

# Impex Ferro Tech Limited

Annual Report 2008-2009



### **Board of Directors**

Mr. Vimal Kumar Patni  
*Chairman*

Mr. Suresh Kumar Patni  
*Managing Director*

Mr. Virendra Kumar Jain  
*Whole time Director*

Mr. Ajit Kumar Patni

Mr. Chhatar Singh Dugar

Mr. Krishna Kumar Chanani

Mr. Prem Narayan Khandelwal

Mr. Ashok Kumar Jain

### **Company Secretary**

Mr. Pradip Kumar Agarwal



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### **Banker**

State Bank of India  
Bank of Baroda  
Punjab National Bank

### **Auditors**

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

# notice

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of the Company will be held at "Purbashree", Bharatiyam Cultural Multiplex, EZCC, IB - 201, Sector - III Saltlake, Kolkata - 700106 on Thursday, September 24, 2009 at 10.30 A.M. to transact the following businesses :

## Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Ajit Kumar Patni, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Chhatar Singh Dugar, 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 offers themselves for re-appointment.

Registered Office :  
35, C. R. Avenue  
4th Floor, Kolkata - 700 012  
Date : August 28, 2009

By Order of the Board of Directors

**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. Proxies in order to be effective should be completed, stamped, signed and must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books will remain closed from 19th September, 2009 to 24th September, 2009 (both days inclusive).
4. 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.
5. 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.
6. Members/Proxies should bring their attendance slip sent herewith, duly filled in, for attending the meeting.

**notice (contd.)****DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT**

<b>Name of the Director</b>	<b>Mr. Ajit Kumar Patni</b>	<b>Mr. Chattar Singh Dugar</b>
Date of Birth	03.02.1962	05.11.1950
Date of Appointment	25.09.2006	15.01.2002
Expertise in Specific Functional area	Finance & Management	Accounts & Taxation
Qualification	B.Com	B.Com
Board membership of other Companies as on March 31, 2009 (Public Limited Companies)	Impex Industries Limited Impex Cements Limited Impex Steel Limited Patni Metal & Ferro Alloys Ltd. Dhodwala Enterprises Limited Gold Mohar Steel Limited VSN Agro Products Limited D. C. Ispat Limited	Vikash Metal & Power Limited
Chairman/Member of the Committee of the Board of Directors of the Company as on March 31, 2009	Member-Investors' Grievance Committee Member-Audit Committee	Chairman - Investors' Grievance Committee Member - Audit Committee Member - Remuneration Committee
Chairman/Member of the Committee of Directors of other public Companies in which he is a Director as on March 31,2009	Nil	
a) Audit Committee		Member-Vikash Metal & Power Limited
b) Investors' Grievance Committee		
c) Remuneration Committee		
Shareholding	175000 Equity Shares	Nil



# directors' report

## Dear Shareholders,

Your Directors are pleased to present the 14th Annual Report of the Company together with the Audited Accounts of the Company for the financial year ended 31st March, 2009.

(Rs in Lacs)

Financial Highlight	31.03.2009	31.03.2008
Profit before Interest, Depreciation & Tax	2305.72	2532.27
Less : Interest	1239.58	671.02
Less : Depreciation	252.76	216.22
Profit before Tax	813.38	1645.03
Less : Provision for Tax		
Current Tax	138.50	
Deferred Tax	144.81	
Fringe benefit Tax	5.53	288.84
Profit after Tax	524.54	1053.70
Adjustment for Extra-Ordinary Item	(170.06)	(46.07)
Transitional adjustment for Gratuity	-	1.65
Balance brought forward from Previous year	3023.68	2014.40
Balance transferred to Balance sheet	3378.16	3023.68

### Financial and Performance Review

During the year under review the Company has achieved a turnover of Rs.383.63 crores as against Rs.270.22 crores in the previous year. The profit before tax for the year stood at Rs.813.38 lacs compared to Rs. 1645.03 lacs in the previous year registering a substantial fall over previous year. During the year the Company has produced 31,637.810 MT of Ferro Alloys as compared to 35,364.900 MT in the previous year.

The financial year 2008-2009 started on a buoyant note but the second half of the year experienced a sharp slowdown due to global meltdown which resulted in lower industrial production, negative exports and dented corporate margin.

The sales realization in the second half of the year declined due to weak market sentiments while the raw material prices under the long-term contract remained unchanged. The company also faced fall in demand due to production cut by the user industry and its ability to meet supply was effected due to temporary shut down of two of its furnaces for a period of two month in the fourth quarter. Further, the liquidity issues in the financial market led to hardening of interest rates adding pressure on the bottom line.

The Company experienced growth opportunity in the trading segment, coupled with improved contribution which helped maintain operational profit during the year.

### Expansion of production Capacity and Power Plant

The Directors of your Company are pleased to inform you that during the year the Company has successfully commenced

operation from its 5th Submerged Arc Furnace having 7.50 MVA capacity.

The 30 MW Captive Power Plant project is progressing satisfactorily and the company has received financial closure of the term loan component with the sanction of Rs. 37.55 crores by State Bank of India. Once the power plant is installed, the company would be deriving power from its own resources which will result in substantial saving in its power cost specially in view of the increase in cost of power from local power utilities.

### Dividend

Considering the financial requirements towards the funding of the ongoing expansion plan, which we believe will enhance the shareholders' value in long term, the Directors of your Company do not recommended any dividend for the financial year 2008-2009.

### Proposed Right Issue

The Company has received statutory approval from SEBI for its proposed right issue to raise a sum aggregating Rs.40.00 crores to part finance the 30MW power plant and the 5th Submerged Arc furnace of 7.5 MVA. The lead manager to the issue is preparing the final letter of offer based on the updated audited financials to be filed with the SEBI incorporating the changes as suggested by them.

### Issue of Warrants

During the year the Company has allotted 60,00,000 (Sixty Lacs) warrants at a price of Rs.22.25 per warrant to be converted into

## directors' report (contd.)

equity share of Rs.10/- each at a premium of Rs.12.25 per equity share to the persons belonging to promoters group and strategic investors belonging to non promoter group. The allotment of the warrants was made on 02.07.2008 and Rs. 133.80 Lacs being 10% of the value of warrant issued has been collected.

### 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 Auditors of the Company 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 confirm that:

- a) in preparation of the Annual Accounts, the applicable accounting standards have been followed along with the proper explanation relating to the material departures, if any;
- b) 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;
- c) the Director 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;
- d) 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

Mr. Chhatar Singh Dugar and Mr. Ajit Kumar Patni retire by rotation and being eligible, offers themselves for re-appointment.

As approved by the members of the Company in the last Annual General Meeting, Mr. Suresh Kumar Patni, Managing Director and Mr.Virendra Kumar Jain, Whole time director of the Company has been re-appointment for a further period of 5 (Five) years w.e.f. 01.07.2008.

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

The Auditors, M/s. S. Jaykishan, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for reappointment.

### Particulars of Employees

The Company had no employee during the year ended 31stMarch,2009 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 employees of the Company.

For and on behalf of the Board

Kolkata, August 28, 2009

**V. K. Patni**  
Chairman

# annexure to 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 non peak power consumption levels.

#### b) additional investment and proposals, if any, being implemented for reduction of consumption of energy

The Company has refurbished capacitor banks for all its submerged furnaces for improving the furnace power factor with a view to improve its energy consumption efficiency.

#### 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 Company has altered its product mix by increasing the production of Silico Manganese as compared to Ferro Manganese based on the market trend and demand of the respective products, hence the per ton consumption of electricity is not comparable with earlier year.

#### d) total energy consumption and energy consumption per unit of production as per FORM- A attached

### B) Technology Absorption

#### e) effort made in technology absorption as per FORM- B attached

### C) Foreign exchange earning and outgo

#### f) 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.

#### g) total foreign exchange used and earned

Total Foreign Exchange earned : Rs. 12595 Lacs

Total Foreign Exchange used : Rs 6418 Lacs

### FORM – A

#### Disclosure of particulars with respect to conservation of energy

	2008-2009	2007-2008
<b>A. Power &amp; Fuel Consumption</b>		
<b>1. Electricity :</b>		
Total Unit in Lacs	1447.27	1458.89
Amount- Rs in Lacs	4329.52	4294.88
Rate Per Unit	2.99	2.94
<b>2. Coal &amp; Coke</b>		
Quantity-M. T.	29042	30548
Total Cost - Rs in Lacs	2043.65	1580.40
Average rate- Rs per Ton	7037	5173
<b>B. Consumption per unit of production</b>		
<b>1. Electricity (Unit/MT)</b>	4575	4125
<b>2. Coal &amp; Coke (Kg/MT)</b>	918	864

# annexure to directors' report

## FORM - B

### Disclosure of particulars with respect to Technology Absorption

#### 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

a) Capital	Nil
b) Recurring	Nil
c) Total	Nil
d) Total R&D expenditure as a percentage of total turnover	Nil

#### 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

Kolkata, August 28, 2009

For and on behalf of the Board  
**V. K. Patni**  
 Chairman



# management discussion and analysis

## Economic outlook

Economies around the world have been seriously affected by the financial crises and slump in activity. Like all other emerging economies, India was also adversely impacted by the global meltdown and crisis. The slowdown was reflected in the lower Industrial production and negative export. The financial system across the world were disrupted and there was a drastic fall in growth in IT enable services, steel, automobiles, textiles, cement, infrastructures and housing sector. The timely fiscal stimulus packages announced by the Government in several tranches helped in countering the crises to a considerable extent. In spite of negative impact on the global economy the current global crisis have been combated through swift coordinated measures taken by the Governments announcing stimulus packages and easing monetary policies and the impact of the steps initiated by the leading economies have started showing positive results.

