of share certificate, refund warrant and other miscellaneous complaints.

During the year under review, two meetings of the Investors' Grievance Committee were held on 27th July, 2010 and 22nd December, 2010. The Composition of the Committee and the attendance at its meetings are given hereunder :

Name of the Member	Designation	Category	No. of Meetings attended
Mr. Ashok Kumar Jain *	Chairman	Non-Executive	-
Mr. Chhatar Singh Dugar *	Chairman	Independent/ Non-Executive	2
Mr. Rohit Patni #	Member	Non-Executive	-
Mr. Ajit Kumar Patni #	Member	Non-Executive	2
Mr. Suresh Kumar Patni	Member	Executive	2

\* w.e.f. 5th April, 2011 Mr. Ashok Kumar Jain has been appointed as a Member and Mr. Chhatar Singh Dugar ceases to be Member of the Committee.

# w.e.f. 28th March, 2011 Mr. Rohit Patni has been appointed as a Member and Mr. Ajit Kumar Patni ceases to be Member of the Committee.

Mr. Pradip Kumar Agarwal, Company Secretary of the Company is the Compliance Officer.



# Corporate Governance Report

As per Clause 47(f) of the Listing Agreement with the Stock Exchanges, the Company has designated a separate e-mail id (investors@impexferrotech.com) exclusively for redressal of investors' complaints.

The details of the complaints during the year 2010-11, excluding correspondences which are not in the nature of complaints are given below :

Number of complaints received from the shareholders	7
Number of complaints redressed	7
Number of complaints not solved/pending	Nil

## VIII. General Body Meetings

Location and time of last three Annual General Meetings

Date	Financial Year	Venue	Time	Special Resolution Passed
20th September, 2008	2007-08	KALA KUNJ (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata-700 017	10.30 AM	None
24th September, 2009	2008-09	Purbashree, Bharatiyam Cultural Multiplex, EZCC, IB-201, Sector-III Saltlake, Kolkata-700 106	10.30 AM	None
30th September, 2010	2009-10	Purbashree, Bharatiyam Cultural Multiplex, EZCC, IB-201, Sector-III Saltlake, Kolkata-700 106	10.30 AM	None

No special resolution was passed in the last three (3) AGM's. During the year under review, no special resolution(s) were passed through postal ballot. No special resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting.

## IX. Disclosures

- There are no materially significant related party transactions which have potential conflict with the interest of the Company at large. The Directors periodically disclosed their interest in different Companies which are noted by the Board. A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee. The pricing of all the transactions with the related parties were on an arms length basis. The related party transactions are given in the Notes No.B -16 of Schedule -19 to the Annual Accounts for the year 2010-11. There was no

other material pecuniary transaction with any Non-Executive Director of the Company that requires a separate disclosure.

- The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in an Accounting Standard.
- The Company has complied with various rules and regulations prescribed by regulatory authorities on capital market and no penalties or strictures have been imposed by them on the Company in the last three years.
- The Board has received disclosures from the Key Managerial Personnel relating to material, financial and commercial transaction in which they and/or their relatives have personal interest.
- The Company has laid down procedures to inform the Board Members about the risk assessment and risk management mechanism which is periodically reviewed and reported to the Board by the Senior Executives.
- Though the Company does not presently have a Whistle Blower Policy, the Company promotes ethical behavior in all its business activities. All employees are free to approach the Audit Committee to raise their concerns relating to fraud, malpractice or any other activity or event which is against the Company's interest.
- The requisite certification from the Managing Director and Head of the Accounts & Finance department of the Company, for the financial year 2010-11 required to be given under Clause 49(V) has been placed before the Board in the meeting held on 30th May, 2011.
- The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The non-mandatory requirements, to the extent followed by the Company have been stated in this report.
  - The Company does not have any Subsidiary.
  - Details of Directors seeking Appointment/Re-appointment at the ensuing Annual General Meeting as required under Clause 49 of the Listing Agreement is annexed to the Notice convening the Annual General Meeting.

## X. Means of Communication

The Quarterly/Half yearly/Annual results are regularly submitted to the Stock Exchanges and published in newspapers in accordance

# Corporate Governance Report

with the Listing Agreement. The Company also posts on its website all its official news releases, important announcements and presentations made before the press meets, analysts and institutional investors from time to time for the benefit of its investors and public at large. The Company's website contains a separate dedicated section "Investor's Corner" where shareholders' information are available.

Newspapers wherein results are published	The Financial Express (English) and Dainik Statesman (Bengali)
Display in Website	www.impexferrotech.com (under "Investor's Corner" Link)
Management Discussion and Analysis forms part of Annual Report	Yes, given separately

## XI. General Information for Member

<b>Date, Time and Venue of the Annual General Meeting</b>	Friday, 16th September, 2011 at 10.30 AM, 'Rotary Sadan', 94/2 Chowringhee Road, Kolkata – 700 020
<b>Date of Book Closure</b>	Monday, 12th September, 2011 to Friday, 16th September, 2011 (both days inclusive)
<b>Financial Calendar</b>	Indicative calendar of events for the financial year 2011-12 is as under :
<b>Financial Year</b>	- 1st April to 31st March
<b>Financial Reporting for the quarters :</b>	
First quarter (unaudited)	- Already disclosed on 12th August, 2011
Second quarter (unaudited)	- Within 45 days from the end of the quarter
Third quarter (unaudited)	- Within 45 days from the end of the quarter
Fourth quarter (audited)	- Within 60 days from the end of the quarter/financial year
<b>Annual General Meeting</b>	- On or before 30th September, 2012
<b>Listing at Stock Exchanges and Stock Code</b>	a) Bombay Stock Exchange Ltd. (BSE) Stock Code - 532614 b) National Stock Exchange of India Ltd. (NSE) Stock Code - IMPEXFERRO
<b>International Securities Identification Number (ISIN)</b>	INE691G01015

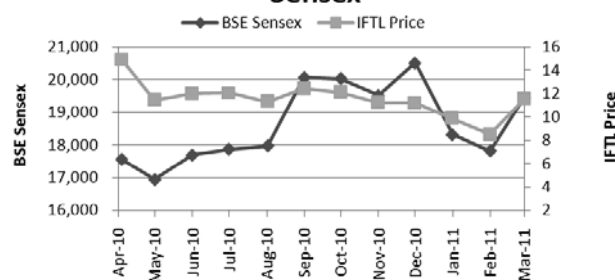
Annual Listing Fees for the year 2011-12 have been paid by the Company to both the Stock Exchanges.

## Market Price Data

Month	National Stock Exchange of India Ltd.			Bombay Stock Exchange Ltd.		
	High	Low	Volume	High	Low	Volume
April-10	16.20	11.95	1,938,475	16.40	12.06	30,484,069
May-10	14.90	11.00	328,343	14.90	10.90	6,129,145
June-10	13.00	11.00	226,536	13.35	10.50	2,887,926
July-10	13.60	11.60	408,872	13.80	11.50	5,775,477
Aug-10	14.05	11.25	179,291	14.05	10.00	2,833,910
Sep-10	13.50	11.20	363,769	14.00	10.00	6,422,469
Oct-10	14.00	11.30	409,781	13.23	11.00	10,080,731
Nov-10	13.80	10.85	475,673	13.94	10.00	5,719,468
Dec-10	12.05	10.20	85,970	13.45	8.70	1,640,878
Jan-11	12.20	9.50	106,770	12.98	9.06	1,155,956
Feb-11	10.65	7.50	86,243	10.89	7.30	869,789
Mar-11	11.75	7.85	256,549	12.25	8.02	2,206,285

## Performance of the Company in comparison with BSE Sensex

### Share Performance in Relation to BSE Sensex



## Shareholding Pattern as on 31st March, 2011

Category	No. of Shares	% of Holding
Promoters & Promoter Group	30,439,846	60.9143
Body Corporate	10,242,598	20.4968
Indian Public	9,198,943	18.4084
NRIs/OCBs	48,964	0.0979
Trusts	100	0.0002

# Corporate Governance Report

Category	No. of Shares	% of Holding
Clearing Members	41,153	0.0824
<b>Total</b>	<b>49,971,604</b>	<b>100.00</b>

## Distribution of Shareholding as on 31st March, 2011

Range	No. of Shareholders	% of Shareholders	No. of Shares of the face value of ₹ 10 each	% of Share held
1-500	5,550	70.0139	1,229,336	2.4601
501-1000	1,092	13.7757	950,680	1.9024
1001-2000	583	7.3546	927,609	1.8563
2001-3000	182	2.2960	484,032	0.9686
3001-4000	83	1.0471	302,150	0.6046
4001-5000	115	1.4507	552,886	1.1064
5001-10000	134	1.6904	1,043,250	2.0877
10001-above	188	2.3716	44,481,661	89.0139
<b>Total</b>	<b>7,927</b>	<b>100</b>	<b>49,971,604</b>	<b>100</b>

## Share Transfer System

Shares lodged for transfer in physical form are processed at the office of Registrar and Transfer Agent and are normally processed within 15 days from the date of lodgment, if the documents are clear in all respect. The Directors of the Company are severally empowered to approve the transfers. All requests for dematerialisation of shares are processed and the confirmation is given within 15 days to the depositories.

## Dematerialisation of Shares

As on 31st March, 2011, 76.98% of the total shares of the Company have been dematerialised as under :

Category	No. of Shares	Number of Shareholders	% of total Shareholding
NSDL	33,899,478	5,307	67.8375
CDSL	4,569,522	2,500	9.1442
Physical	11,502,604	120	23.0183

## Outstanding GDRs, ADRs, Warrants or any other convertible instruments, conversion date and likely impact on equity

During the year under review, the Company has not issued any GDRs, ADRs, warrants or any other convertible instruments.

