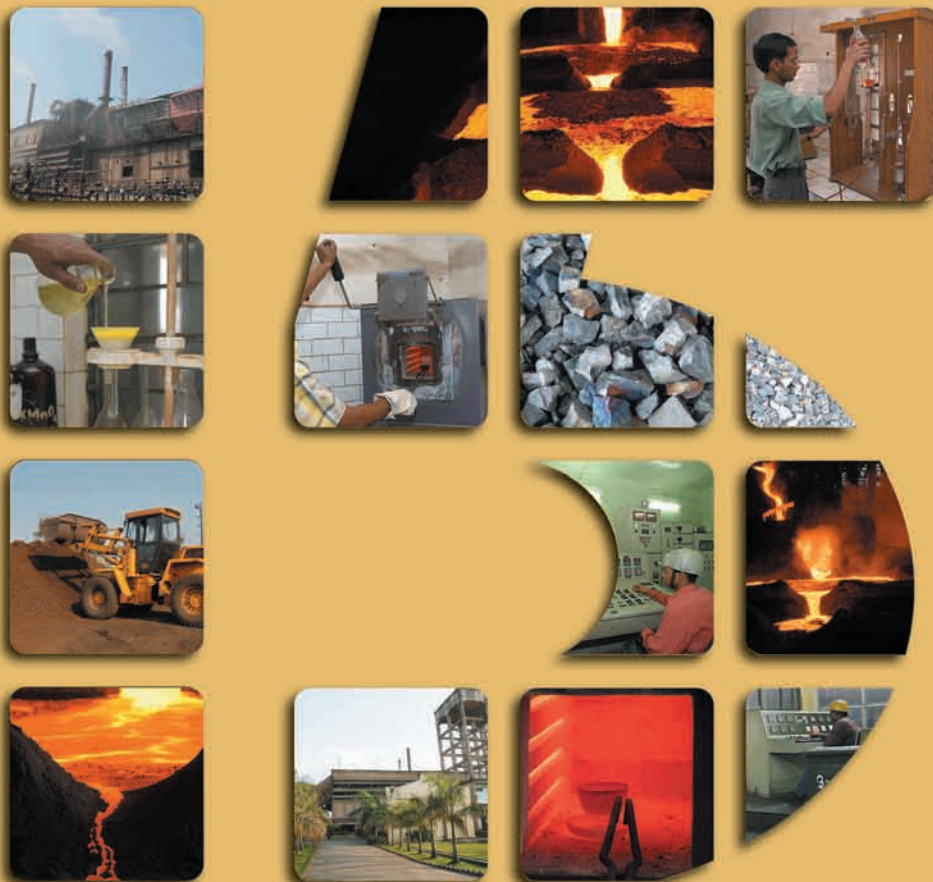




15 YEARS AND BEYOND



ANNUAL REPORT 2009 -10

IMPEX FERRO TECH LIMITED



## Contents

Notice	01
Directors' Report	03
Management Discussion & Analysis	07
Corporate Governance Report	09
Auditors' Report	17
Balance Sheet	20
Profit & Loss Account	21
Cash Flow Statement	22
Schedules	24
Balance Sheet Abstract	45

## 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	Non-Executive Director
Mr. Chhatar Singh Dugar	Independent/Non-Executive Director
Mr. Prem Narayan Khandelwal	Independent/Non-Executive Director
Mr. Krishna Kumar Chanani	Independent/Non-Executive Director
Mr. Ashok Kumar Jain	Independent/Non-Executive Director
Mr. Pradip Kumar Agarwal	Company Secretary

## Consortium Bankers

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

## Auditors

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

# notice

Notice is hereby given that the Fifteenth 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 30, 2010 at 10.30 A.M. to transact the following businesses :

## Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date together with the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. Vimal Kumar Patni, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ashok Kumar Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to authorise the Board to fix their remuneration. The retiring Auditors, M/s S. Jaykishan, Chartered Accountants, being eligible offer themselves for re-appointment.