## Industry Structure and Development

The Company manufactures manganese based alloys i.e. Ferro Manganese and Silico Manganese. These Alloys primarily used as alloying elements in production of steel and are essential additives in steel making used for imparting desired properties to steel.

The growth of Ferro Alloys industry is directly linked with the growth of Iron and steel industry which in turn depend upon its user industry i.e. infrastructures and housing, automobiles, consumer durables etc. About 90% of world Ferro Alloy production is consumed by the Iron and Steel Industry with balance 10% being consumed by engineering sector.

## Opportunity and Threats

India is a key player in global Ferro Alloys industry with 5-7% shares. Infrastructure has been identified as a core thrust area by the Government and large investment are planned by both public and private sector in these segments. Several global player in auto sector are also setting up manufacturing bases in India and expanding their existing facilities. The Government of India is targeting Rs. 1,000 bn infrastructure investments over the next two years. Huge investment are also planned in power sector, and more than Rs. 2000 bn investments are proposed in railway infrastructure in eleventh plan, development and up gradation of roads and high way including 100 Km of rural roads every day under the Pradhan Mantri's Gram Sadak Yojna are expected to fuel the demand of steel over coming years. These proposed

investments and developments are expected to provides ample opportunity to the Ferro alloys industry in coming future.

Captive supply of raw materials and power are the key success factors specially for a power intensive industry in a fluctuating raw material price scenario. The volatility in the major input cost i.e. manganese ore and cost of power holds threat of increase in cost of production.

However, with the positive prospects of the industry, availability of all inputs within the country and the Company's current linkage with overseas mine operators for Manganese Ore supply and the installation of captive power plant, the Company is confident of maintaining cost competitiveness and prevail over the competition in the market place.

## Outlook

The outlook of the Ferro Alloys industry is expected to remains positive owing to revival in the demand in certain user industry due to Government initiatives to mitigate the impact of global melt down. The Government's monetary and fiscal stimulus package to counter the economic slowdown are expected to be favorable to steel and other consuming sectors. Reintroduction of DEPB Scheme to encourage exports, various measures to encourage auto sector, an important steel consumer, series of benefits to housing and real estate sector, modernization of airports and huge investment plan in railway and infrastructure projects are expected to encourage the demand of steel which in turn promises the revival in demand of Ferro alloys industry.

## Risk and Concern

In the normal course of business the Company is exposed to external risk such as fluctuation in demand, competition from other market players, risk arising from supply chain glitches, internal risk like variation in cost, financial risk of adverse variation in interest rate and fluctuation in foreign exchange rates. All the key function and division heads are independently responsible to monitor the risk associated in their respective area

The economic slowdown has affected all sector of the economy, reducing the GDP growth rate. The global recessionary effect may also put pressure and led to decline in export orders. The demand and prices of Ferro Alloys is linked with the fortune of steel industry and if the steel sector does not gain momentum as projected, the demand and supply imbalance may put pressure on the prices of ferro alloys.

## management discussion and analysis (contd.)

### 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.18 of Schedule 19 to the Annual Accounts for the year 2008-2009.

### Internal Control

The Company has adequate internal control system. The internal control system of the Company are monitored and evaluated by the Internal Auditors. The Audit committee regularly reviews the observations and suggestion of the internal auditors and takes necessary corrective actions.

### 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.

### 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 with which the Company conducts business.

For and on behalf of the Board

**V. K. Patni**  
Chairman

Kolkata, August 28, 2009

# 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 its all transactions with the shareholders, employees, lenders and the Government.

## II. Board of Directors

The Board of the Company comprises of eight members. The Board has two Executive and six Non-Executive directors. The Chairman of the Company is a Non-Executive 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 Director on the Board is a member 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 of which he is a Director. The necessary disclosures regarding other directorships and committee memberships have been made by all the directors.

During the year 11 Board Meetings were held on 15.04.2008, 21.05.2008, 11.06.2008, 30.06.2008, 02.07.2008, 30.07.2008, 22.08.2008, 30.10.2008, 03.01.2009, 30.01.2009 and 24.03.2009, 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 other Directorships in Public Limited Companies incorporated in India	No. of other Committees Memberships \$	
						As Member	As Chairman
1	Mr. Vimal Kumar Patni #	Promoter/ Non-Executive	10	Yes	8	1	-
2	Mr. Suresh Kumar Patni #	Promoter/ Executive	11	Yes	6	2	-
3	Mr. Virendra Kumar Jain #	Promoter/ Executive	4	Yes	3	-	-
4	Mr. Ajit Kumar Patni #	Promoter/ Non-Executive	9	Yes	8	-	-
5	Mr. Prem Narayan Khandelwal	Independent Non-Executive	9	No	-	-	-
6	Mr. Chhatar Singh Dugar	Independent Non-Executive	10	Yes	1	1	-
7	Mr. Krishna Kumar Chanani	Independent Non-Executive	10	Yes	-	-	-
8	Mr. Ashok Kumar Jain	Independent Non-Executive	8	No	-	-	-

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

# Mr. Vimal Kumar Patni, Mr. Suresh Kumar Patni, Mr. Virendra Kumar Jain and Mr. Ajit Kumar Patni are brothers. None of the other Directors are in any way related to any other Director.

Board Meetings are held at the Registered 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 informations 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.

## corporate governance report (contd.)

### 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 of the Company. The Board and Senior Management personnel have affirmed the compliances of the Code of Conduct.

#### Declaration by the CEO under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct

In accordance with the Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and Senior Management personnel of the Company have affirmed compliances with the Code of Conduct of the Company for the year ended 31st March, 2009.

For **IMPEX FERRO TECH LIMITED**  
**S. K. Patni**  
 Managing Director

### IV. Audit Committee

The Audit Committee comprises of three Directors all of whom are financially literate. The Committee has two Independent/ Non-Executive Directors and one Non-Executive Director. During the year six meetings of the Audit Committee were held on 25.04.2008, 28.06.2008, 29.07.2008, 21.08.2008, 29.10.2008 and 29.01.2009. The present composition of the Audit Committee and the attendance at the meeting are as follows :

Name of the Member	Designation	Category	No. of Meeting attended
Mr. Krishna Kumar Chanani	Chairman	Independent Non-Executive	6
Mr. Chhatar Singh Dugar	Member	Independent Non-Executive	6
Mr. Ajit Kumar Patni	Member	Non-Executive	6

The Chairman of the Audit Committee has attended the last Annual General Meeting held on 20th September, 2008. The Meeting of the committee is usually attended by the head of the Finance & Accounts department, Internal and Statutory Auditors of the Company. The Company Secretary of the Company acts as the Secretary of the Audit Committee.

#### Terms of Reference

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Reviewing with the management, the annual financial statements before submission to the board for approval.
- Reviewing with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit.
- Other matters as setout in the listing agreement.

### 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 one meeting of the Remuneration

## corporate governance report (contd.)

Committee was held on 27.06.2008. The present composition of the Remuneration Committee and the attendance at the meeting are as follows :

Name of the Member	Designation	Category	No. of Meeting attended
Mr. Krishna Kumar Chanani	Chairman	Independent Non-Executive	1
Mr. Chhatar Singh Dugar	Member	Independent Non-Executive	1
Mr. Ashok Kumar Jain	Member	Independent Non-Executive	1

### 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 @ Rs.1500/- for attending the 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 2008-2009 is given below :

#### Managing and Whole time Director :

Name of the Director	Salary (Rs.)	Period of Contract		Notice Period
		From	To	
Mr. Suresh Kumar Patni	9,22,500/-	01.07.2008	30.06.2013	2 Month
Mr. Virendra Kumar Jain	7,05,000/-	01.07.2008	30.06.2013	2 Month

During the year with the approval of members in the last Annual General Meeting, the Managing Director and Whole time director has been re-appointed for a further period of 5 (Five) years in each case w.e.f. 01.07.2008

#### Non-Executive Directors :

Name of the Director	Sitting Fees paid for Board and Committee meeting (Rs.)	No. of Shares held as on 31.03.2009
Mr. Vimal Kumar Patni	15000/-	235100
Mr. Ajit Kumar Patni	25500/-	175000
Mr. Chhatar Singh Dugar	28500/-	Nil
Mr. Krishna Kumar Chanani	25500/-	Nil
Mr. Prem Narayan Khandelwal	13500/-	Nil
Mr. Ashok Kumar Jain	13500/-	Nil

### VII. Investors' Grievance Committee

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

During the year under review, two meetings of the Investors' Grievance Committee were held on July 17, 2008 and December 23, 2008. The Composition of the Committee and the attendance at its meeting is given hereunder :

Name of the Member	Designation	Category	No. of Meeting attended
Mr. Chhatar Singh Dugar	Chairman	Independent Non-Executive	2
Mr. Suresh Kumar Patni	Member	Executive	2
Mr. Ajit Kumar Patni	Member	Non-Executive	2

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

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](mailto:investors@impexferrotech.com)) exclusively for redressal of investors' complaints.