## Address for Correspondence

### Registered Office

35, Chittaranjan Avenue,  
4th Floor, Kolkata - 700 012  
Ph : 91 33 2211 9806/8807  
Fax : 91 33 2211 7871  
Email : info@impexferrotech.com

### Corporate Office

SKP House  
132A, S.P. Mukherjee Road,  
Kolkata - 700 026  
Ph : 91 33 4016 8000/8100  
Fax : 91 33 4016 8189/8107  
Email : info@impexferrotech.com

### Plant Location

Kadavita Dendua Road,  
P.O. Kalyaneshwari, P.S - Kulti  
Dist - Burdwan,  
West Bengal - 713 369  
Ph : 0341 2522248/49  
Fax : 0341 2522961

### Compliance Officer

Pradip Kumar Agarwal  
Company Secretary  
Impex Ferro Tech Limited  
SKP House  
132A, S.P. Mukherjee Road,  
Kolkata - 700 026  
Ph : 91 33 4016 8000/8100  
Fax : 91 33 4016 8189/8107  
Email : pradip.agarwal@impexferrotech.com

### Registrar and Share Transfer Agent

Maheshwari Datamatics Pvt. Ltd.  
6, Mangoe Lane, 2nd Floor  
Kolkata - 700 001  
Ph : 91 33 2248 2248/2243  
5029/5809  
Fax : 91 33 2248 4787  
Email : mdpl@cal.vsnl.net.in

## XII Status of Non-mandatory requirements

### Remuneration Committee :

The Company has a Remuneration Committee as reported in Section V above.

### Other items :

The rest of the non-mandatory requirements will be implemented by the Company as and when required and/or deemed necessary by the Board.

**For and on behalf of the Board**

**Suresh Kumar Patni**  
Chairman cum Managing Director

Kolkata, 12th August, 2011

# Corporate Governance Report

## Certificate of Compliance with the Corporate Governance requirements under Clause 49 of the Listing Agreement

To  
The Members of  
Impex Ferro Tech Limited

We have examined the compliance of conditions of Corporate Governance by Impex Ferro Tech Limited, for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance of conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We further 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 **A J & ASSOCIATES**  
*Company Secretaries*

**Abhijeet Jain**

*Proprietor*

C.P. No. 3426

Date : 12th August, 2011

Place : Kolkata

# Auditors' Report

To  
The Members of  
Impex Ferro Tech Limited

1. We have audited the attached Balance Sheet of IMPEX FERRO TECH LIMITED as at 31st March, 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended as 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.
2. 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.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the said Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors, 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 in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said statements of accounts, read with the Significant Accounting Policies and Notes thereon 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 :
    - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - ii) In the case of the Profit & Loss Account, of the profit for the year ended on that date; and
    - iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **S. Jaykishan**  
Chartered Accountants  
FRN : 309005E

(**B.K. Newatia**)  
Partner

Dated : The 30th day of May, 2011  
Place : Kolkata

Membership No. 050251

## Annexure referred to in our report of even date

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) We are informed that fixed assets of significant value have been physically verified by the management at reasonable intervals, in a phased programme and no material discrepancies were noticed in respect of the assets verified.  
(c) The Company has not disposed off any substantial/major part of fixed assets during the year.
- ii) (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year.  
(b) In our opinion, the procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.  
(c) The Company has maintained proper records of inventories and no material discrepancies have been noticed on physical verification as compared to book records.
- iii) (a) 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.  
(b) Since the Company has not granted any loans as aforesaid, sub-clauses (b), (c) & (d) of this clause are not applicable.  
(c) The Company has taken interest free unsecured loans from ten companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year is ₹ 4,714.44 lacs and the year-end balance of such loans aggregate to ₹ 4,612.36 lacs.  
(d) In our opinion, the terms and conditions of such loans taken by the Company are prima facie not prejudicial to the interest of the Company.  
(e) In respect of the aforesaid loans, there are no stipulations as to repayment thereof.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v) (a) To the best of our knowledge and belief and according to the information and explanation given to us, we are of the opinion that the particulars of the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered.  
(b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of five lac rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposit during the year from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956, and the rules framed there under.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) The maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, has not been prescribed by the Central Government in respect of the products of the Company.
- ix) (a) According to the books and records as produced to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Excise Duty, Custom Duty and any other statutory dues. According to the information and explanations given to us, there are no undisputed outstanding statutory dues as at the end of the year exceeding six months from the date they became payable.

## Annexure referred to in our report of even date

(b) According to the records of the Company and the information and explanations given to us & upon our enquiries in this regard, disputed statutory dues unpaid as at the last day of the financial year, are as follows :

Nature of Dues	Year	(₹ in lacs)	Forum where dispute is pending
Excise Duty	2005-06	3.10	Commissioner of Central Excise (Appeals)
	2005-06 & 2006-07	8.26	Commissioner of Central Excise (Appeals)
	2007-08	15.55	CESTAT, Calcutta Bench
	2005-06	9.21	Joint Commissioner of Central Excise (Bolpur)
		<b>36.12</b>	₹ 5.00 lacs paid under protest
VAT	2005-06	278.70	W.B.Commercial Taxes, Appellate & Revisional Board
	2006-07	460.50	W.B.Commercial Taxes, Appellate & Revisional Board
	2009-10	867.80	Calcutta High Court
	2007-08	96.79	Sr. Joint Commissioner of Commercial Taxes
		<b>1,703.79</b>	₹ 139.66 lacs paid under protest

- x) The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses in the financial year under report or in the immediately preceding financial year.
- xi) According to the information and explanations given to us, and based on documents and records produced to us, there are no defaults in repayment of dues to banks and financial institutions.
- xii) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) Clause (xiii) of the Order is not applicable to the Company, as the Company is not a chit fund company or nidhi/mutual benefit fund/society.
- xiv) Clause (xiv) of the Order is not applicable, as the Company has not dealt or traded in shares, securities, debentures or other investments during the year.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi) The Company has not obtained any term loans during the year.
- xvii) In our opinion and according to the information and explanations given to us, the funds raised on short-term basis have not been used for long-term investment.
- xviii) The Company has made no fresh allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) No debentures have been issued by the Company and hence, the question of creating security or charge in respect thereof does not arise.
- xx) The Company has not raised any money by way of Public Issue during the year.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **S. Jaykishan**  
Chartered Accountants  
FRN : 309005E

(**B.K. Newatia**)  
Partner

Membership No. 05025 I

Dated : The 30th day of May, 2011  
Place : Kolkata

## Balance Sheet as at 31st March, 2011

(Amount in ₹)

	Schedule	31.03.2011	31.03.2010
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	499,716,040	499,716,040
b) Reserves and Surplus	2	653,950,985	585,970,795
<b>2. Loan Funds</b>			
a) Secured Loans	3	1,289,848,285	1,395,935,992
b) Unsecured Loans	4	815,689,808	632,139,341
<b>3. Deferred Tax Liability</b> [Refer Note No. 18 in Schedule - 19]		75,307,329	77,618,546
<b>Total</b>		<b>3,334,512,447</b>	<b>3,191,380,714</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a) Gross Block	5	650,231,231	626,652,113
b) Less : Depreciation		221,760,216	192,734,632
c) Net Block		428,471,015	433,917,481
d) Capital Work-in-Progress		1,348,920,203	912,674,667
<b>2. Current Assets, Loans &amp; Advances</b>			
a) Inventories	6	1,537,604,950	1,652,768,374
b) Sundry Debtors	7	1,267,047,392	703,119,327
c) Cash & Bank Balances	8	206,744,125	220,859,623
d) Loans & Advances	9	358,958,780	1,043,283,060
		3,370,355,247	3,620,030,384
Less : Current Liabilities & Provisions			
a) Current Liabilities	10	1,781,109,611	1,669,813,830
b) Provisions	11	35,000,000	109,370,629
		1,816,109,611	1,779,184,459
<b>Net Current Assets</b>		<b>1,554,245,636</b>	<b>1,840,845,925</b>
<b>3. Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	12	2,875,593	3,942,641
<b>Total</b>		<b>3,334,512,447</b>	<b>3,191,380,714</b>
Accounting Policies and Notes on Accounts	19		

Schedules referred to above form an integral part of the accounts

In terms of our attached report of even date

For **S. Jaykishan**  
Chartered Accountants  
FRN : 309005E

(**B.K. Newatia**)  
Partner  
Membership No. 050251

12, Ho Chi Minh Sarani,  
Kolkata – 700 071.  
Dated : The 30th day of May, 2011.