Registered Office :  
35, C. R. Avenue  
4th Floor, Kolkata - 700 012  
Date : September 2, 2010

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 25th September, 2010 to 30th September, 2010 (both days inclusive).
4. Any change in the address of the members may be intimated to the Registered Office of the Company or to the Registrars: Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001.
5. 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.
6. 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.
7. 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

(In Pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. Vimal Kumar Patni	Mr. Ashok Kumar Jain
Date of Birth	13.02.1950	09.01.1960
Date of Appointment	07.06.1995	11.06.2008
Expertise in Specific Functional area	Finance & Management	Finance & Wide Management Experience
Qualification	B.Com	B.Com
Board membership of other Public Companies as on March 31, 2010	Vikash Metal & Power Limited VSN Agro Products Limited Impex Industries Limited Vikash Smelters & Alloys Ltd. Patni Infotech Limited Dhodwala Enterprises Limited Vikash Urja Ltd. Vikash Ores Ltd.	Nil
Chairman/Member of the Committee of the Board of Directors of the Company as on March 31, 2010	Nil	Member - Remuneration Committee
Chairman/Member of the Committee of Directors of other public Companies in which he is a Director as on March 31, 2010	–	Nil
a) Audit Committee	–	–
b) Share Transfer cum Investors' Grievance Committee	Member-Vikash Metal & Power Limited	–
c) Remuneration Committee	–	–
Shareholding	2,35,100 Equity Shares	Nil

# directors' report

## Dear Shareholders,

Your Directors are pleased to present the 15th Annual Report of the Company together with the Audited Accounts of the Company for the financial year ended 31st March, 2010.

(Rs in Lacs)

Financial Highlight	31.03.2010	31.03.2009
Profit before Interest, Depreciation & Tax	2508.85	2305.72
Less : Interest	1211.80	1239.58
Less : Depreciation	287.47	252.76
Profit before tax	1009.58	813.38
Less : Provision for Tax		
Current Tax 353.00		
Deferred Tax 6.95	359.95	288.84
Profit after Tax	649.63	524.54
Adjustment for Extra-Ordinary Item	(78.80)	(170.06)
Balance brought forward from Previous year	3378.16	3023.68
Balance transferred to Balance sheet	3949.00	3378.16

## Financial and Operational Review

The Company has achieved a total turnover of Rs. 556.01 crores as against Rs.383.63 crores in the previous year registering a growth of 45% in its top line. The profit before tax for the year stood at Rs.1009.58 lacs as against Rs. 813.38 lacs in the previous year registering a growth of 24.12%. During the year the Company has produced 36831.070 MT of Ferro Alloys as compared to 31637.810 MT in the previous year registering a growth in production of over 16%.

The sluggish demand in the first half of the year and power holidays specially during the last quarter of the year led to lower capacity utilization. During this period the company undertook refurbishment of old furnaces.

## Dividend

Considering the financial requirements towards the funding of future planned capacity rationalization to enhance shareholders' value in the long term, the Directors of your Company do not recommend any dividend for the financial year 2009-2010.

## Changes in Share Capital

During the year under review the Company has allotted 2,49,71,604 Equity shares of Rs.10/- each at a premium of Rs. 6/- as per the basis of allotment approved by the Bombay Stock Exchange Limited. Consequent to the said allotment the total paid-up share capital of the company stands increased to Rs. 49,97,16,040.00.

The total proceeds received from the Rights Issue is deployed towards the installation of 5th submerged arc furnace of 7.5 MVA capacity and installation of 30 MW Captive Power Plant.

## Forfeiture of money received against convertible warrants

During the year under review an amount of Rs.133.80 Lacs, received against the issue of convertible warrants, was forfeited as the investors of the warrants did not exercise their option of conversion till the validity of the warrants and the forfeited amount was transferred to the General Reserve Account.

## Awards & Achievement

In May, 2010 the Company was awarded by EEPC-ER (Engineering Export Promotion Council, Eastern Region) top export performance certificate in the medium enterprises segment for its outstanding contribution to engineering exports during the year 2007-08.

## Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Corporate Governance along with the certificate from the 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 confirms that :

## directors' report (contd.)

- a) in preparation of the Annual Accounts, the applicable accounting standards have been followed with 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 Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 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. Vimal Kumar Patni and Mr. Ashok Kumar Jain retire by rotation and being eligible, offer themselves for re-appointment.