## corporate governance report (contd.)

The details of the complaints, excluding correspondences which are not in the nature of complaints are given below :

Number of complaints received from the shareholders	1
Number of complaints redressed	1
Number of complaints not solved	Nil

### VIII. Details of Annual General Meetings

Location and time of last three Annual General Meetings

Date	Financial Year	Venue	Time	Special Resolution Passed
September 13, 2006	2005-2006	Purbashree, Bharatiyam Cultural Multiplex, EZCC, IB-201, Sector - III Saltlake, Kolkata - 700 106	11.00 A.M.	None
September 25, 2007	2006-2007	Purbashree, Bharatiyam Cultural Multiplex, EZCC, IB-201, Sector-III Saltlake, Kolkata - 700 106	11.30 A.M.	None
September 20, 2008	2007-2008	Kala Kunj (Sangit Kala Mandir Trust) 48, Shakespeare Sarani, Kolkata - 700 017	10.30 A.M.	None

No special resolution was passed in the last 3 (Three) AGM and no special resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting. In last year one Special Resolution under Section 81, 81 (1A) was passed through Postal Ballot in accordance with the provision of Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001. The Results of the Postal Ballot for the Special Resolution is given hereunder :

Particulars of Resolution	Resolution passed on	Applicable Section of the Companies Act, 1956	No. and % of Votes in favor	No. and % of Votes in against
Authority to Board of Directors to issue and allot not more than 27000000 Equity Shares of the Company of the face value of Rs. 10/- each for cash at par or at such premium and in such proportion as may be decided by the Board, to the members on rights basis, aggregating not more than Rs. 40 Crores	July 11, 2007	Section 81, 81(1A) and other applicable provisions, if any of the Companies Act, 1956	13923921 99.96%	5248 0.04%

The Postal Ballot result was declared on 11.07.2007 at the Registered Office and was also put on the Company's website.

Mr. Abhijeet Jain, Partner of A J & Associates, Practicing Company Secretaries, was appointed as Scrutinizer for conducting the Postal Ballot process which was conducted in terms of the procedures laid down in the Companies (Passing of Postal Ballot) Rules 2001, read with relevant provision of the Companies Act, 1956.

### 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. The related party transactions are given in the notes No.B.19 of Schedule 19 to the Annual Accounts for the year 2008-2009. 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.

## corporate governance report (contd.)

- c. 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.
- d. 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 personnel interest.
- e. 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.
- f. The Company does not presently have a Whistle Blower Policy.
- g. The requisite certification from the Managing Director and the V.P. (F& A) of the Company heading the finance function for the financial year 2008-2009 required to be given under Clause 49(V) has been placed before the Board of Directors of the Company.
- h. The Company has complied with all 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.
- i. The Company does not have any Subsidiary.
- j. Details of Directors seeking Appointment/Re-appointment at the ensuing Annual General Meeting as required under Clause 49 of 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 Stock Exchanges and published in news papers in accordance with the Listing Agreement. The Company also regularly posts the information as specified in Clause 41 of the Listing Agreement on the Electronic Data Information Filing System (EDIFAR) of Securities and Exchange Board of India. Hence, the quarterly/half yearly results are not sent to all households of shareholders.

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

### XI. General Information for Member

Date, Time and Venue of the Annual General Meeting	Thursday, 24th September 2009 at 10.30 A.M. Purbashree, Bharatiyam Cultural Multiplex, EZCC, IB-201, Sector-III Saltlake, Kolkata - 700 106
Financial Year	1st April to 31st March
Date of Book Closure	Saturday, September 19 2009 to Thursday September 24, 2009 (both days inclusive)
Listing at Stock Exchanges and Stock Code	a) Bombay Stock Exchange Limited (BSE) Stock Code - 532614 b) National Stock Exchange of India Ltd. (NSE) Stock Code - IMPEXFERRO
International Securities Identification Number (ISIN)	INE691G01015

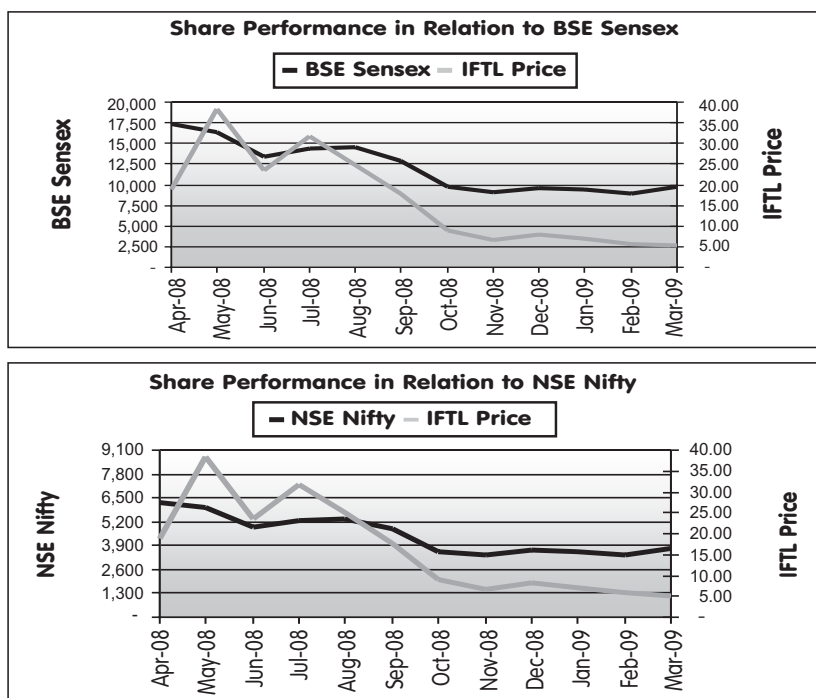
Annual Listing fees for the year 2009-2010 have been paid by the Company to both the Stock Exchanges.

# corporate governance report (contd.)

## Market Price Data

Month	National Stock Exchange of India Limited			Bombay Stock Exchange Limited		
	High	Low	Volume	High	Low	Volume
April-08	20.50	14.10	163139	20.40	15.00	218783
May-08	43.00	18.10	3755717	42.45	18.00	5126422
June-08	38.50	23.30	1547701	38.00	23.55	2103652
July-08	31.85	21.80	263303	31.70	21.80	477795
Aug-08	33.25	24.20	242925	33.25	24.45	396793
Sep-08	25.85	15.45	290406	25.85	15.65	342949
Oct-08	18.30	08.70	96769	18.00	08.30	191538
Nov-08	10.40	06.65	61296	10.40	06.71	102339
Dec-08	09.30	06.00	69695	09.90	06.11	94288
Jan-09	10.25	06.55	54796	09.97	06.55	70983
Feb-09	07.45	06.00	35996	07.42	05.77	41621
Mar-09	06.25	04.45	150984	05.80	04.39	202992

## Performance of the Company in comparison with broad based indices



## Shareholding pattern as on 31.03.2009

Category	No. of Shares	% of holding
Promoters & Promoter Group	14227800	56.9112
FII's	700000	2.8000
Body Corporate	2594656	10.3786
Indian Public	7446852	29.7874
NRIs/OCBs	30692	0.1228
<b>Total</b>	<b>25000000</b>	<b>100.00</b>

## corporate governance report (contd.)

### Distribution of shareholding as on 31.03.2009

Range	No. of Shareholders	% of Shareholders	No. of Shares of the face value of Rs. 10/- each	% of Share held
1-5000	6007	74.9938	1344204	5.3768
5001-10000	1000	12.4844	858364	3.4335
10001-20000	463	5.7803	740354	2.9614
20001-30000	145	1.8102	375733	1.5029
30001-40000	68	0.8489	246470	0.9859
40001-50000	82	1.0237	397352	1.5894
50001-100000	105	1.3109	829072	3.3163
100001-above	140	1.7478	20208451	80.8338
Total	8010	100.00	25000000	100.00

### 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 request for dematerialization of shares are processed and the confirmation is given within 15 days to the depositories.

### Dematerialisation of Shares

As on 31st March, 2009 54.1133% of the total shares of the Company have been dematerialised as under :

Category	No. of Shares	Number of Shareholders	% of total Shareholding
NSDL	11811779	5639	47.2471
CDSL	1716560	2253	6.8862
Physical	11471661	118	45.8867

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

#### Warrants :

60,00,000 nos (convertible in to one equity share of Rs. 10/- each within 01.01.2010).

The paid-up equity shares capital of the company will increase by Rs. 600.00 Lacs on conversion of the aforesaid warrants.

### Address for Correspondence

#### Registered Office

35, Chittaranjan Avenue, 4th Floor  
Kolkata - 700 012  
Ph : 033-22119806/8807  
Fax : 033-22117871  
Email : info@impexferrotech.com

#### Compliance Officer

Pradip Kumar Agarwal  
Company Secretary  
Impex Ferro Tech Limited  
35, Chittaranjan Avenue, Kolkata - 700 012  
Ph : 033-22119806/8807, Fax : 033-22117871  
Email : investors@impexferrotech.com

## corporate governance report (contd.)

### Plant Location

Kadavita Dendua Road,  
P.O. Kalyaneshwari, P. S. - Kulti,  
Dist - Burdwan, West Bengal - 713 369  
Ph : 0341-2522248/249  
Fax : 0341-2522961

### Registrar and Share Transfer Agent

Maheshwari Datamatics Pvt. Ltd.  
6, Mangoe Lane, 2nd Floor, Kolkata - 700 001  
Ph : 033-22482248/22435029/5809  
Fax : 033-22484787  
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

**V. K. Patni**  
Chairman

Kolkata, August 28, 2009

### Certificate on Corporate Governance

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, 2009** as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by director and the management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the 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 its affairs.

For **S. JAYKISHAN**  
Chartered Accountants  
**Vivek Newatia**  
Partner  
Membership No. 62636

Kolkata, August 28, 2009



# 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, 2009 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, 2009 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 account, 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, 2009;
    - 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

**Vivek Newatia**  
Partner  
Membership No. 062636

Place : Kolkata

Dated : The 30th day of June, 2009

## auditors' report (contd.)

### 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 made any disposal 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 Unsecured Loans from eight Companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 1867.91 lacs and the year-end balance of such loans aggregate to Rs. 1580.09 lacs.
- (d) In our opinion, the rate of interest and other 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 explanations 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 lacs 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 Sections 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 records of the Company examined by us, except for income-tax payments, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Sales Tax, Wealth Tax, Excise Duty, Custom Duty, Service Tax, Cess and any other statutory dues. According to the information and explanations given to us, except income-tax payment of Rs. 456.23 lacs, there are no undisputed outstanding statutory dues as at 31st March, 2009 for a period exceeding six months from the date they became payable.