On behalf of the Board

**Pradip Kumar Agarwal**  
Company Secretary

**Rohit Patni**  
Director

**S. K. Patni**  
Managing Director



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

(Amount in ₹)

	Schedule	31.03.2011	31.03.2010
<b>I. INCOME</b>			
Sales	13	6,048,284,965	5,560,128,766
Less : Excise Duty		20,784,916	44,133,988
Net Sales		6,027,500,049	5,515,994,778
Other Income	14	55,266,996	41,606,040
Increase/(Decrease) in Stock	15	(26,997,962)	39,451,940
		<b>6,055,769,083</b>	<b>5,597,052,758</b>
<b>II. EXPENDITURE</b>			
Raw Materials Consumed	16	3,789,815,257	1,000,657,771
Purchase of Traded Goods		1,426,449,713	3,654,304,258
Power & Fuel		404,365,446	512,817,799
Manufacturing, Administrative and Other Expenses	17	188,197,501	178,387,591
Interest	18	112,649,895	121,180,135
Depreciation	5	29,329,260	28,746,947
		5,950,807,072	5,496,094,501
<b>Profit Before Tax</b>		<b>104,962,011</b>	<b>100,958,257</b>
Provision for Taxation :			
- Current		35,000,000	35,300,000
- Deferred		(2,311,217)	695,245
<b>Profit After Tax</b>		<b>72,273,228</b>	<b>64,963,012</b>
Income Tax for Earlier Years		(4,293,038)	(7,879,764)
Surplus from last year		394,899,171	337,815,923
<b>Balance Carried to Balance Sheet</b>		<b>462,879,361</b>	<b>394,899,171</b>
Earnings per share of face value of ₹ 10 each [Refer Note No. 17 in Schedule - 19]			
Basic - Before Extra-ordinary item		1.45	1.87
- After Extra-ordinary item		1.36	1.64
Diluted - Before Extra-ordinary item		1.45	1.87
- After Extra-ordinary item		1.36	1.64
Accounting Policies and Notes on Accounts	19		

Schedules referred to above form an integral part of the accounts

In terms of our attached report of even date

For **S. Jaykishan**  
Chartered Accountants  
FRN : 309005E

On behalf of the Board

(**B.K. Newatia**)  
Partner  
Membership No. 050251

**Pradip Kumar Agarwal**  
Company Secretary

**Rohit Patni**  
Director

**S. K. Patni**  
Managing Director

12, Ho Chi Minh Sarani,  
Kolkata – 700 071.  
Dated : The 30th day of May, 2011.

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

(Amount in ₹)

	Year ended 31.03.2011		Year ended 31.03.2010	
<b>A. Cash Flows from Operating Activities</b>				
Net Profit before Tax & Extraordinary Items		104,962,011		100,958,257
Adjustments for :				
Depreciation	29,329,260		28,746,947	
Loss on Sale of Fixed Assets	416,383		-	
Interest Income	(15,039,828)		(18,869,336)	
Interest Subsidy Received	(32,314,000)		-	
Interest Expenses	112,649,895		121,180,135	
Sundry Balances written back	(90,925)		(121,021)	
Public Issue Expenses written off	801,501		801,501	
Preliminary Expenses written off	265,547	96,017,832	439,947	132,178,173
<b>Operating Profit before Working Capital Changes</b>		<b>200,979,843</b>		<b>233,136,430</b>
Adjustments for :				
Trade & Other Receivables	(227,472,399)		189,902,911	
Inventories	115,163,424		(226,206,645)	
Trade Payables & Other Liabilities	113,779,019	1,470,044	328,954,831	292,651,097
<b>Cash Generated from Operations</b>		<b>202,449,887</b>		<b>525,787,527</b>
Direct Taxes Paid		(75,921,620)		(37,985,934)
<b>Net Cash from Operating Activities</b>		<b>126,528,267</b>		<b>487,801,593</b>
<b>B. Cash Flows from Investing Activities</b>				
Purchase of Fixed Assets (including CWIP)	(359,573,050)		(578,997,313)	
Sale of Fixed Assets	216,347		-	
Interest Capitalised	(103,448,167)		(56,244,726)	
Advances for Capital Goods	310,126,568		(238,776,459)	
Interest Received	15,039,828		18,869,336	
Maturity Proceeds of Fixed Deposits	174,023,416		68,969,166	
Fixed Deposits made	(167,000,000)		(89,964,757)	
<b>Net Cash used in Investing Activities</b>		<b>(130,615,058)</b>		<b>(876,144,753)</b>
<b>C. Cash Flows from Financing Activities</b>				
Share Application Money received	-		224,245,664	
Term Loan Borrowings	-		604,428,709	
Repayment of Term Loans	(120,732,412)		(147,880,730)	
Increase/(Decrease) in Short Term Borrowings	21,186,322		(373,358,179)	
Increase in Inter Corporate Deposits & Other Loans	184,273,308		161,014,902	
Interest Subsidy Received	32,314,000		-	
Miscellaneous Expenditure	-		(2,307,502)	
Interest Paid	(120,046,508)		(113,401,401)	
<b>Net Cash from Financing Activities</b>		<b>(3,005,290)</b>		<b>352,741,463</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>(7,092,081)</b>		<b>(35,601,697)</b>
<b>Cash and Cash Equivalents at the beginning of year</b>		<b>8,781,785</b>		<b>44,383,482</b>
<b>Cash and Cash Equivalents at the end of year</b>		<b>1,689,704</b>		<b>8,781,785</b>

**Note :**

- The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard-3 on "Cash Flow Statement" notified in the Companies (Accounting Standards) Rules, 2006.
- Cash and cash equivalents include cash in hand and bank balances on current account (Refer Schedule 8).
- Figures in brackets indicate Cash outflow.
- Previous year's figures have been regrouped/rearranged, wherever considered necessary to conform to this year's classification.
- This is the cash flow referred to, in our report of even date.

For **S. Jaykishan**

Chartered Accountants

FRN : 309005E

(B.K. Newatia)

Partner

Membership No. 050251

12, Ho Chi Minh Sarani,  
Kolkata – 700 071.

Dated : The 30th day of May, 2011.

On behalf of the Board

**Pradip Kumar Agarwal**

Company Secretary

**Rohit Patni**

Director

**S. K. Patni**

Managing Director

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2011

(Amount in ₹)

	31.03.2011	31.03.2010
<b>SCHEDULE 1 SHARE CAPITAL</b>		
<b>Authorised :</b>		
58,000,000 Equity Shares of ₹ 10 each (P.Y. - 58,000,000 Equity Shares of ₹ 10 each)	580,000,000	580,000,000
<b>Issued, Subscribed and Paid-up :</b>		
49,971,604 Equity Shares of ₹ 10 each fully paid up in cash (P.Y. - 49,971,604 Equity Shares of ₹ 10 each fully paid up in cash)	499,716,040	499,716,040
	<b>499,716,040</b>	<b>499,716,040</b>

<b>SCHEDULE 2 RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve - As per Last Account</b>		
State Capital Subsidy	27,862,000	27,862,000
Forfeiture of Share Warrants	13,380,000	13,380,000
<b>Securities Premium</b>		
As per last account	149,829,624	-
Received during the year	-	149,829,624
<b>Surplus</b>		
As per Profit & Loss Account annexed	462,879,361	394,899,171
	<b>653,950,985</b>	<b>585,970,795</b>

<b>SCHEDULE 3 SECURED LOANS</b>		
<b>A) Term Loans</b>		
From Banks	665,016,687	785,615,559
Interest Accrued and due	4,562,093	11,103,710
<b>B) Loan against Hypothecation of specific assets</b>	230,367	363,907
<b>C) Working Capital Loans</b>		
From Banks		
- Cash Credit	546,033,091	598,852,816
- Export Packing Credit	74,006,047	-
	<b>1,289,848,285</b>	<b>1,395,935,992</b>

Notes :

**A. Securities for Loans**

- Term loans from Banks are secured by first charge on all the immovable & movable plant and machinery and other fixed assets including equitable mortgage of factory land with shed & building and office premises and second charge on the current assets of the Company, all ranking pari-passu jointly in favour of State Bank of India, Punjab National Bank and Bank of Baroda and personally guaranteed by the promoter directors.
- Working capital loans are secured by hypothecation of entire current assets including Stocks of Raw Materials, Stock-in-Process, Finished Goods, Stores and Spares, Receivables, both present & future ranking pari-passu jointly in favour of State Bank of India, Punjab National Bank, Bank of Baroda and United Bank of India and also secured by second charge on all the block assets and personally guaranteed by the promoter directors.

**B.** Term Loans repayable within one year - ₹ 1,569.19 lacs (P.Y. - ₹ 1,246.82 lacs)

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2011

(Amount in ₹)

	31.03.2011	31.03.2010
<b>SCHEDULE 4 UNSECURED LOANS</b>		
From Bodies Corporate	797,535,525	611,743,899
From WBIDC (against interest subsidy receivable)	16,416,000	19,380,000
Interest Accrued and due	1,738,283	1,015,442
	<b>815,689,808</b>	<b>632,139,341</b>

**SCHEDULE 5 FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.04.2010	Additions during the year	Deductions during the year	As at 31.03.2011	As at 01.04.2010	For the year	Adjustments during the year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010	
<b>A) TANGIBLE</b>											
Land & Site Development	10,076,598	3,441,723	-	13,518,321	-	-	-	-	13,518,321	10,076,598	
Factory Shed & Building	130,683,361	168,325	-	130,851,686	33,691,521	4,364,839	-	38,056,360	92,795,326	96,991,840	
Office Premises	2,320,354	-	-	2,320,354	343,075	37,822	-	380,897	1,939,457	1,977,279	
Plant & Machinery	463,411,314	18,037,064	-	481,448,378	149,597,803	23,404,330	-	173,002,133	308,446,245	313,813,511	
Computers	1,421,686	142,215	-	1,563,901	1,148,552	156,326	-	1,304,878	259,023	273,134	
Furniture & Fixtures	2,560,148	115,250	-	2,675,398	1,025,595	167,564	-	1,193,159	1,482,239	1,534,553	
Electrical Installations	10,403,167	-	-	10,403,167	3,793,217	494,150	-	4,287,367	6,115,800	6,609,950	
Air Conditioners	1,020,184	49,400	-	1,069,584	340,453	50,419	-	390,872	678,712	679,731	
Vehicles	3,255,301	811,546	936,405	3,130,442	1,294,416	303,810	303,676	1,294,550	1,835,892	1,960,885	
<b>B) INTANGIBLE</b>											
ERP Software	1,500,000	1,750,000	-	3,250,000	1,500,000	350,000	-	1,850,000	1,400,000	-	
<b>Total</b>	<b>626,652,113</b>	<b>24,515,523</b>	<b>936,405</b>	<b>650,231,231</b>	<b>192,734,632</b>	<b>29,329,260</b>	<b>303,676</b>	<b>221,760,216</b>	<b>428,471,015</b>	<b>433,917,481</b>	
Previous Year	624,139,540	2,512,573	-	626,652,113	163,987,685	28,746,947	-	192,734,632	433,917,481		
Capital Work-in-Progress	912,674,667	436,245,536	-	1,348,920,203	-	-	-	-	1,348,920,203	912,674,667	

Note : Vehicles include ₹ 811,546 (P.Y. - ₹ 1,817,927) acquired under Auto Loan Scheme of the Bank. Present outstanding is ₹ 490,472 (P.Y. - ₹ 126,627)

**SCHEDULE 6 INVENTORIES**

(As taken, valued & certified by the management)		
Raw Materials* (including in transit ₹ 20,006,940, P.Y. - ₹ 2,326,142)	1,378,836,924	1,465,764,225
Stock-in-Process	99,758,071	98,046,752
Finished Goods	56,812,883	85,522,164
Stores and Spares	1,816,637	2,844,848
Packing Materials	380,435	590,385
	<b>1,537,604,950</b>	<b>1,652,768,374</b>

\* Includes stock valued at ₹ 385,608,974 (P.Y. - ₹ 253,332,039) pledged with PEC Ltd.