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, offer themselves for re-appointment.

### Particulars of Employees

The Company had no employee during the year ended 31st March, 2010 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

**V. K. Patni**  
Chairman

Kolkata, September 2, 2010

# 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. 11700 Lacs  
Total Foreign Exchange used : Rs. 5992 Lacs

### FORM - A

#### Disclosure of particulars with respect to Conservation of Energy

	2009-2010	2008-2009
<b>A. Power &amp; Fuel Consumption</b>		
<b>1. Electricity :</b>		
Total Unit in Lacs	1703.62	1447.27
Amount- Rs in Lacs	5128.18	4329.52
Rate Per Unit	3.01	2.99
<b>2. Coal &amp; Coke</b>		
Quantity-M. T.	35320	29042
Total Cost - Rs in Lacs	2307.53	2043.65
Average rate- Rs per Ton	6533	7037
<b>B. Consumption per unit of production</b>		
<b>1. Electricity (Unit/MT)</b>	4625	4575
<b>2. Coal &amp; Coke (Kg/MT)</b>	959	918

# 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

For and on behalf of the Board

**V. K. Patni**

Chairman

Kolkata, September 2, 2010

# management discussion and analysis

## Economic outlook

The world economy is currently emerging from the clutches of slowdown and crisis that began in industrialized nation in 2008 and spread to the rest of the world. While the developed economies are recovering aided by the timely stimulus packages and easing monetary policies, they are grappling with many challenges like high unemployment, weak and volatile financial market and impending trade barriers. The lower expected growth of these economies may impact the growth rate of developing countries over the next few years. In Indian context, negative signs are visible in the sluggish export growth and subdued direct capital inflow. The rising fiscal deficit, rising inflation pressures, delayed and erratic monsoon and continued recession in developed economies has added to the uncertainty.

However over the span of year the Indian economy posted a remarkable recovery. The real turnaround came in the second quarter of 2009-2010 when the economy grew by 7.9%. The Indian Economy grew by 7.4% during the year 2009-2010 which is an upward revision from earlier estimates of 7.2% due to higher than anticipated growth in agriculture, mining and manufacturing sector. With the steadily improving fundamentals and inherent strength, in the medium term it is reasonable to expect that the economy will go back to its robust growth path of around 9% experienced before global crisis.

## Industry Structure and Development

The Company manufactures manganese based alloys i.e. Ferro Manganese and Silico Manganese. The use of Ferro Alloys in the making of various types of carbon and alloy steels are essentially to impart certain physical and chemical properties in a particular grade of steel.

Ferro Alloys are considered a part of the core sector as they are crucial intermediates to iron and steel sector. Despite the global meltdown the Ferro Alloys Industry has registered a production growth of 7.20% during the fiscal 2009-2010. India is a key player in global Ferro Alloys Industry with 5-7% share.

## Opportunity, Threats & Outlook

The growth of Ferro Alloys Industry is directly linked with the growth of Iron and Steel Industry which in turn depends upon its user industry i.e. infrastructure and construction, 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.

Indian Steel Industry stood out in the global steel industry due to its resilience during the down turn. While the world's steel production dipped by 8% in 2009 the Indian Steel Industry registered a growth of around 4%. This clearly demonstrates the country's strong domestic consumption potential. During the period when the real estate sector showed marked decline, the same was compensated by sustained growth in infrastructure, manufacturing and automobiles. India is currently the 5th largest producer of crude steel in the world and is expected to become the 2nd largest steel producer by 2015 on the back of the capacity addition and demand growth.

India's per capita steel consumption is 48 kgs in F.Y. 2009-2010 compared to the world's average of 190 kgs. Within the country the semi-urban and rural sector has significant opportunities due to its low per capita consumption as compared to urban areas. As the steel industry is highly dependent on the Ferro Alloys Industry for the production of quality steel there are numerous opportunities for the growth of this industry in India.