## auditors' report (contd.)

(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	Amount (Rs. in lacs)	Forum where dispute is pending
Service Tax	3.98	Assistant Commissioner of Central Excise (Bolpur)
Excise duty	26.91	Commissioner of Central Excise (Appeals)

- 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. Term Loan Instalment dues for the month of March, 2009 amounting to Rs. 90.97 lacs and interest outstanding as on 31st March, 2009 amounting to Rs. 28.34 lacs have since been paid.
- 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) On the basis of review of utilisation of funds pertaining to term loans on an overall basis and related information as made available to us, we are of the opinion that the Company has applied the term loans for the purpose for which they were obtained 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 not made any 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

**Vivek Newatia**  
Partner

Membership No. 062636

Place : Kolkata

Dated : The 30th day of June, 2009

# balance sheet

(Amount in Rs.)

	Schedule	As on 31st March, 2009	As on 31st March, 2008
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	250,000,000	250,000,000
b) Deposit against Share Warrants (Refer Note No. 6 in Schedule 19)		13,380,000	–
c) Reserves and Surplus	2	365,677,923	304,368,207
<b>2. Loan Funds</b>			
a) Secured Loans	3	1,304,477,326	602,838,927
b) Unsecured Loans	4	470,108,997	149,004,204
<b>3. Deferred Tax Liability</b> (Refer Note No. 21 in Schedule 19)		76,923,301	62,441,592
		<b>2,480,567,547</b>	<b>1,368,652,930</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>	5		
a) Gross Block		624,139,540	473,572,132
b) Less : Depreciation		163,987,685	138,712,086
c) Net Block		<b>460,151,855</b>	<b>334,860,046</b>
d) Capital Work-in-Progress		432,992,225	293,266,977
<b>2. Current Assets, Loans &amp; Advances</b>			
a) Inventories	6	1,426,561,729	648,663,468
b) Sundry Debtors	7	1,168,296,505	213,092,935
c) Cash & Bank Balances	8	235,465,729	118,679,034
d) Loans & Advances	9	527,330,938	405,493,663
		<b>3,357,654,901</b>	<b>1,385,929,100</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
a) Current Liabilities	10	1,670,832,618	542,074,350
b) Provisions	11	102,275,403	107,022,122
		<b>1,773,108,021</b>	<b>649,096,472</b>
Net Current Assets		1,584,546,880	736,832,628
<b>3. Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	12	2,876,587	3,693,279
		<b>2,480,567,547</b>	<b>1,368,652,930</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**Vivek Newatia**  
Partner  
Membership No. 062636  
12, Ho Chi Minh Sarani  
Kolkata - 700 071  
Dated : The 30th day of June, 2009

On behalf of the Board

**P. K. Agarwal**  
Company Secretary**V. K. Patni**  
Director**S. K. Patni**  
Managing Director

# profit & loss account

(Amount in Rs.)

	Schedule	Year Ended 31st March, 2009	Year Ended 31st March, 2008
<b>INCOME</b>			
Sales	13	3,836,285,343	2,702,201,990
Less : Excise Duty		87,811,401	72,912,686
Net Sales		<b>3,748,473,942</b>	<b>2,629,289,304</b>
Other Income	14	16,981,833	11,573,639
Increase/(Decrease) in stock	15	98,767,106	(119,256,477)
		<b>3,864,222,881</b>	<b>2,521,606,466</b>
<b>EXPENDITURE</b>			
Raw Materials Consumed	16	1,326,583,152	830,404,756
Purchase of Traded Goods		1,640,309,740	811,724,367
Power & Fuel		432,952,495	429,488,359
Manufacturing, Administrative and Other Expenses	17	233,806,098	196,762,068
Interest	18	123,957,515	67,102,273
Depreciation	5	25,275,599	21,622,095
		<b>3,782,884,599</b>	<b>2,357,103,918</b>
<b>Profit before Tax</b>		81,338,282	164,502,549
Provision for Taxation :			
Current		13,850,000	58,100,000
Deferred		14,481,709	631,402
Fringe Benefit Tax		553,000	401,000
<b>Profit after Tax</b>		<b>52,453,573</b>	<b>105,370,147</b>
Income Tax for earlier years		(17,005,858)	(4,606,779)
<b>Surplus from last year</b>		302,368,208	201,440,113
		<b>337,815,923</b>	<b>302,203,481</b>
Transitional adjustment for Gratuity		-	164,727
<b>Balance Carried to Balance Sheet</b>		<b>337,815,923</b>	<b>302,368,208</b>
Earnings per share of face value of Rs. 10/- each (Refer Note No. 20 in Schedule 19)			
Basic - Before Extra-ordinary item		2.10	4.21
After Extra-ordinary item		1.42	4.03
Diluted - Before Extra-ordinary item		1.78	4.21
After Extra-ordinary item		1.20	4.03
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**Vivek Newatia**  
Partner  
Membership No. 062636  
12, Ho Chi Minh Sarani  
Kolkata - 700 071  
Dated : The 30th day of June, 2009

On behalf of the Board

**P. K. Agarwal**  
Company Secretary**V. K. Patni**  
Director**S. K. Patni**  
Managing Director



# cash flow statement

(Amount in Rs.)

	Year Ended 31st March, 2009	Year Ended 31st March, 2008
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extraordinary Items	81,338,282	164,502,549
Adjustments for :		
Depreciation	25,275,599	21,622,095
Interest Income	(15,975,609)	(7,839,514)
Interest Expenses	123,957,515	67,102,273
Sundry Balances written back	(125,532)	–
Public Issue Expenses written off	1,746,145	1,686,144
Preliminary Expenses written off	370,547	164,309
	135,248,665	82,735,307
<b>Operating Profit before Working Capital Changes</b>	<b>216,586,947</b>	<b>247,237,856</b>
Adjustments for :		
Trade & Other Receivables	(1,096,416,437)	(113,111,392)
Inventories	(777,898,261)	17,733,097
Trade Payables & Other Liabilities	903,225,483	73,138,680
	(971,089,215)	(22,239,615)
<b>Cash Generated from Operations</b>	<b>(754,502,268)</b>	<b>224,998,241</b>
Direct Taxes Paid	(31,506,263)	(22,323,349)
Gratuity Liability for earlier years	–	1,64,727
	(31,506,263)	(22,158,622)
<b>Net Cash from Operating Activities</b>	<b>(786,008,531)</b>	<b>202,839,619</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (including CWIP)	(203,641,283)	(133,954,110)
Interest Capitalised	(36,656,380)	(29,010,115)
Advances for Capital Goods	14,726,278	(182,475,059)
Interest Received	15,975,609	7,839,514
Maturity Proceeds of Fixed Deposit	275,264,010	89,971,728
Fixed Deposits made	(360,427,616)	(131,551,872)
<b>Net Cash used in Investing Activities</b>	<b>(294,759,382)</b>	<b>(379,179,914)</b>

## cash flow statement (contd.)

(Amount in Rs.)

	Year Ended 31st March, 2009	Year Ended 31st March, 2008
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deposit against Share Warrants	13,380,000	–
Share Application Money received	175,300,000	–
Term Loan Borrowings	19,606,608	196,275,486
Repayment of Term Loans	(38,560,457)	(17,351,420)
Increase in Short Term Borrowings	719,939,466	(51,065,525)
Increase in Inter Corporate Deposits & Other Loans	321,104,793	129,467,192
State Capital Subsidy received	25,862,000	–
Miscellaneous Expenditure	(1,300,000)	(1,727,734)
Interest Paid	(122,941,409)	(68,293,351)
<b>Net Cash from Financing Activities</b>	<b>1,112,391,001</b>	<b>187,304,648</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>31,623,088</b>	<b>10,964,353</b>
Cash and Cash Equivalents at the beginning of year	12,760,394	1,796,041
Cash and Cash Equivalents at the end of year	44,383,482	12,760,394

### Notes :

- 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.
- This is the cash flow referred to, in our report of even date.

In terms of our attached report of even date.

For **S. JAYKISHAN**  
Chartered Accountants

**Vivek Newatia**  
Partner  
Membership No. 062636  
12, Ho Chi Minh Sarani  
Kolkata - 700 071  
Dated : The 30th day of June, 2009

On behalf of the Board

**P. K. Agarwal**  
Company Secretary

**V. K. Patni**  
Director

**S. K. Patni**  
Managing Director

# schedules

(Amount in Rs.)

	As on 31st March, 2009	As on 31st March, 2008
<b>Schedule - 1 SHARE CAPITAL</b>		
<b>Authorised :</b>		
58,000,000 Equity Shares of Rs. 10 each	580,000,000	520,000,000
(Previous year 52,000,000 equity shares of Rs. 10 each)		
<b>Issued, Subscribed and Paid-up :</b>		
25,000,000 Equity Shares of Rs.10 each fully paid up in cash.	250,000,000	250,000,000
	<b>250,000,000</b>	<b>250,000,000</b>

<b>Schedule - 2 RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
State Capital Subsidy - As per last account	2,000,000	2,000,000
Add : Received during the year	25,862,000	-
	27,862,000	2,000,000
<b>Surplus</b>		
As per Profit & Loss Account annexed	337,815,923	302,368,207
	<b>365,677,923</b>	<b>304,368,207</b>

<b>Schedule - 3 SECURED LOANS</b>		
<b>A) Term Loans</b>		
From Banks	328,884,284	346,984,645
Interest Accrued and due	2,834,843	2,182,061
<b>B) Loan against Hypothecation of specific Assets</b>	547,204	1,400,692
<b>C) Working Capital Loans</b>		
From Banks		
Cash Credit	604,380,513	252,271,529
Buyer's Credit	367,830,482	-
	<b>1,304,477,326</b>	<b>602,838,927</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 ranking pari-passu jointly in favour of State Bank of India, Punjab National Bank, Bank of Baroda and IDBI Bank Ltd. 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 also secured by second charge on all the Block Assets and personally guaranteed by the promoter directors.