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2011

(Amount in ₹)

	31.03.2011	31.03.2010
<b>SCHEDULE 7 SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Due for more than six months	64,637,335	57,841,555
Other Debts	1,202,410,057	645,277,772
	<b>1,267,047,392</b>	<b>703,119,327</b>

<b>SCHEDULE 8 CASH &amp; BANK BALANCES</b>		
Cash in Hand (As Certified)	249,789	2,183,389
Balance with Scheduled Banks		
- In Current Accounts	1,439,915	6,598,396
- In Public Issue Account	80,000	80,000
- In Fixed Deposit Accounts	204,974,421	211,997,838
[Lodged with Banks towards Margin on Letter of Credit & Bank Guarantees]		
	<b>206,744,125</b>	<b>220,859,623</b>

<b>SCHEDULE 9 LOANS AND ADVANCES</b>		
(Unsecured, Considered good)		
Advances recoverable in cash or in kind or for value to be received	83,836,732	447,248,920
Capital Advances (Project)	118,203,890	428,330,458
CENVAT Receivable	77,886,386	68,764,674
Deferred CENVAT Credit	39,652,144	26,368,033
VAT Credit Receivable	2,628,157	-
VAT Credit Receivable (Project)	6,340,053	6,066,218
Balance with Excise Department	27,244	27,244
Income Tax Payments	4,433,375	42,175,422
Sundry Deposits	1,253,773	5,197,773
Export Incentive Receivable	24,697,026	19,104,319
	<b>358,958,780</b>	<b>1,043,283,060</b>

<b>SCHEDULE 10 CURRENT LIABILITIES</b>		
Sundry Creditors		
Dues to Micro, Small and Medium Enterprises	-	-
Dues to Others		
- For Capital Goods	5,645,236	7,905,394
- For Suppliers	1,545,153,627	1,393,530,082
- For Expenses	198,333,769	242,901,023
- For Pending Disbursements	1,785,932	1,556,383
Interest Accrued but not due	-	132,155
Advances from Parties	30,111,047	23,708,793
Share Application Money Refundable	80,000	80,000
	<b>1,781,109,611</b>	<b>1,669,813,830</b>

Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2011

(Amount in ₹)

	31.03.2011	31.03.2010
<b>SCHEDULE 11 PROVISIONS</b>		
Provision For Tax	35,000,000	109,370,629
	<b>35,000,000</b>	<b>109,370,629</b>
<b>SCHEDULE 12 MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
<b>Preliminary Expenses</b>		
Opening Balance	796,640	1,236,587
Less : Amortised for the year	265,547	439,947
	531,093	796,640
<b>Share Issue Expenses</b>		
Opening Balance	3,146,001	1,640,000
Addition during the year	-	2,307,502
	3,146,001	3,947,502
Less : Amortised for the year	801,501	801,501
	2,344,500	3,146,001
	<b>2,875,593</b>	<b>3,942,641</b>

Schedules annexed to & forming part of the Profit & Loss Account for the year ended 31st March, 2011

**SCHEDULE 13 SALES/INCOME FROM OPERATIONS**

Sale of Manufactured Goods		
- Export Sales	1,588,439,706	1,214,515,399
- Domestic Sales	222,580,202	570,161,182
Sale of Raw Materials	2,748,003,057	-
Sale of Traded Goods		
- Export Sales	-	-
- Domestic Sales	1,446,643,375	3,750,673,585
Export Incentives	42,618,625	24,778,600
	<b>6,048,284,965</b>	<b>5,560,128,766</b>

**SCHEDULE 14 OTHER INCOME**

Interest on Fixed Deposits (TDS ₹ 1,378,662, P.Y. - ₹ 2,349,637)	12,245,501	18,869,336
Interest on Other Deposits (TDS ₹ 279,434, P.Y. Nil)	2,794,327	-
Interest on Credit Sales (TDS ₹ Nil, P.Y. - ₹ 62,741)	-	696,250
Foreign Exchange Fluctuation Gain	7,822,243	14,316,434
Discount received	-	3,000
Interest Subsidy received	32,314,000	-
Income from liquidated damages	-	7,600,000
Sundry Balances written back	90,925	121,020
	<b>55,266,996</b>	<b>41,606,040</b>

Schedules annexed to & forming part of the Profit & Loss Account for the year ended 31st March, 2011

(Amount in ₹)

	31.03.2011	31.03.2010
<b>SCHEDULE 15 INCREASE/(DECREASE) IN STOCKS</b>		
Closing Stock		
- Finished Goods	56,812,883	85,522,164
- Stock-in-Process	99,758,071	98,046,752
	156,570,954	183,568,916
Less : Opening Inventories	183,568,916	144,116,976
	<b>(26,997,962)</b>	<b>39,451,940</b>

**SCHEDULE 16 RAW MATERIALS CONSUMED**

(Including Cost of Raw Material Sold)		
Opening Stock	1,465,764,225	1,279,183,922
Add : Purchases (including freight)	3,702,887,956	1,187,238,074
	5,168,652,181	2,466,421,996
Less : Closing Stock	1,378,836,924	1,465,764,225
Raw Materials Consumed	<b>3,789,815,257</b>	<b>1,000,657,771</b>

**SCHEDULE 17 MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES**

Stores and Spares	6,511,720	6,497,086
Packing Materials	5,755,450	6,273,926
Payments to and Provisions for Employees		
- Salaries, Wages & Bonus	13,262,367	9,526,634
- Gratuity	661,268	25,118
- Contribution to Provident and other Funds	789,548	642,056
- Welfare Expenses	90,223	39,450
Directors' Remuneration	2,066,129	2,100,000
Directors' Sitting Fees	100,500	124,500
Rent	348,678	266,710
Rates & Taxes	534,202	126,878
Repairs & Maintenance		
- Factory Shed & Building	2,873,832	1,926,528
- Plant & Machinery	7,615,614	8,672,642
- Others	448,952	395,543
Insurance	3,330,757	4,235,353
Material Handling Expenses	5,710,912	5,852,373
Other Manufacturing Expenses	9,176,679	7,766,723
Auditor's Remuneration [Refer Note No. 10 in Schedule - 19]	225,000	217,500
Motor Car Expenses	779,355	894,867
Travelling & Conveyance	5,850,896	4,935,330
Commission - other than Sole Selling Agent	1,595,593	355,715
Legal & Professional Charges	2,864,852	1,304,181
Advertisement	443,393	534,634

Schedules annexed to & forming part of the Profit & Loss Account for the year ended 31st March, 2011

(Amount in ₹)

	31.03.2011	31.03.2010
<b>SCHEDULE 17 MANUFACTURING, ADMINISTRATIVE &amp; OTHER EXPENSES (Contd.)</b>		
Bank Charges	57,491,507	51,704,605
Miscellaneous Expenses	3,225,027	2,706,250
Cess Charges	175,269	165,531
Security Charges	6,578,835	4,805,683
Discount & Rebates	3,387	140,840
Loss on Sale of Fixed Assets	416,383	-
Freight and Forwarding	45,597,584	52,017,484
Sales Tax on Assessment	85,749	574,349
DEPB and Other Licence Fees	18,956	26,985
Profit/Loss on Sale of DEPB	807,826	451,417
Sundry Balances Written Off	6,745	254,313
Penalty	642,364	10,000
Testing Charges	1,044,901	1,574,939
Preliminary Expenses Written Off	265,547	439,947
Share Issue Expenses Written Off	801,501	801,501
	<b>188,197,501</b>	<b>178,387,591</b>

**SCHEDULE 18 INTEREST**

On Term Loans	9,715,391	13,201,789
On Cash Credits	88,296,916	75,682,088
Others	14,637,588	32,296,258
	<b>112,649,895</b>	<b>121,180,135</b>



## Schedule forming part of the Accounts

### SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of preparation of financial statements

- a) The financial statements are prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention on accrual basis and on principles of going concern. The accounting policies are consistently applied by the Company.
- b) The financial statements are prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- c) The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/materialise.

##### 2. Revenue Recognition

- a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.
- b) Sales are recognised when significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with the time when goods are despatched to the buyer. Sales are inclusive of excise duty but net of trade discounts and VAT. However, excise duty relating to sales is reduced from gross turnover for disclosing net turnover.
- c) Export Incentives arising out of Export Sales under Duty Entitlement Pass Book Scheme are accounted for on accrual basis. Profit or loss on sale of DEPB Licenses is accounted for in the year of such sale.
- d) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- e) Purchases are inclusive of freight and net of Cenvat Credit, trade discount and claims.