If we look at our growth pattern over the past few years, we will realize how important it is for a country to have a strong infrastructure to enable growth and developments. For India to emerge stronger from the global economic down turn, infrastructure will have a major role in beefing up its GDP growth. The twelfth plan (2012-2017) has embarked an infrastructure investment estimated in excess of US \$ 1 trillion aimed at improving existing highways, ports, airports, power plants to attain its annual growth target rate of 10%. The global reliance on India as a sourcing hub is also expected to increase. Global automotive majors have established a sizable presence in Indian automotive sector. All these factors will greatly boost the steel and its dependent industry.

The Ferro Alloys Industry is exposed to multiple challenges including availability of ore from domestic and international market, power availability and affordability. Production of Ferro Alloys is highly power intensive and the cost of power and ore availability is extremely critical in determining the competitiveness of the product. However with the positive prospects of its user industry, company's linkage with the overseas and domestic mine operators for supply of ores and captive power plant of 30 MW, the company is confident of maintaining cost competitiveness and staying ahead in the competition.

## Risks and Concerns

In the normal course of business the Company is exposed to external risks such as regional demand and supply imbalances,

## management discussion and analysis (contd.)

volatile swings in market demand, competition from other market players, risk arising from supply chain glitches, internal risk like variation in raw material prices, financial risk of adverse variation in interest rate and fluctuation in foreign exchange rates, technology risk of being equipped with updated technologies. All the key functional and divisional heads are independently responsible to monitor the risk associated in their respective areas.

### 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 20 of Schedule 19 to the Annual Accounts for the year 2009-10.

### 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 suggestions 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. As on 31st March, 2010 the Company had 196 employees.

### Cautionary Statement

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

For and on behalf of the Board

Kolkata, September 2, 2010

**V. K. Patni**  
Chairman

# corporate governance report

## I. Philosophy

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

## II. Board of Directors

The Board of the Company comprises eight members out of which two are Executive Directors and six Non-Executive Directors. The Chairman of the Company is a Non-Executive, Promoter Director. The composition of the Board during the year was in conformity with Clause 49 of the Listing Agreement executed with the Stock Exchanges.

None of the Directors on the Board 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 13 Board Meetings were held on 22.06.2009, 30.06.2009, 31.07.2009, 12.08.2009, 28.08.2009, 09.09.2009, 08.10.2009, 23.10.2009, 28.10.2009, 10.11.2009, 28.01.2010, 09.02.2010 and 15.03.2010. The details of the composition of the Board, attendance at the Board meeting during the year and at the last Annual General Meeting, number of directorship, membership/chairmanship in other public companies are as follows :-

Sl. No.	Name of the Director	Category	No. of Board Meetings Attended	Attendance at last AGM	No. of Directorships in other Public Limited Companies incorporated in India	No. of Committee positions held in other Public Limited Companies \$	
						As Member	As Chairman
1	Mr. Vimal Kumar Patni #	Promoter/ Non-Executive	13	Yes	8	1	-
2	Mr. Suresh Kumar Patni #	Promoter/ Executive	12	Yes	6	2	-
3	Mr. Virendra Kumar Jain #	Promoter/ Executive	5	Yes	5	-	-
4	Mr. Ajit Kumar Patni #	Promoter/ Non-Executive	12	Yes	10	-	-
5	Mr. Prem Narayan Khandelwal	Independent Non-Executive	5	No	-	-	-
6	Mr. Chhatar Singh Dugar	Independent Non-Executive	13	Yes	1	1	-
7	Mr. Krishna Kumar Chanani	Independent Non-Executive	11	Yes	-	-	-
8	Mr. Ashok Kumar Jain	Independent Non-Executive	10	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. Necessary quorum was present at all these meetings.

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

#### Declaration

In accordance with the Clause 49 of the Listing Agreement with the Stock Exchanges, the Board members and the Senior Management personnel of the Company have affirmed compliances with the Code of Conduct of the Company for the year ended 31st March, 2010.