**B. Term Loans repayable within one year - Rs. 1577.81 Lacs (Previous Year - Rs. 625.34 lacs)**

<b>Schedule - 4 UNSECURED LOANS</b>		
From Bodies Corporate	461,100,000	144,000,000
Interest Accrued and due	9,008,997	5,004,204
	<b>470,108,997</b>	<b>149,004,204</b>

## schedules (contd.)

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 08	Additions during the year	Adjustment during the year	As at 31st March, 09	As at 1st April, 08	For the year	Adjustments during the year	As at 31st March, 09	As at 31st March, 09	As at 31st March, 08
<b>A) TANGIBLE</b>										
Land & Site	8,057,411	434,946	-	8,492,357	-	-	-	-	8,492,357	8,057,411
Development										
Factory Shed & Building	102,243,345	28,125,960	-	130,369,305	25,409,512	3,921,637	-	29,331,149	101,038,156	76,833,833
Office Premises	2,320,354	-	-	2,320,354	267,431	37,822	-	305,253	2,015,101	2,052,923
Plant & Machinery	342,973,336	120,079,888	-	463,053,224	106,713,253	19,932,630	-	126,645,883	336,407,341	236,260,083
Computers	1,117,141	126,839	-	1,243,980	915,357	111,911	-	1,027,268	216,712	201,784
Furniture & Fixtures	2,428,631	94,937	-	2,523,568	708,002	157,258	-	865,260	1,658,308	1,720,629
Electrical Installations	8,879,475	1,523,692	-	10,403,167	2,838,229	460,838	-	3,299,067	7,104,100	6,041,246
Air Conditioners	797,138	181,146	-	978,284	249,052	44,249	-	293,301	684,983	548,086
Vehicles	3,255,301	-	-	3,255,301	675,908	309,254	-	985,162	2,270,139	2,579,393
<b>B) INTANGIBLE</b>										
ERP Software	1,500,000	-	-	1,500,000	935,342	300,000	-	1,235,342	264,658	564,658
<b>TOTAL</b>	<b>473,572,132</b>	<b>150,567,408</b>	<b>-</b>	<b>624,139,540</b>	<b>138,712,086</b>	<b>25,275,599</b>	<b>-</b>	<b>163,987,685</b>	<b>460,151,855</b>	<b>334,860,046</b>
Previous Year	463,289,033	10,283,099	-	473,572,132	117,089,991	21,622,095	-	138,712,086	334,860,046	
Capital Work-in-Progress	293,266,977	262,672,417	122,947,169	432,992,225	-	-	-	-	432,992,225	293,266,977

**Note :**

Vehicles include Rs. 1,817,927 (Previous Year - Rs. 1,817,927) acquired under Auto Loan Scheme of the bank. Present outstanding is Rs. 673,890 (Previous year - Rs. 1,221,402)

## schedules (contd.)

(Amount in Rs.)

	As on 31st March, 2009	As on 31st March, 2008
<b>Schedule - 6 INVENTORIES (As taken, valued &amp; certified by the Management)</b>		
Raw Materials* (Including in Transit Rs. 14,518,269, Previous year Rs. 293,233)	1,279,183,922	602,686,649
Stock-in-Process **	93,404,000	21,371,922
Finished Goods	50,712,976	21,727,948
Stores and Spares	3,061,846	2,649,409
Packing Materials	198,985	227,540
	<b>1,426,561,729</b>	<b>648,663,468</b>

\* Includes Stock valued at Rs. 169,220,441 (Previous year - Rs. Nil) pledged with PEC Limited.

\*\* Includes Stock under Trial Run amounting to Rs. 2,250,000

<b>Schedule - 7 SUNDRY DEBTORS (Unsecured, considered good)</b>		
Due for more than six months	40,801,481	45,719,344
Other Debts	1,127,495,024	167,373,591
	<b>1,168,296,505</b>	<b>213,092,935</b>

<b>Schedule - 8 CASH &amp; BANK BALANCES</b>		
Cash-in-Hand (as Certified)	1,489,493	2,433,954
Balance With Scheduled Banks :		
In Current Accounts	42,893,989	10,326,439
In Public Issue Account	80,000	80,000
In Fixed Deposit Accounts	191,002,247	105,838,641
[Lodged with Banks towards Margin on Letter of Credit & Bank Guarantees]		
	<b>235,465,729</b>	<b>118,679,034</b>

<b>Schedule - 9 LOANS AND ADVANCES (Unsecured, considered good)</b>		
Advances recoverable in cash or in kind or for value to be received	197,351,350	92,455,986
Capital Advances	189,553,999	204,280,277
CENVAT Receivable	31,705,235	11,316,320
Deferred CENVAT Credit	46,685,639	26,411,669
VAT Credit Receivable	828,913	628,913
VAT Credit Receivable (Project)	6,014,630	4,666,908
Balance with Excise Department	27,244	27,244
Income Tax Payments	40,274,026	44,923,340
Sundry Deposits	1,036,104	1,000,972
Export Incentive Receivable	13,853,798	19,782,034
	<b>527,330,938</b>	<b>405,493,663</b>



## schedules (contd.)

(Amount in Rs.)

	As on 31st March, 2009	As on 31st March, 2008
<b>Schedule - 10 CURRENT LIABILITIES</b>		
Sundry Creditors		
Dues to Micro, Small and Medium Enterprises	-	-
Dues to Others :		
For Capital Goods	160,952,417	110,957,424
For Supplies	1,107,990,635	271,646,889
For Expenses	143,134,819	152,667,522
For Pending Disbursements	5,039,968	3,872,358
Interest accrued, but not due	1,637,730	-
Share Application Money, pending Allotment (Refer Note No. 7 in Schedule 19)	175,300,000	-
Advances from Parties	76,697,049	2,850,157
Share Application Money Refundable	80,000	80,000
	<b>1,670,832,618</b>	<b>542,074,350</b>
<b>Schedule - 11 PROVISIONS</b>		
Provision for Tax	100,951,966	105,944,601
Provision for Fringe Benefit Tax	1,323,437	1,077,521
	<b>102,275,403</b>	<b>107,022,122</b>
<b>Schedule - 12 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>		
<b>Preliminary Expenses</b>		
Opening Balance	1,607,134	443,709
Addition during the year	-	1,327,734
	<b>1,607,134</b>	<b>1,771,443</b>
Less : Amortised for the year	370,547	164,309
	<b>1,236,587</b>	<b>1,607,134</b>
<b>Share Issue Expenses</b>		
Opening Balance	2,086,145	3,372,289
Addition during the year	1,300,000	400,000
	<b>3,386,145</b>	<b>3,772,289</b>
Less : Amortised for the year	1,746,145	1,686,144
	<b>1,640,000</b>	<b>2,086,145</b>
	<b>2,876,587</b>	<b>3,693,279</b>

## schedules (contd.)

(Amount in Rs.)

	Year Ended 31st March, 2009	Year Ended 31st March, 2008
<b>Schedule - 13 SALES</b>		
Export Sales (including Indirect Sales)	1,304,933,727	1,259,425,312
Domestic Sales	2,517,020,113	1,401,890,556
	<b>3,821,953,840</b>	<b>2,661,315,868</b>
Export Incentives	14,331,503	40,886,122
	<b>3,836,285,343</b>	<b>2,702,201,990</b>
<b>Schedule - 14 OTHER INCOME</b>		
Interest on Fixed Deposits (TDS - Rs. 35,59,675/-, Previous year - Rs. 14,15,857/-)	15,975,609	7,839,514
Interest on Credit Sales (TDS - Rs. 1,05,467/-, Previous year - Rs. Nil)	846,461	72,182
Foreign Exchange Fluctuation Gain	-	3,661,943
Discount received	8,807	-
Miscellaneous Income	25,424	-
Sundry Balances written back	125,532	-
	<b>16,981,833</b>	<b>11,573,639</b>
<b>Schedule - 15 INCREASE/(DECREASE) IN STOCKS</b>		
<b>Closing Stock</b>		
Finished Goods	50,712,976	21,727,948
Stock-in-Process	91,154,000	21,371,922
	<b>141,866,976</b>	<b>43,099,870</b>
Less : Opening Inventories	43,099,870	162,356,347
	<b>98,767,106</b>	<b>(119,256,477)</b>
<b>Schedule - 16 RAW MATERIALS CONSUMED</b>		
Opening Stock	602,686,648	500,780,775
Add : Purchases	2,003,080,426	932,310,629
	<b>2,605,767,074</b>	<b>1,433,091,404</b>
Less : Closing Stock	1,279,183,922	602,686,648
Raw Materials Consumed	<b>1,326,583,152</b>	<b>830,404,756</b>

## schedules (contd.)

(Amount in Rs.)