##### 3. Fixed Assets

- a) Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price (net of CENVAT/duty credits availed or available thereon) and any attributable cost of bringing the asset to its working condition for the intended use.
- b) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher.  
Software is amortised over a period of five years.
- c) The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds the recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.
- d) Cost of the fixed assets not ready for their intended use at the Balance Sheet date together with all related expenses is shown as capital work-in-progress.

##### 4. Inventories

Inventories are valued at lower of cost and Net Realisable value. Cost of inventories comprises of material cost on FIFO basis, labour & manufacturing overheads incurred in bringing the inventories to their present location and condition. Cost of finished goods includes excise duty, if payable.

## Schedule forming part of the Accounts

### SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### 5. Foreign Currency Transactions

a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency as at the date of the transaction.

b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

c) Exchange Differences

Exchange differences arising on the settlement of monetary items are recognised as income or as expense in the year in which they arise.

d) Forward Exchange Contracts

The Company enters into forward exchange contracts which are not intended for trading or speculation purposes. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of foreign exchange contract is recognised as income or expense for the year.

#### 6. Government Grants

Government grants are recognised on a prudent basis when there is a reasonable assurance that the Company will comply with the conditions attached thereto and when the grants are received.

Government Grants in the form of promoter's contribution are credited to Capital Reserve. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Government Grants related to revenue are recognised on receipt under "Other Income" in the Profit and Loss Account over the periods to match them with the related costs which they are intended to compensate.

#### 7. Employee Benefits

a) Defined Contribution Plan

Contribution as per the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 towards provident fund and family pension fund are charged to the Profit and Loss Account of the period when contributions to the respective funds are due. There is no other obligation other than the contribution payable to the respective funds.

b) Defined Benefit Plan

Liability with regard to long-term employee benefits is provided for on the basis of an actuarial valuation at the Balance Sheet date. Actuarial gain/loss is recognised in the statement of profit and loss. The Company has an Employees Gratuity Fund managed by the SBI Life Insurance Company Ltd.

c) Short-term compensated absences are provided for based on estimates.

#### 8. Borrowing Costs

a) Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.

b) Other borrowing costs are recognised as expense in the period in which they are incurred.

#### 9. Expenditure on new projects & substantial expansion

Preliminary project expenditure, capital expenditure, indirect expenditure incidental and related to construction/implementation, interest on term loans to finance fixed assets and expenditure on start-up of the project are capitalised upto the date of commercial production to the cost of the respective assets.

## Schedule forming part of the Accounts

### SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### 10. Taxes on Income

Tax expense comprises of current tax and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws.

Deferred tax liabilities and assets are recognised at substantively enacted rates on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset is recognised only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

#### 11. Earnings per Share (EPS)

- Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
- For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### 12. Prior Period Items

Significant items of income and expenditure which relate to prior accounting periods, other than those occasioned by events occurring during or after the close of the year and which are treated as relatable to the current year, are accounted for in the Profit and Loss Account under the head "Prior Period Items".

#### 13. Provisions/Contingencies

- Provision involving substantial degree of estimation in measurement is recognised when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.
- Contingent Liabilities are shown by way of notes to the accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.
- A Contingent Asset is not recognised in the accounts.

#### 14. Preliminary & Share Issue Expenses

Preliminary & Share Issue expenses are being amortised over a period of 5 years under Section 35D of the Income Tax Act, 1961.

#### B. Notes on Account

##### 1. Contingent Liabilities not provided for in the books of accounts in respect of :

- Bank Guarantees - ₹ 3,009,706 (P.Y. - ₹ Nil)
- Letters of Credit opened in favour of suppliers, outstanding as at 31st March, 2011 - ₹ 2,377,982 (P.Y. - ₹ 1,134,315).
- Bills discounted with Banks outstanding as on 31st March, 2011 - ₹ 97,366,332 (P.Y. - ₹ 172,442,760).
- Excise Demand of ₹ 3,612,074 (P.Y. - ₹ 3,601,293) for the financial year 2005-06, 2006-07 & 2007-08 disputed in appeal (₹ 500,000 is paid under protest).
- Sales Tax Demand disputed in appeal for the year 2005-06, 2006-07, 2007-08 & 2009-10 aggregates to ₹ 170,379,312 (P.Y. - ₹ 269,148,142). The Company has paid a sum of ₹ 13,965,734 (P.Y. - ₹ 11,465,734) under protest.
- Excise duty liabilities arising out of search operations by the Directorate General of Central Excise Intelligence and Commissioner of Central Excise, Bolpur. However, the Company has paid under protest a sum of ₹ 36.25 lacs (P.Y. - ₹ 32.10 lacs), pending issuance of any show cause notice.

## Schedule forming part of the Accounts

### SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

- g) Several parties including the Company have disputed the basis of levy of Fuel Surcharge in the electricity bills of Damodar Valley Corporation (DVC). Accordingly an amount of ₹ 195,297,820 (P.Y. - ₹ 162,544,658) (after considering waiver of electricity duty admitted by DVC) has not been provided for by the Company. Pending adjudication of final demand, the Company has made adhoc payments against the bills.
- h) Claims not acknowledged as debts for commitment charges debited by the Bank - ₹ 13,527,055 (P.Y. - ₹ 10,444,146).
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for - ₹ 196,146,838 (P.Y. - ₹ 541,476,405). Advances paid there against - ₹ 118,203,890 (P.Y. - ₹ 428,330,458).
3. In the opinion of the management, the Current Assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the accounts. Adequate provisions have been made for all known losses and liabilities.
4. Certain balances of Sundry Creditors, Sundry Debtors and Advances are subject to confirmation.
5. Balances in respect of certain inoperative bank accounts amounting to ₹ 410,279 (P.Y. - ₹ 100,752) are subject to confirmation.
6. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
7. Loans and Advances includes ₹ 2,141,890 (P.Y. - ₹ 2,141,890) seized pursuant to search and seizure operation conducted by the Income Tax authorities on 5th January, 2004 and ₹ 823,640 (P.Y. - ₹ 823,640) paid to Bureau of Investigation in course of enquiries relating to Sales Tax matters.
8. Sundry Debtors include ₹ 26,582,378 (P.Y. - ₹ 5,146,502) covered by letters of credit in favour of the Company. Sundry Creditors include ₹ 1,238,833,309 (P.Y. - ₹ 1,226,151,843) against which letters of credit are outstanding at Balance Sheet date and ₹ 385,608,974 (P.Y. - ₹ 253,332,039) against pledge of stock of raw materials.

#### 9. Managerial Remuneration

- a) Detail of payments and provisions on account of remuneration to managerial personnel is as under :

Particulars	(Amount in ₹)	
	31.03.2011	31.03.2010
<b>Salary to Managing Director</b>		
Suresh Kumar Patni	1,200,000	1,200,000
<b>Salary to Whole-time Director</b>		
Virendra Kumar Jain	866,129	900,000
<b>Perquisites</b>	-	-
<b>Sitting Fees to Other Directors</b>	100,500	124,500
<b>Total</b>	<b>2,166,629</b>	<b>2,224,500</b>

- b) Liability for gratuity is provided for on actuarial basis for the Company as a whole. The amount pertaining to directors is not ascertainable and, therefore, not included above.
- c) The computation of net profit for the purpose of directors' remuneration under Section 349 of the Companies Act, 1956 has not been enumerated since no commission has been paid to any director. Fixed managerial remuneration has been paid to the Managing Director and Whole-time Director within the limit as per Schedule XIII of the Companies Act, 1956.

## Schedule forming part of the Accounts

### SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### 10. Auditors' Remuneration includes :

Particulars	(Amount in ₹)	
	31.03.2011	31.03.2010
a) As Auditor	150,000	150,000
As Tax Auditor	30,000	30,000
b) As Advisor		
- Taxation Matters	-	-
- Company Law Matters	-	-
- Management Services	-	-
c) In any other matter	45,000	37,500
<b>Total</b>	<b>225,000</b>	<b>217,500</b>

#### 11. Forward contracts/hedging instruments outstanding as at the Balance Sheet date are Nil.

Particulars of unhedged foreign currency exposures as at 31st March, 2011 are as follows :

Particulars	Currency	31.03.2011	31.03.2010
Amount payable in foreign currency	USD	3,650,281	1,190,687
Amount receivable in foreign currency	USD	626,350	114,012

#### 12. Fixed Deposit includes interest accrued but not due amounting to ₹ 7,449,420 (P.Y. - ₹ 2,464,790).

#### 13. Capital work-in-progress includes ₹ 234,956,742 (P.Y. - ₹ 131,006,175) as pre-operative expenses relating to project under implementation, pending allocation to Fixed Assets.

Particulars	(Amount in ₹)	
	31.03.2011	31.03.2010
Opening Balance	131,006,175	72,678,967
Add : Expenditure incurred during the period		
Bank Charges	-	1,952,382
Interest on Term Loan	103,448,167	56,244,726
Legal, Professional & Consultancy Charges	200,000	110,000
Pollution Fee & Other Charges	302,400	20,100
Closing Balance	<b>234,956,742</b>	<b>131,006,175</b>

#### 14. Employee Benefits

The disclosures of employee benefits as defined in Accounting Standard - 15 are given below :

##### Defined Contribution Plan :

Contribution to Defined Contribution Plan, recognised as expense for the year is as under :

	31.03.2011	31.03.2010
Employer's Contribution to Provident and Other Funds	789,548	642,056

##### Defined Benefit Plan :

The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as on 31st March, 2011, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

## Schedule forming part of the Accounts

### SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

	(Amount in ₹)	
	Gratuity (Funded)	
	31.03.2011	31.03.2010
<b>(i) Reconciliation of Opening and Closing balances of the Present Value of Defined Benefit Obligation :</b>		
Defined Benefit Obligation at beginning of the year	1,792,699	1,594,716
Current Service Cost	405,789	127,577
Interest Cost	107,241	239,990
Actuarial (Gain)/Loss	349,837	(122,637)
Benefits Paid	(904,368)	(46,947)
Settlement Cost	-	-
<b>Defined Benefit Obligation at the year end</b>	<b>1,751,199</b>	<b>1,792,699</b>
<b>(ii) Reconciliation of Opening and Closing balances of Fair Value of Plan Assets :</b>		
Fair Value of Plan Assets at beginning of the year	2,631,321	2,458,456
Expected Return on Plan Assets	181,458	194,799
Actuarial Gain/(Loss)	20,141	25,013
Employers' Contribution	172,152	-
Benefits Paid	(904,368)	(46,947)
Settlement Cost	-	-
<b>Fair Value of Plan Assets at the year end</b>	<b>2,100,704</b>	<b>2,631,321</b>
Actual return on Plan Assets	-	219,812
<b>(iii) Reconciliation of Fair Value of Assets and Obligation :</b>		
Fair Value of Plan Assets	2,100,704	2,631,321
Present Value of Obligation	1,751,199	1,792,699
Amount recognised as liability/(asset) in Balance Sheet	(349,505)	(838,622)
<b>(iv) Expenses recognised during the year in the Profit &amp; Loss Account :</b> (shown in Schedule - 17 under the head 'Gratuity')		
Current Service Cost	405,789	127,577
Interest Cost	107,241	239,990
Expected Return on Plan Assets	(181,458)	(194,799)
Actuarial (Gain)/Loss	329,696	(147,651)
Net Cost	661,268	25,118
<b>(v) Break-up of Plan Assets as a percentage of total plan assets :</b>		
Insurer Managed Funds	100%	100%
<b>(vi) Actuarial Assumptions :</b>		
Mortality Table (IAL)	IAL 1994-96 Modified Ultimate	IAL 1994-96 Modified Ultimate
Discount Rate (per annum)	8%	8%
Expected Return on Plan Assets (per annum)	8%	8%
Rate of Escalation in Salary (per annum)	8%	5%

<b>(vii) Other Disclosures</b>	<b>31.03.2011</b>	<b>31.03.2010</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
Defined Benefit Obligation	1,751,199	1,792,699	1,594,716	1,226,899
Plan Assets	2,100,704	2,631,321	2,458,456	1,466,441
Surplus/(Deficit)	349,505	838,622	863,740	239,542
Experience Adjustment on Plan Liabilities	(349,847)	122,637	(88,655)	(142,136)

## Schedule forming part of the Accounts

### SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

The discounting rate is considered based on market yield on government bonds having currency and terms consistent with the currency in terms of the post employment benefit obligations.

Expected rate of return assumed by the insurance company is generally based on their investment pattern as stipulated by the Government of India.

The above information is certified by the actuary.

#### 15. Segment Reporting

- (a) **Business segments** : The Company is mainly engaged in the business segment of manufacture & sale of Ferro Alloys and trading in Iron & Steel.

Particulars	Ferro Alloys		Iron & Steel		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue	45,808.57	17,653.21	14,466.43	37,506.74	-	-	60,275.00	55,159.95
Segment Results (Profit before Interest & Tax)	1,974.18	1,257.69	201.94	963.69	-	-	2,176.12	2,221.38
Interest	-	-	-	-	1,126.50	1,211.80	1,126.50	1,211.80
<b>Profit Before Tax</b>	<b>1,974.18</b>	<b>1,257.69</b>	<b>201.94</b>	<b>963.69</b>	<b>(1,126.50)</b>	<b>(1,211.80)</b>	<b>1,049.62</b>	<b>1,009.58</b>
Less : Income Tax & FBT	-	-	-	-	326.89	359.95	326.89	359.95
<b>Profit After Tax</b>	<b>1,974.18</b>	<b>1,257.69</b>	<b>201.94</b>	<b>963.69</b>	<b>(1,453.39)</b>	<b>(1,571.75)</b>	<b>722.73</b>	<b>649.63</b>
<b>Other information :</b>								
Assets	51,278.24	38,858.04	154.89	10,386.43	44.33	421.75	51,477.46	49,666.23
Liabilities	17,757.96	6,946.70	53.14	9,751.44	350.00	1,093.71	18,161.10	17,791.84
Capital Expenditure	4,598.25	4,821.95	-	-	-	-	4,598.25	4,821.95
Depreciation	293.29	287.47	-	-	-	-	293.29	287.47
Non-cash Expenses (other than Depreciation)	14.83	12.41	-	-	-	-	14.83	12.41

- (b) **Geographical segments** : The Company's secondary geographical segments have been identified based on the location of customers and are disclosed based on revenues within India and revenues outside India. Secondary segment assets are based on the location of such asset.

			Segment Revenue (Based on Location of Customers)		Segment Assets (Based on Location of Assets)		Capital Expenditure
Within India	Year ended	31st March, 2011	44,390.60	51,197.80	4,598.25		
	Year ended	31st March, 2010	43,014.80	49,614.76	4,821.95		
Outside India	Year ended	31st March, 2011	15,884.40	279.67	-		
	Year ended	31st March, 2010	12,145.15	51.47	-		
<b>Total</b>	<b>Year ended</b>	<b>31st March, 2011</b>	<b>60,275.00</b>	<b>51,477.47</b>	<b>4,598.25</b>		
	<b>Year ended</b>	<b>31st March, 2010</b>	<b>55,159.95</b>	<b>49,666.23</b>	<b>4,821.95</b>		

## Schedule forming part of the Accounts

### SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### 16. Related Party Disclosures

(i) Name of the related parties where control exists irrespective of whether transactions have occurred or not :

None.

(ii) Names of the other related parties with whom transactions have taken place during the year :

(a) Key Managerial Personnel	Mr. Suresh Kumar Patni, Managing Director Mr. Virendra Kumar Jain, Whole Time Director (upto 28.03.2011)
(b) Enterprises owned or significantly influenced by the Key Managerial Personnel or their relatives	Ankit Metal & Power Ltd. Arin Minerals Pvt. Ltd. Brahmand Udyog Ltd. DC Ispat Ltd. Dhodwala Enterprises Ltd. Gold Mohar Steel Ltd. Hira Concast Ltd. Impex Cements Ltd. Impex Industries Ltd. Impex Metal & Ferro Alloys Ltd. Impex Steel Ltd. Patni Metal & Ferro Alloys Ltd. Rohit Ferro-Tech Ltd. Sahyogi Distributors Ltd. Unilever Enterprises Pvt. Ltd. Vasupujya Enterprises Pvt. Ltd. Vikash Metal & Power Ltd. Vikash Smelters & Alloys Ltd. VSN Agro Products Ltd. Whitestone Suppliers Pvt. Ltd.

Transactions with related parties referred to above, in ordinary course of the business, are as under :

Particulars	(Amount in ₹)			
	Referred in ii (a) above		Referred in ii (b) above	
	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>Managerial Remuneration</b>				
1 Suresh Kumar Patni	1,200,000	1,200,000	-	-
2 Virendra Kumar Jain	866,129	900,000	-	-
<b>Purchase of Goods</b>				
1 Brahmand Udyog Ltd.	-	-	-	30,016,584
2 Impex Metal & Ferro Alloys Ltd.	-	-	112,435,228	46,699,133
3 Vikash Metal & Power Ltd.	-	-	-	5,720,082
4 Sahyogi Distributors Ltd.	-	-	-	256,011,486
5 Ankit Metal & Power Ltd.	-	-	8,994,788	1,552,322
6 Impex Steel Ltd.	-	-	6,483,523	-
7 Rohit Ferro-Tech Ltd.	-	-	10,240,179	-



## Schedule forming part of the Accounts

### SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Transactions with related parties referred to above, in ordinary course of the business, are as under (Contd.) :

		Referred in ii (a) above		Referred in ii (b) above	
Particulars		Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010
<i>(Amount in ₹)</i>					
<b>Purchases of Fixed Assets</b>					
1	Ankit Metal & Power Ltd.	-	-	397,408	-
<b>Sales of Finished Goods</b>					
1	Brahmand Udyog Ltd.	-	-	388,699,220	281,737,579
2	Hira Concast Ltd.	-	-	-	9,869,541
3	Impex Metal & Ferro Alloys Ltd.	-	-	524,340,345	115,252,099
4	Impex Steel Ltd.	-	-	-	3,495,287
5	Vikash Metal & Power Ltd.	-	-	6,825,367	27,299,285
6	Sahyogi Distributors Ltd.	-	-	319,691,325	149,569,290
7	Ankit Metal & Power Ltd.	-	-	27,753,422	-
8	Arin Minerals Pvt. Ltd.	-	-	7,279,999	-
9	Rohit Ferro-Tech Ltd.	-	-	815,143	-
<b>DEPB Licence Sold</b>					
1	Ankit Metal & Power Ltd.	-	-	2,013,598	-
<b>Loans Taken</b>					
1	Gold Mohar Steel Ltd.	-	-	-	10,000,000
2	VSN Agro Products Ltd.	-	-	-	10,000,000
3	Sahyogi Distributors Ltd.	-	-	-	34,800,000
4	Dhodwala Enterprises Ltd.	-	-	-	30,000,000
5	Impex Industries Ltd.	-	-	-	17,500,000
6	Patni Metal & Ferro Alloys Ltd.	-	-	-	20,000,000
7	Whitestone Suppliers Pvt. Ltd.	-	-	50,000,000	-
8	Vasupujya Enterprises Pvt. Ltd.	-	-	166,000,000	-
9	Unilever Enterprises Pvt. Ltd.	-	-	10,000,000	-
<b>Loans Repaid</b>					
1	Impex Cements Ltd.	-	-	38,837	-
2	Sahyogi Distributors Ltd.	-	-	-	34,800,000
3	Dhodwala Enterprises Ltd.	-	-	36,178	13,257
4	Gold Mohar Steel Ltd.	-	-	33,701	21,722
5	Impex Industries Ltd.	-	-	29,650	15,761
6	VSN Agro Products Ltd.	-	-	35,521	14,358
7	Patni Metal & Ferro Alloys Ltd.	-	-	34,587	-
8	Unilever Enterprises Pvt. Ltd.	-	-	10,000,000	-
<b>Share Application Money</b>					
1	Dhodwala Enterprises Ltd.	-	-	-	20,000,000
2	Impex Cement Ltd.	-	-	-	10,000,000
3	Patni Metal & Ferro Alloys Ltd.	-	-	-	10,000,000
4	VSN Agro Products Ltd.	-	-	-	12,260,000
<b>Advances Given</b>					
1	Brahmand Udyog Ltd.	-	-	73,979,285	-
2	Sahyogi Distributors Ltd.	-	-	162,707,634	-