	Year Ended 31st March, 2009	Year Ended 31st March, 2008
<b>Schedule - 17 MANUFACTURING, ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Stores & Spares	4,921,647	3,644,106
Packing Materials	4,188,282	2,238,607
Payments to and Provisions for Employees		
Salaries, Wages & Bonus	8,481,865	7,765,791
Gratuity	284,181	292,461
Contribution to Provident and other Funds	584,377	535,622
Welfare Expenses	80,199	93,433
Directors' Remuneration	1,627,500	210,000
Directors' Sitting Fees	121,500	103,500
Rent	19,179	329,071
Rates & Taxes	117,573	33,378
Repairs & Maintenance		
Factory Shed & Building	4,111,015	1,574,294
Plant & Machinery	12,406,066	6,667,000
Others	577,206	404,000
Insurance	3,264,291	2,513,460
Material Handling Expenses	4,808,441	6,738,372
Excise duty on Variation in Stock	(429,500)	(963,802)
(Refer Note No. 11 in Schedule 19)		
Other Manufacturing Expenses	6,820,438	5,016,049
Auditor's Remuneration	170,000	123,101
(Refer Note No. 12 in Schedule 19)		
Motor Car Expenses	883,900	863,348
Travelling & Conveyance	5,108,715	3,795,796
Commission-other than Sole Selling Agent	600,573	583,577
Legal & Professional Charges	3,484,825	890,502
Advertisement	1,119,857	426,566
Bank Charges	38,208,950	17,938,142
Finance Brokerage	3,328,465	-
Miscellaneous Expenses	3,376,935	2,646,741
Cess Charges	166,292	167,254
Security Charges	4,100,815	3,478,213
Discount & Rebates	753,314	3,208,265

## schedules (contd.)

(Amount in Rs.)

	Year Ended 31st March, 2009	Year Ended 31st March, 2008
<b>Schedule - 17</b>	<b>MANUFACTURING, ADMINISTRATIVE &amp; OTHER EXPENSES (Contd.)</b>	
Liquidated Damages	3,106,602	-
Freight and Forwarding	68,958,784	115,439,559
Sales Tax on Assessment	2,359,420	1,070,938
DEPB and other licence fees	29,441	81,802
Profit/Loss on sale of DEPB	1,073,970	996,354
Sundry balances written off	159,473	1,081,961
Premium on Forward Contract	972,061	1,871,132
Foreign Exchange Fluctuation Loss	40,499,241	-
Penalty	6,000	2,000
Testing Charges	1,151,073	1,244,698
Depo Expenses	-	250,591
Prior period Items	86,440	1,555,733
(Refer Note No. 13 in Schedule 19)		
Preliminary Expenses W/Off	370,547	164,309
Share Issue Expenses W/Off	1,746,145	1,686,144
	<b>233,806,098</b>	<b>196,762,068</b>

<b>Schedule - 18</b>	<b>INTEREST</b>	
On Term Loans	18,911,527	10,400,182
On Cash Credits	48,424,873	26,942,433
Others	56,621,115	29,759,658
	<b>123,957,515</b>	<b>67,102,273</b>

# schedules (contd.)

## Schedule - 19 SIGNIFICANT 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 recognized in the period in which the results are known / materialize.

#### 2) Revenue Recognition

- (a) Revenue is recognized 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 amortized 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 recognized 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.

#### 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

## schedules (contd.)

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 recognized 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 recognized 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 Funds 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 Limited.

(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 capitalized upto the date of commercial production to the cost of the respective assets.

### 10. Taxes on Income

Tax expense comprises of current tax, deferred tax and fringe benefit tax.

Current tax and fringe benefit tax are 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 recognized 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 recognized 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)

(a) 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.

(b) 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 relating to the current year, are accounted for in the Profit and Loss Account under the head "Prior Period Items".

### 13. Provisions / Contingencies

(a) Provision involving substantial degree of estimation in measurement is recognized 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.

(b) 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.

(c) A Contingent Asset is not recognized in the Accounts.

### 14. Preliminary & Share Issue Expenses

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



## schedules (contd.)

### B. Notes on Account

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

- (a) Bank Guarantees - Rs. 8,500,000 (Previous Year Rs. 17,837,700)
  - (b) Letters of Credit opened in favour of suppliers, outstanding as at 31st March 2009 – Rs.12,945,085 (Previous Year Rs. 315,637,216)
  - (c) Bills discounted with Banks outstanding as on 31st March 2009, Rs. 122,257,324 (Previous Year Rs. 339,153,829).
  - (d) Excise Demand of Rs. 3,088,751 (Previous Year Rs. 1,651,327) disputed in appeal (Rs. 500,000 is paid under protest).
  - (e) Excise duty liability arising out of search operation by the Directorate General of Central Excise Intelligence. However, the Company has paid under protest a sum of Rs. 30 Lacs, pending issuance of any show cause notice.
  - (f) Claims not acknowledged as debts for commitment charges debited by a Bank – Rs. 5,839,282 (Previous year – Rs. Nil)
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for – Rs. 935,528,394 (Previous Year Rs. 1,165,058,240). Advances paid there against – Rs. 189,553,999 (Previous year – Rs. 204,280,277)
  3. In the opinion of the management, the Current Assets, Loans & advances have a value on realization 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. 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, 2009. 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.

6. The Company has issued during the year 6,000,000 Preferential Convertible Warrants (Exercise Price of Rs. 22.25 each) on preferential basis to promoters & a non-promoter. Each warrant carries a right to convert the same into one Equity Share of Rs.10 each at a premium of Rs. 12.25 each (as per the formula prescribed under the SEBI (DIP) Guidelines) over a period of 18 months from the date of allotment.

The total proceeds from the said issue have been utilised for long term working capital purposes.

Amount received against the said warrants outstanding as on 31st March, 2009 has been shown as "Deposit against Share Warrants" in the Balance Sheet.

7. Draft Letter of Offer for issue of equity shares of the Company on rights basis has been approved by Securities & Exchange Board of India (SEBI) subject to compliance of certain observations as indicated therein. Pursuant to above, the Company has received share application money from the Promoters amounting to Rs. 175,300,000 shown under the head "Current Liabilities".
8. Loans and Advances include Rs. 2,141,890 (Previous Year – Rs. 2,141,890) seized pursuant to search and seizure operation conducted by the Income Tax authorities on 5th January, 2004 and Rs. 823,640 (Previous year – Rs. 823,640) paid to Bureau of Investigation in course of enquiries relating to Sales Tax matters.
9. Sundry Debtors include Rs. 7,581,360 (Previous Year – Rs. 53,162,453) covered by letters of credit in favour of the Company. Sundry Creditors include Rs. 573,028,915 (Previous year – Rs. 319,359,194) against which letters of credit are outstanding at Balance Sheet date and Rs. 160,543,716 (Previous Year – Nil) against pledge of stock of raw materials.

## schedules (contd.)

(Amount in Rs.)

### 10) Managerial Remuneration

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

Particulars	2008-09	2007-08
<b>Salary to Managing Director</b>		
S. K. Patni	922,500	90,000
<b>Salary to Whole time Director</b>		
Virendra Kumar Jain	705,000	120,000
<b>Perquisites</b>	-	-
<b>Sitting Fees to Other Directors</b>	121,500	103,500
<b>TOTAL</b>	<b>1,749,000</b>	<b>313,500</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 as per Schedule XIII of the Companies Act, 1956.

11) Amount of excise duty on variation in Stocks shown in Schedule - 17 represents differential excise duty on opening and closing stock of finished goods.

### 12) Auditors' Remuneration includes :

Particulars	2008-09	2007-08
a) As Auditor	125,000	75,000
b) As Advisor		
- Taxation matters	-	-
- Company Law Matters	15,000	-
- Management Services	-	-
c) In any other matter	30,000	48,101
<b>TOTAL</b>	<b>170,000</b>	<b>123,101</b>

### 13) Prior Period Items include :

Particulars	2008-09	2007-08
Excise Duty	2,880	-
Repairs & Maintenance - Plant and Machinery	35,000	-
Stores & Spares	36,431	-
Bank Charges	501	-
Rent	11,628	-
Interest - Others	-	1,441,017
Other Manufacturing Expenses	-	55,790
Testing charges	-	58,926
<b>TOTAL</b>	<b>86,440</b>	<b>1,555,733</b>

## schedules (contd.)

(Amount in Rs.)

- 14) Forward contracts/hedging instruments outstanding as at the Balance Sheet date are as follows :

Nature (Nos.) of Contract	Foreign Currency	Buy/Sell	Amount in Foreign Currency		Purpose
			2008-09	2007-08	
Forward Contract (I)	USD	Buy	Nil	2,591,000	Hedging

Particulars of unhedged foreign currency exposures as at 31.03.09 are as follows :

Particulars	Currency	2008-09	2007-08
Amount payable in foreign currency	USD	7,219,440	1,701,366
Amount receivable in foreign currency	USD	376,115	1,207,814

- 15) Fixed Deposit includes interest accrued but not due amounting to Rs. 7,509,247 (Previous year Rs. 2,245,641)
- 16) Capital work-in-progress includes Rs. 72,678,967 (Previous year Rs. 40,586,358) as Pre Operative Expenses relating to project under implementation, pending allocation to Fixed Assets.

Particulars	2008-09	2007-08
Opening Balance	40,586,358	11,531,243
Add : Expenditure incurred during the period		
Raw Materials consumed	8,581,225	–
Power and Fuel	2,551,006	–
Bank Charges	2,462,170	–
Interest On : Term Loan	25,241,230	16,167,042
Unsecured Loan	11,415,150	12,843,073
Legal, Professional & Consultancy Charges	543,710	45,000
Pollution Fee	226,616	–
	<b>91,607,465</b>	<b>40,586,358</b>
Less : Closing Stock of Trial Run Production	2,250,000	–
Less : Amount allocated to Fixed Assets *	16,678,498	–
Closing Balance	<b>72,678,967</b>	<b>40,586,358</b>

\* The Company has commenced commercial production from 5th Furnace on 16th September, 2008. Accordingly, Pre-operative expenses in respect of the said Furnance have been capitalised by transfer to Factory Shed and Building, Plant and Machinery, Land & Site development, Furniture & Fixture and Electrical Installations in proportion to their respective costs.

### 17) 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 :

Particulars	2008-09	2007-08
Employer's Contribution to Provident and other Funds	584,377	535,622

## schedules (contd.)

### 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 2009, which recognizes 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.