## Schedule forming part of the Accounts

### SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Transactions with related parties referred to above, in ordinary course of the business, are as under (Contd.):

(Amount in ₹)

Particulars	Referred in ii (a) above		Referred in ii (b) above	
	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>Advances Given, Refunded Back*</b>				
1 DC Ispat Ltd.	-	-	-	1,500,000
2 Impex Cements Ltd.	-	-	-	21,000,000
3 Vikash Smelters & Alloys Ltd.	-	-	30,000,000	7,500,000
4 Patni Metal & Ferro Alloys Ltd.	-	-	1,000,000	-
<b>Advances Refunded</b>				
1 DC Ispat Ltd.	-	-	-	1,500,000
2 Brahmand Udyog Ltd.	-	-	-	50,000,000
<b>Advances Taken</b>				
1 Sahyogi Distributors Ltd.	-	-	-	3,026,180
<b>Advances Taken, Repaid Back*</b>				
1 Dhodwala Enterprises Ltd.	-	-	3,000,000	6,000,000
2 Gold Mohar Steel Ltd.	-	-	3,000,000	6,000,000
3 Impex Cements Ltd.	-	-	3,000,000	2,025,000
4 Impex Industries Ltd.	-	-	3,000,000	9,000,000
5 Impex Steel Ltd.	-	-	54,800,000	20,000,000
6 DC Ispat Ltd.	-	-	-	2,500,000
7 Patni Metal & Ferro Alloys Ltd.	-	-	3,000,000	6,000,000
8 VSN Agro Products Ltd.	-	-	3,000,000	9,000,000
9 Vikash Smelters Ltd.	-	-	13,000,000	-
10 Unilever Enterprises Pvt. Ltd.	-	-	3,000,000	-
11 Impex Metal & Ferro Alloys Ltd.	-	-	85,584,906	-
12 Vikash Metal & Power Ltd.	-	-	120,181,504	-
13 Hira Concast Ltd.	-	-	15,000,000	-
14 Brahmand Udyog Ltd.	-	-	4,748,285	-
15 Arin Minerals Pvt. Ltd.	-	-	142,805	-
<b>Outstanding Balances as at 31st March, 2011</b>				
<b>Sundry Debtors</b>				
1 Hira Concast Ltd.	-	-	-	1,609,747
2 Impex Metal & Ferro Alloys Ltd.	-	-	-	9,946,503
3 Vikash Metal & Power Ltd.	-	-	1,579,139	9,721,121
4 Ankit Metal & Power Ltd.	-	-	2,957,285	-
5 Rohit Ferro-Tech Ltd.	-	-	815,143	-
6 Sahyogi Distributors Ltd.	-	-	44,322,728	-
<b>Sundry Creditors</b>				
1 Impex Metal & Ferro Alloys Ltd.	-	-	85,343,771	-
<b>Loans Taken</b>				
1 Brahmand Udyog Ltd.	-	-	10,937,228	10,937,228
2 Dhodwala Enterprises Ltd.	-	-	42,693,822	42,730,000
3 Gold Mohar Steel Ltd.	-	-	63,266,299	63,300,000

## Schedule forming part of the Accounts

### SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Transactions with related parties referred to above, in ordinary course of the business, are as under (Contd.) :

(Amount in ₹)

Particulars	Referred in ii (a) above		Referred in ii (b) above	
	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010
4 Impex Cements Ltd.	-	-	20,547,212	20,586,049
5 Impex Industries Ltd.	-	-	54,420,350	54,450,000
6 Patni Metal & Ferro Alloys Ltd.	-	-	32,849,457	32,884,044
7 Vasupujya Enterprises Pvt. Ltd.	-	-	167,616,578	1,616,578
8 VSN Agro Products Ltd.	-	-	18,904,579	18,940,000
9 Whitestone Suppliers Pvt. Ltd.	-	-	50,000,000	-
<b>Advances Given</b>				
1 Brahmand Udyog Ltd.	-	-	33,940,094	58,779,285
<b>Advances Taken</b>				
1 Sahyogi Distributors Ltd.	-	-	-	3,026,180

\* Figures for loans and advances given/taken represent maximum amount involved at any time during the year.

#### 17. Earnings Per Share :

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
Weighted average number of equity shares outstanding during the year	49,971,604	34,714,980
Number of shares considered as weighted average shares and potential shares outstanding for calculation of Diluted Earnings Per Share.	49,971,604	34,714,980
Profit after Tax, before extraordinary item (₹)	72,273,228	64,963,012
Profit after Tax, after extraordinary item (₹)	67,980,190	57,083,248
Nominal Value of ordinary shares (₹)	10.00	10.00
<b>Earnings Per Share (Basic) (₹)</b>		
(i) Before extraordinary item	1.45	1.87
(ii) After extraordinary item	1.36	1.64
<b>Earnings Per Share (Diluted) (₹)</b>		
(i) Before extraordinary item	1.45	1.87
(ii) After extraordinary item	1.36	1.64

#### 18. Components of Deferred Tax Liability as per AS - 22, "Accounting for Taxes on Income" is as under :

(Amount in ₹)

Nature of Timing Difference	31.03.2011	31.03.2010
Deferred Tax Liability		
Depreciation	75,307,329	77,618,546
Deferred Tax Asset	Nil	Nil
<b>Net Deferred Tax Liability</b>	<b>75,307,329</b>	<b>77,618,546</b>

#### 19. Additional information pursuant to the provisions of paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

##### (a) Capacity, Production, Sales & Stock

Licensed Capacity : N.A.

Installed Capacity : Ferro-Alloys 59,025 MT Per Annum (P.Y. - 59,025 MT)

(Installed Capacity has been certified by the management and not verified by the auditors being a technical matter)

## Schedule forming part of the Accounts

### SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

Class of Goods	Year Ended 31.03.2011		Year Ended 31.03.2010	
	Quantity (MT)	Amount (₹)	Quantity (MT)	Amount (₹)
<b>1. Ferro-Alloys</b>				
Opening Stock	2,004.280	85,522,164	1,340.390	50,712,976
Production*	31,530.680	-	36,831.070	-
Sales**	32,389.850	1,811,019,908	36,167.180	1,784,676,581
Closing Stock	1,145.110	56,812,883	2,004.280	85,522,164
<b>2. Iron &amp; Steel Products</b>				
Opening Stock	-	-	-	-
Purchases	61,335.720	1,426,449,713	174,541.972	3,654,304,258
Sales	61,335.720	1,446,643,375	174,541.972	3,750,673,585
Closing Stock	-	-	-	-

\* Production includes 215.50 MT (P.Y. - 62.08 MT) used for captive consumption.

\*\* Sales include following quantity at Nil value :

- Captive consumption of 215.50 MT (P.Y. - 62.08 MT).
- Returns of Nil (P.Y. - 10 MT) used for re-processing.

#### (b) Raw Materials Consumed

(including cost of raw materials sold)

Item	Year Ended 31.03.2011		Year Ended 31.03.2010	
	Quantity (MT)	Amount (₹)	Quantity (MT)	Amount (₹)
Manganese Ore*	207,181.045#	3,537,955,375	70725.306#	715,069,519
Coal & Coke	30,045.831	192,594,244	35,319.645	230,752,998
Dolomite	6,323.080	8,922,377	11,112.995	14,549,820
Others**		50,343,261		40,285,434
<b>Total</b>		<b>3,789,815,257</b>		<b>1,000,657,771</b>

\* Excludes sales return of Nil (P.Y. - 10 MT) used for reprocessing.

# Excludes material removed from slag & reused in process - 2,975 MT (P.Y. - 4,120 MT).

\*\* None of the items individually exceeds 10% of the total raw material consumed.

Break Up	Year Ended 31.03.2011		Year Ended 31.03.2010	
	Amount (₹)	Percentage	Amount (₹)	Percentage
Indigenous	3,299,444,394	87.06	713,239,033	71.28
Imported	490,370,863	12.94	287,418,738	28.72
<b>Total</b>	<b>3,789,815,257</b>	<b>100.00</b>	<b>1,000,657,771</b>	<b>100.00</b>

#### (c) Stores, Spares & Consumables

Break Up	Year Ended 31.03.2011		Year Ended 31.03.2010	
	Amount (₹)	Percentage	Amount (₹)	Percentage
Indigenous	6,511,720	100	6,497,086	100
Imported	-	-	-	-
<b>Total</b>	<b>6,511,720</b>	<b>100</b>	<b>6,497,086</b>	<b>100</b>

## Schedule forming part of the Accounts

### SCHEDULE 19 ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### (d) Sale of Raw Materials

	Year Ended 31.03.2011		Year Ended 31.03.2010	
	Quantity (MT)	Amount (₹)	Quantity (MT)	Amount (₹)
Manganese Ore	148,249.160	2,748,003,057	-	-
<b>Total</b>	<b>148,249.160</b>	<b>2,748,003,057</b>	<b>-</b>	<b>-</b>

#### (e) Value of Imports/Expenditure in Foreign Currency

CIF Value of Imports	(Amount in ₹)	
	Year Ended 31.03.2011	Year Ended 31.03.2010
Raw Materials	281,000,374	599,195,299
<b>Total</b>	<b>281,000,374</b>	<b>599,195,299</b>

#### (f) Foreign exchange earnings and outgo :

##### i. Earnings in Foreign Currency :

F.O.B. value of exports - ₹1,037,998,899 (P.Y. - ₹1,170,001,574)

##### ii. Expenditure in Foreign Currency :

Particulars	(Amount in ₹)	
	Year Ended 31.03.2011	Year Ended 31.03.2010
Sales Commission	548,007	-
Membership & Subscription	97,454	-
Testing & Other Charges	459,368	-
<b>Total</b>	<b>1,104,829</b>	<b>-</b>

20. Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever considered necessary. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year's financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

In terms of our attached report of even date

For **S. Jaykishan**  
Chartered Accountants  
FRN : 309005E

(**B.K. Newatia**)  
Partner  
Membership No. 050251

12, Ho Chi Minh Sarani,  
Kolkata – 700 071.  
Dated : The 30th day of May, 2011.

On behalf of the Board

**Pradip Kumar Agarwal**  
Company Secretary

**Rohit Patni**  
Director

**S. K. Patni**  
Managing Director

# Balance Sheet Abstract

Additional Information as required under part IV of Schedule VI of the Companies Act, 1956.

Balance Sheet abstract and Company's general business profile

**i) Registration Details :**

Registration No.        State Code         
 Balance Sheet Date

**ii) Capital raised during the year :**

(Figures in ₹ '000)

Public Issue        Right Issue         
 Bonus Issue        Private Placement

**iii) Position of Mobilisation & Deployment of Funds :**

(Figures in ₹ '000)

Total Liabilities         Total Assets

**iv) Sources of Funds**

(Figures in ₹ '000)

Paid Up Capital         Secured Loans          
 Reserve & Surplus         Unsecured Loans          
 Share Application Money        Deferred Tax Liability

**v) Application of Funds**

(Figures in ₹ '000)

Net Fixed Assets         Capital Work-in-Progress          
 Net Current Assets         Misc. Expenditure

**vi) Performance of the Company :**

(Figures in ₹ '000)

Total Income         Total Expenditure          
 Profit/(Loss) Before Tax         Profit/(Loss) After Tax         
 Earnings Per Share         Dividend Rate %

**vii) Generic Name of Principal Products/Services of the Company (As Per Monetary Terms) :**

Item Code No. (ITC Code)	Product Description
7202 2100	Ferro-Alloys

In terms of our attached report of even date

For **S. Jaykishan**  
 Chartered Accountants  
 FRN : 309005E

On behalf of the Board

**(B.K. Newatia)**  
 Partner  
 Membership No. 050251

**Pradip Kumar Agarwal**  
 Company Secretary

**Rohit Patni**  
 Director

**S. K. Patni**  
 Managing Director

12, Ho Chi Minh Sarani,  
 Kolkata – 700 071.  
 Dated : The 30th day of May, 2011.

*Dear Shareholder,*

**Sub : Green Initiative in Corporate Governance**

Ministry of Corporate Affairs (MCA) has recently issued Circulars regarding 'Green Initiative in Corporate Governance' by allowing paperless compliances by serving documents through electronic mode. Accordingly, we propose to send all future shareholders' communications like Notices, Company's Annual Report, etc. through electronic mode. This will ensure prompt receipt of communication, avoid loss in postal transit and most importantly, will enable your Company to help in conservation of forest resources.

If you are holding shares in electronic form, we would request you to register your e-mail address with your Depository Participant, in case you have not already done so. You are also requested to intimate to the Depository Participant changes, if any, in your registered addresses, e-mail id and/or changes in your bank account details. You are not required to re-register unless there is a change in your e-mail address etc.

If you are holding shares in Physical form, you may provide your e-mail address by filling the below printed form and send it to our Registrar & Share Transfer Agent at the following address and also intimate whether going forward you desire to receive documents in electronic mode or not.

Maheshwari Datamatics Pvt. Ltd.  
6, Mangoe Lane (Surendra Mohan Ghosh Sarani),  
2nd Floor, Kolkata - 700 001  
Phone : +91 33 2248 2248, Fax No : +91 33 2248 4787,  
E-mail : mdpldc@yahoo.com

You may note that documents sent through e-mail will also be available on the Company's website [www.impexferrotech.com](http://www.impexferrotech.com). As a member of the Company, you will continue to be entitled to be furnished, free of cost, with printed copy of Annual Report and all other documents, upon receipt of a request from you for the same.

We appreciate the 'Green Initiative' taken by MCA and trust you would help in implementing the e-governance initiative of the Government.

Thanking you,  
Yours faithfully  
For **Impex Ferro Tech Limited**

**Pradip Kumar Agarwal**  
*Company Secretary*

Date : 16th August, 2011  
Place : Kolkata

-----  
The Director  
Maheshwari Datamatics Pvt. Ltd.  
6, Mangoe Lane, 2nd Floor  
Surendra Mohan Ghosh Sarani  
Kolkata - 700 001

**Sub : E-mail updation for Shareholders holding shares in Physical Form**

Dear Sir,

In view of the MCA Circulars bearing no.17/2011 dated 21st April, 2011 and No.18/2011 dated 29th April, 2011, I, .....,  
....., Son/Daughter/Wife of .....,  
holding .....shares of Impex Ferro Tech Limited ("the Company") bearing Folio No..... do hereby wish to receive all future communications/requisite documents of the Company at the following e-mail id :

E-mail Id :.....

You are requested to please update the same in your Book of Records.

Signature :

Sole/First holder

Second holder

Third holder

Note : The above Form duly filled in and signed by the member(s) may please be sent to the Registrar, Maheshwari Datamatics Pvt. Ltd., in the following manner :  
(i) By Hand/Post/Courier (ii) Scanned copy through e-mail.





# IMPEX FERRO TECH LIMITED

Registered Office : 35, Chittaranjan Avenue, 4th Floor, Kolkata - 700 012  
Corporate Office : SKP House, 132A, S. P. Mukherjee Road, Kolkata - 700 026

## FORM OF PROXY

I/We .....  
of .....  
.....being a Member(s) of the above named Company,  
hereby appoint .....  
of .....  
or failing him .....  
of .....as my/our proxy to vote for me/us on  
my/our behalf at the Annual General Meeting of the Company to be held on Friday, the 16th September, 2011 at 10 :30 AM and  
at any adjournment thereof.

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

Signature.....

Affix  
Revenue  
Stamp

Folio No.....

DP ID No.....

Client ID No.....

Note : This Form of Proxy must be deposited at the Corporate Office of the Company, SKP House, 132A, S. P. Mukherjee Road, Kolkata - 700 026, not less than 48 hours before the time of holding the meeting.

# IMPEX FERRO TECH LIMITED

Registered Office : 35, Chittaranjan Avenue, 4th Floor, Kolkata - 700 012  
Corporate Office : SKP House, 132A, S. P. Mukherjee Road, Kolkata - 700 026

## ATTENDANCE SLIP

*(To be handed over at the entrance of the Meeting Hall)*

I hereby record my presence at the Annual General Meeting of the above named Company held at "Rotary Sadan", 94/2, Chowringhee Road, Kolkata - 700 020 on Friday, the 16th September, 2011 at 10:30 AM.

Full Name of Member/Proxy  
attending the meeting .....

Full Name of First Holder  
(if Joint Holder/Proxy attending).....

Folio No.....

DP ID No.....

Client ID No.....

Signature of the Member/Proxy  
(To be signed at the time of handing over this slip)

Members who come to attend the meeting are requested to bring their copies of the Annual Report with them.



# Corporate Information

## Board of Directors

Mr. Suresh Kumar Patni	<i>Chairman cum Managing Director</i>
Mr. Rohit Patni	<i>Non-Executive Director</i>
Mr. Ankit Patni	<i>Non-Executive Director</i>
Mr. Prem Narayan Khandelwal	<i>Independent/Non-Executive Director</i>
Mr. Krishna Kumar Chanani	<i>Independent/Non-Executive Director</i>
Mr. Ashok Kumar Jain	<i>Independent/Non-Executive Director</i>

## Company Secretary

Mr. Pradip Kumar Agarwal

## Auditors

M/s. S. Jaykishan  
*Chartered Accountants*  
12, Ho Chi Minh Sarani, Kolkata - 700 071

## Bankers

State Bank of India  
Bank of Baroda  
Punjab National Bank  
United Bank of India

## Registered Office

35, Chittaranjan Avenue, Kolkata - 700 012  
Phone : +91 33 2211 9805/9806

## Corporate Office

SKP House,  
132A, S. P. Mukherjee Road, Kolkata - 700 026  
Phone : +91 33 4016 8000  
Fax : +91 33 4016 8107  
E-mail : enquiry@ankitmetal.com  
Website : www.ankitmetal.com

## Plant Information

Kadavita Dendua Road,  
P.O. Kalyaneshwari, P.S - Kulti  
Dist - Burdwan,  
West Bengal - 713 369



*If undelivered, please return to :*

Impex Ferro Tech Ltd.

SKP House,

132A, S. P. Mukherjee Road,

Kolkata - 700 026