Particulars	Gratuity (Funded)	
	31.03.2009	31.03.2008
<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	1,226,899	850,451
Current Service Cost	228,895	183,167
Interest Cost	98,152	68,036
Actuarial (Gain)/Loss	88,655	142,137
Benefits paid	(47,885)	(16,892)
Settlement cost	-	-
Defined Benefit obligation at the year end	<b>1,594,716</b>	<b>1,226,899</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	1,466,441	1,015,179
Expected return on plan assets	151,735	95,230
Actuarial Gain/(Loss)	(20,214)	5,648
Employers' contribution	908,379	367,276
Benefits paid	(47,885)	(16,892)
Settlement cost	-	-
Fair value of plan assets at the year end	<b>2,458,456</b>	<b>1,466,441</b>
Actual return on plan assets	131,521	100,878
<b>(iii) Reconciliation of fair value of assets and obligation :</b>		
Fair value of plan assets	2,458,456	1,466,441
Present value of obligation	1,594,716	1,226,899
Amount recognized as liability/ (asset) in Balance Sheet	(863,740)	(239,542)
<b>(iv) Expenses recognized during the year in the Profit &amp; Loss Account : (shown in Schedule -17 under the head 'Gratuity')</b>		
Current Service Cost	228,895	183,167
Interest Cost	98,152	68,036
Expected return on plan assets	(151,735)	(95,230)
Actuarial (Gain)/Loss	108,872	136,488
Net Cost	284,184	292,461
<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)	<b>IAL 1994-96 Modified Ultimate</b>	
Discount rate (per annum)	8%	8%
Expected return on plan assets (per annum)	8%	8%
Rate of escalation in salary (per annum)	8%	8%

## schedules (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.**

### 18) 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. (Rs. in Lacs)

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	20,691.33	17,904.52	16,793.41	8,388.37	-	-	37,484.74	26,292.89
Segment Results (Profit before Interest & Tax)	1662.65	2044.92	390.31	271.13	-	-	2052.96	2316.05
Interest	-	-	-	-	1,239.58	671.02	1,239.58	671.02
Profit before Tax	1662.65	2044.92	390.31	271.13	(1,239.58)	(671.02)	813.38	1645.03
Less : Income Tax & FBT	-	-	-	-	288.84	591.33	288.84	591.33
Profit after Tax	1662.65	2044.92	390.31	271.13	(1528.42)	(1262.35)	524.54	1053.70
<b>Other information</b>								
Assets	30,922.43	19,362.13	11,182.82	329.20	402.74	449.23	42,507.99	20,140.56
Liabilities	6,735.90	5,396.02	8,219.42	24.73	2,775.75	1,070.22	17,731.08	6,490.96
Capital Expenditure	2,902.93	2,679.86	-	-	-	-	2,902.93	2,679.86
Depreciation	252.76	216.22	-	-	-	-	252.76	216.22
Non-cash Expenses (other than Depreciation)	21.17	18.50	-	-	-	-	21.17	18.50

**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 and liabilities are based on the location of such asset/liability. (Rs. in Lacs)

Particulars	Year ended	Segment Revenue	Segment Assets	Capital Expenditure
<b>Within India</b>	31.03.2009	24,435.40	42,316.36	2,902.93
	31.03.2008	13,698.64	19,657.80	2,679.86
<b>Outside India</b>	31.03.2009	13,049.34	191.63	-
	31.03.2008	12,594.25	482.76	-
<b>Total</b>	31.03.2009	<b>37,484.74</b>	<b>42,507.99</b>	<b>2,902.93</b>
	31.03.2008	<b>26,292.89</b>	<b>20,140.56</b>	<b>2,679.86</b>

## schedules (contd.)

### 19. 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

**(b) Enterprises owned or significantly Influenced by the Key Managerial Personnel or their relatives.**

Ankit Metal & Power Limited

Brahmand Udyog Limited

Dhodwala Enterprises Limited

Gold Mohar Steel Limited

Hira Concast Private Limited

Impex Cements Limited

Impex Industries Limited

Impex Metal & Ferro Alloys Limited

Impex Steel Limited

Kiran Smelters Pvt. Ltd.

Nikita Ispat Private Limited

Patni Metal & Ferro Alloys Limited

Rohit Ferro Tech Limited

Siddhant Multimax Private Limited

Sahyogi Distributors Limited

Vasupujya Enterprises Private Limited

Vikash Metal & Power Limited

Vinita Smelters Pvt. Ltd.

VSN Agro Products Ltd.

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

(Amount in Rs.)

Particulars	Referred in ii(a) above		Referred in ii(b) above	
	2008-09	2007-08	2008-09	2007-08
<b>Managerial Remuneration</b>				
1 Suresh Kumar Patni	922,500	90,000	—	—
2 Virendra Kumar Jain	705,000	120,000	—	—
<b>Purchase of Goods</b>				
1 Brahmand Udyog Limited	—	—	50,338,018	—
2 Impex Metal & Ferro Alloys Limited	—	—	16,790,073	909,814
3 Vikash Metal & Power Limited	—	—	70,539,069	10,653,344
4 Sahyogi Distributors Limited	—	—	90,138,984	—
5 Ankit Metal & Power Limited	—	—	—	354,859
6 Rohit Ferro Tech Limited	—	—	—	78,585,282
<b>Purchases of Fixed Assets</b>				
1 Vikash Metal & Power Limited	—	—	517,290	—



# schedules (contd.)

(Amount in Rs)

Particulars	Referred in ii(a) above		Referred in ii(b) above	
	2008-09	2007-08	2008-09	2007-08
<b>Sales of Finished Goods</b>				
1 Brahmand Udyog Limited	—	—	15,777,808	—
2 Hira Concast Private Limited	—	—	9,338,199	13,232,869
3 Impex Metal & Ferro Alloys Limited	—	—	11,172,495	50,166,755
4 Impex Steel Limited	—	—	7,600,554	11,745,097
5 Vikash Metal & Power Limited	—	—	25,483,166	37,752,439
6 Ankit Metal & Power Limited	—	—	—	13,325,895
<b>Loans Taken</b>				
1 Brahmand Udyog Limited	—	—	3,000,000	—
2 Gold Mohar Steel Limited	—	—	2,500,000	70,000,000
3 VSN Agro Products Limited	—	—	2,500,000	12,000,000
4 Dhodwala Enterprises Limited	—	—	—	12,000,000
5 Impex Cements Limited	—	—	—	16,500,000
6 Impex Industries Limited	—	—	—	55,000,000
7 Patni Metal & Ferro Alloys Limited	—	—	—	13,000,000
<b>Loans Repaid</b>				
1 Vasupujya Enterprises Private Limited	—	—	3,000,000	—
2 Impex Cements Limited	—	—	—	5,000,000
3 Patni Metal & Ferro Alloys Limited	—	—	—	2,500,000
4 Gold Mohar Steel Limited	—	—	—	20,000,000
5 Impex Industries Limited	—	—	—	20,000,000
6 VSN Agro Products Limited	—	—	—	6,000,000
<b>Interest on Loans</b>				
1 Brahmand Udyog Limited	—	—	1,416,961	721,316
2 Dhodwala Enterprises Limited	—	—	861,502	1,346,630
3 Gold Mohar Steel Limited	—	—	3,658,715	4,556,713
4 Impex Cements Limited	—	—	1,400,559	2,195,069
5 Impex Industries Limited	—	—	2,494,843	3,466,850
6 Patni Metal & Ferro Alloys Limited	—	—	863,434	1,372,602
7 Vasupujya Enterprises Private Limited	—	—	116,468	480,878
8 VSN Agro Products Limited	—	—	602,668	669,700

## schedules (contd.)

(Amount in Rs)

Particulars	Referred in ii(a) above		Referred in ii(b) above	
	2008-09	2007-08	2008-09	2007-08
<b>Share Application Money</b>				
1 Brahmand Udyog Limited	—	—	30,000,000	—
2 Dhodwala Enterprises Limited	—	—	5,000,000	—
3 Impex Cements Limited	—	—	5,000,000	—
4 Patni Metal & Ferro Alloys Limited	—	—	5,000,000	—
5 Sahyogi Distributors Limited	—	—	115,300,000	—
6 VSN Agro Products Limited	—	—	15,000,000	—
<b>Warrant Application Money</b>				
1 Virendra Kumar Jain	2,230,000	—	—	—
2 Suresh Kumar Patni	2,230,000	—	—	—
<b>Advances Given</b>				
1 Brahmand Udyog Limited	—	—	50,000,000	21,000,000
2 Impex Steel Limited	—	—	—	3,500,000
3 Nikita Ispat Private Limited	—	—	—	7,000,000
4 Siddhanth Multimax Private Limited	—	—	—	15,000,000
5 Hira Concast Private Limited	—	—	—	12,000,000
<b>Advances given, refunded back</b>				
1 Hira Concast Private Limited	—	—	12,000,000	—
2 Impex Steel Limited	—	—	1,220,000	2,280,000
3 Nikita Ispat Private Limited	—	—	1,500,000	4,000,000
4 Brahmand Udyog Limited	—	—	—	21,000,000
5 Siddhanth Multimax Private Limited	—	—	—	15,000,000
<b>Advances Taken</b>				
1 Impex Metal & Ferro Alloys Limited	—	—	17,713,819	—
<b>Advances taken, repaid back</b>				
1 Brahmand Udyog Limited	—	—	—	3,000,000
2 Gold Mohar Steel Limited	—	—	—	1,500,000
3 Impex Cements Limited	—	—	—	11,000,000
4 Impex Industries Limited	—	—	—	3,000,000
5 VSN Agro Products Limited	—	—	—	3,000,000
6 Vikash Smelters Limited	—	—	—	6,500,000
7 Vinita Smelters Private Limited	—	—	—	4,100,000
8 Kiran Smelters Private Limited	—	—	—	8,500,000
9 Patni Metal & Ferro Alloys Limited	—	—	—	3,000,000

## schedules (contd.)

(Amount in Rs)

Particulars	Referred in ii(a) above		Referred in ii(b) above	
	2008-09	2007-08	2008-09	2007-08
<b>Outstanding Balances as at 31.03.2009</b>				
<b>Sundry Debtors</b>				
1 Ankit Metal & Power Limited	—	—	—	3,331,694
2 Brahmand Udyog Limited	—	—	3,439,790	—
3 Hira Concast Private Limited	—	—	1,747,498	4,260,086
4 Impex Metal & Ferro Alloys Limited	—	—	—	27,666,755
5 Impex Steel Limited	—	—	2,220,117	3,671,051
6 Vikash Metal & Power Limited	—	—	—	9,911,462
<b>Sundry Creditors</b>				
1 Sahyogi Distributors Limited	—	—	5,138,984	—
2 Rohit Ferro Tech Limited	—	—	—	58,585,282
<b>Loans Taken</b>				
1 Brahmand Udyog Limited	—	—	10,937,228	6,812,161
2 Dhodwala Enterprises Limited	—	—	12,743,257	12,559,224
3 Gold Mohar Steel Limited	—	—	53,321,722	50,000,000
4 Impex Cements Limited	—	—	20,586,049	20,349,544
5 Impex Industries Limited	—	—	36,965,761	36,034,856
6 Patni Metal & Ferro Alloys Limited	—	—	12,884,044	12,448,477
7 Vasupujya Enterprises Private Limited	—	—	1,616,578	4,524,102
8 VSN Agro Products Limited	—	—	8,954,358	6,275,840
<b>Advances Given</b>				
1 Nikita Ispat Private Limited	—	—	1,500,000	3,000,000
2 Hira Concast Private Limited	—	—	—	12,000,000
3 Impex Steel Limited	—	—	—	1,220,000
4 Brahmand Udyog Limited	—	—	50,000,000	—
5 Vikash Metal & Power Limited	—	—	—	1,319,738
<b>Advances Taken</b>				
1 Impex Metal & Ferro Alloys Limited	—	—	17,713,819	—
<b>Warrant Application Money</b>				
1 Virendra Kumar Jain	2,230,000	—	—	—
2 Suresh Kumar Patni	2,230,000	—	—	—
<b>Share Application Money</b>				
1 Brahmand Udyog Limited	—	—	30,000,000	—
2 Dhodwala Enterprises Limited	—	—	5,000,000	—
3 Impex Cements Limited	—	—	5,000,000	—
4 Patni Metal & Ferro Alloys Limited	—	—	5,000,000	—
5 Sahyogi Distributors Limited	—	—	115,300,000	—
6 VSN Agro Products Limited	—	—	15,000,000	—

Transactions with related parties have been disclosed for the period of existence of relationship. Previous year transactions with parties that have ceased to be related parties in the current year have been excluded in above details as the relationship did not exist.

## schedules (contd.)

### 20. Earning per share :

(Amount in Rs.)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Weighted average number of Equity Shares outstanding during the period :	25,000,000	25,000,000
<b>Add :</b> Dilutive effect of issue of shares on exercise of warrants	4,487,671	—
Number of Shares Considered as weighted average shares and potential shares outstanding for calculation of Diluted Earnings Per Share.	29,487,671	25,000,000
Profit after Tax, before extraordinary item (Rs.)	52,453,573	105,370,147
Profit after Tax, after extraordinary item (Rs.)	35,447,715	100,763,368
Nominal Value of Ordinary Shares (Rs.)	10.00	10.00
<b>Earnings Per Share (Basic) (Rs.)</b>		
(i) Before extraordinary item	2.10	4.21
(ii) After extraordinary item	1.42	4.03
<b>Earnings Per Share (Diluted) (Rs.)</b>		
(i) Before extraordinary item	1.78	4.21
(ii) After extraordinary item	1.20	4.03

Pending compliance of certain observations made by SEBI in the Draft Letter of Offer for issue of shares on rights basis, Share Application Money received from the promoters has not been considered for calculation of Diluted Earnings per Share.

### 21. Components of Deferred tax liability as per AS-22, "Accounting for taxes on Income" is as under :

(Amount in Rs.)

Nature of timing Difference	As at 31.03.2009	As at 31.03.2008
<b>Deferred Tax Liability :</b>		
Depreciation	76,923,301	62,441,592
<b>Deferred Tax Asset :</b>	Nil	Nil
<b>Net Deferred Tax Liability</b>	76,923,301	62,441,592

### 22. 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 M.T. Per Annum (P.Y. - 43,200 M.T.)**

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

## schedules (contd.)

(Amount in Rs.)

Class of Goods	Year Ended 31.03.2009		Year Ended 31.03.2008	
	Qty. (M.T.)	Value (Rs.)	Qty. (M.T.)	Value (Rs.)
<b>1. Ferro Alloys</b>				
Opening Stock	526.800	21,727,948	1,069.850	26,234,733
Production *	31,637.810	-	35,364.900	-
Sales **	30,824.220	2,142,613,148	35,907.950	1,822,478,660
Closing Stock	1,340.390	50,712,976	526.800	21,727,948
<b>2. Iron &amp; Steel Products</b>				
Opening Stock	-	-	-	-
Purchases	66,408.289	1,640,309,740	42,898.630	811,724,367
Sales	66,408.289	1,679,340,692	42,898.630	838,837,208
Closing Stock	-	-	-	-

\* Production includes 159,750 MT (Previous Year - 497.800 MT) for captive consumption.

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

- Captive consumption of 159.750 MT (Previous Year - 497.800 MT)
- Returns of 31.600 MT (Previous year - Nil) used for reprocessing

**b. Raw Materials Consumed\***

Item	2008-09		2007-08	
	Quantity (M.T.)	Amount	Quantity (M.T.)	Amount
Manganese Ore **	65,520.318	1,019,760,016	66,679.366	617,387,472
Coal & Coke	29,041.816	204,364,529	30,548.210	158,040,021
Dolomite	7,917.322	10,127,995	12,284.200	15,392,339
Others ***	-	92,330,612	-	39,584,924
<b>TOTAL</b>		<b>1,326,583,152</b>		<b>830,404,756</b>

\*Excludes figures relating to trial run production included under the head Capital Work-in-progress.

\*\* Excludes sales returns of 31,600 MT (Previous year - Nil) used for reprocessing.

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

Break Up	2008-09		2007-08	
	Amount (Rs.)	Percentage	Amount (Rs.)	Percentage
Indigenous	814,070,703	61.37	570,425,662	68.70
Imported	512,512,449	38.63	259,979,094	31.30
<b>TOTAL</b>	<b>1,326,583,152</b>	<b>100.00</b>	<b>830,404,756</b>	<b>100.00</b>

## schedules (contd.)

(Amount in Rs.)

### c. Stores, Spares & Consumables

Break Up	2008-09		2007-08	
	Amount (Rs.)	Percentage	Amount (Rs.)	Percentage
Indigenous	4,921,647	100	3,644,106	100
Imported	-	-	-	-
<b>Total</b>	<b>4,921,647</b>	<b>100</b>	<b>3,644,106</b>	<b>100</b>

### d. Value of Imports/Expenditure in Foreign Currency

CIF Value of Imports	2008-09	2007-08
Raw Materials	641,583,182	67,203,951

### e. Foreign exchange earnings and outgo :

#### i. Earnings in Foreign currency :

F.O.B. value of exports - Rs. 1,259,482,154 (Previous year - Rs. 1,170,677,381)

#### ii. Expenditure in Foreign currency :

Particulars	2008-09	2007-08
Sales Commission	215,250	-

23) 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 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 attached.

For **S. JAYKISHAN**  
Chartered Accountants

**Vivek Newatia**  
Partner  
Membership No. 062636  
12, Ho Chi Minh Sarani  
Kolkata - 700 071  
Dated : The 30th day of June, 2009

On behalf of the Board

**P. K. Agarwal**  
Company Secretary

**V. K. 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.

### i) Registration Details

Registration No.         State Code

Balance Sheet Date

### ii) Capital raised during the year (Amount in Rs. Thousand)

Public Issue         Right Issue

Bonus Issue         Private Placement

### iii) Position of Mobilisation and Deployment of Fund (Amount in Rs. Thousand)

Total Liabilities         Total Assets

### iv) Sources of Funds (Amount in Rs. Thousand)

Paid-up Capital         Reserves & Surplus

Secured Loans         Unsecured Loans

Deferred Tax Liability        Warrant Application Money

### v) Application of Funds (Amount in Rs. Thousand)

Net Fixed Assets         Capital Work-in-Progress

Net Current Assets         Miscellaneous Expenditure

### vi) Performance of Company (Amount in Rs. Thousand)

Total Income         Total Expenditure

Profit/(Loss) before Tax        Profit/(Loss) after Tax

Earning Per Share (Rs.)       Dividend Rate (%)

### vii) Generic Name of Principal Products/Services of the Company (As per monetary terms)

Item Code No. (ITC Code)

Product Description

In terms of our attached report of even date.

For **S. JAYKISHAN**  
Chartered Accountants

**Vivek Newatia**  
Partner  
Membership No. 062636  
12, Ho Chi Minh Sarani  
Kolkata - 700 071  
Dated : The 30th day of June, 2009

On behalf of the Board

**P. K. Agarwal**  
Company Secretary

**V. K. Patni**  
Director

**S. K. Patni**  
Managing Director

### Registered Office

35, Chittaranjan Avenue  
4th Floor  
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Tel: 033-22119805/9806  
Fax:033-22117871  
Email: info@impexferrotech.com



### Plant Location

Kadavita Dendua Road  
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West Bengal-713369  
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Fax: 0341-2522248



[www.impexferrotech.com](http://www.impexferrotech.com)