For **IMPEX FERRO TECH LIMITED**

**S. K. Patni**

Managing Director

Kolkata, 28th May, 2010

### IV. Audit Committee

The Audit Committee comprises three Directors all of whom are financially literate. The Committee has two Independent/ Non-Executive Directors and one Non-Executive Director. During the year five meetings of the Audit Committee were held on 21.04.2009, 29.06.2009, 30.07.2009, 27.10.2009 and 27.01.2010. The present composition of the Audit Committee and the attendance at the meetings are as follows :

Name of the Member	Designation	Category	No. of Meetings attended
Mr. Krishna Kumar Chanani	Chairman	Independent Non-Executive	5
Mr. Chhatar Singh Dugar	Member	Independent Non-Executive	5
Mr. Ajit Kumar Patni	Member	Non-Executive	5

The Chairman of the Audit Committee has attended the last Annual General Meeting held on 24th September, 2009. The Meeting of the committee is usually attended by the head of the Finance & Accounts department and the Internal 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 set out in the Listing Agreement.

### V. Remuneration Committee

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

## corporate governance report (contd.)

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

### 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 each meeting of the Board or a Committee thereof. No severance fees is payable to the Directors on termination of the employment. The Company has not yet introduced any stock option to its Directors/Employees.

The directors' remuneration and sitting fees paid in respect of the Financial Year 2009-2010 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	12,00,000/-	01.07.2008	30.06.2013	2 Months
Mr. Virendra Kumar Jain	9,00,000/-	01.07.2008	30.06.2013	2 Months

#### Non-Executive Directors :

Name of the Director	Sitting Fees paid for Board and Committee Meetings (Rs.)	No. of Shares held as on 31.03.2010
Mr. Vimal Kumar Patni	19500/-	235100
Mr. Ajit Kumar Patni	28500/-	175000
Mr. Chhatar Singh Dugar	30000/-	Nil
Mr. Krishna Kumar Chanani	24000/-	Nil
Mr. Prem Narayan Khandelwal	7500/-	Nil
Mr. Ashok Kumar Jain	15000/-	Nil

### VII. Investors' Grievance Committee

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

During the year under review, two meetings of the Investors' Grievance Committee were held on July 20, 2009 and December 29, 2009. The Composition of the Committee and the attendance at its meetings are given hereunder :

Name of the Member	Designation	Category	No. of Meetings attended
Mr. 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 during the year 2009-2010, excluding correspondences which are not in the nature of complaints are given below :

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

### VIII. General Body Meetings

Location and time of last three Annual General Meetings

Date	Financial Year	Venue	Time	Special Resolution Passed
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
September 24, 2009	2008-2009	Purbashree, Bharatiyam Cultural Multiplex, EZCC, IB-201, Sector - III Saltlake, Kolkata - 700 106	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.

### 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.21 of Schedule 19 to the Annual Accounts for the year 2009-2010. There was no other material pecuniary transaction with any Non-Executive Director of the Company that requires a separate disclosure.
- The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in an Accounting Standard.
- The Company has complied with various rules and regulations prescribed by regulatory authorities on capital market and no penalties or Strictures have been imposed by them on the Company in the last three years.
- The Board has received disclosures from the key managerial personnel relating to material, financial and commercial transaction in which they and/or their relatives have personal interest.
- The Company has laid down procedures to inform the Board members about the risk assessment and risk management mechanism which is periodically reviewed and reported to the Board by the senior executives.
- The Company does not presently have a Whistle Blower Policy.
- The requisite certification from the Managing Director and the V.P. (F& A) of the Company heading the finance function for the financial year 2009-2010 required to be given under Clause 49(V) has been placed before the Board in the meeting held on 28th May, 2010.
- The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The non-mandatory requirements, to the extent followed by the Company have been stated in this report.
- The Company does not have any Subsidiary.
- Details of Directors seeking Appointment/Re-appointment at the ensuing Annual General Meeting as required under Clause 49 of the Listing Agreement is annexed to the Notice convening the Annual General Meeting.

## corporate governance report (contd.)

### X. Means of Communication

The Quarterly/Half yearly/Annual results are regularly submitted to the Stock Exchanges and published in newspapers in accordance with the Listing Agreement. The Company's site contains a separate dedicated section "investors" where shareholders' informations are available.

Newspapers wherein results are published	The Financial Express and Dainik Statesman (Bengali)
Display in Website	www.impexferrotech.com (under "Investors" 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, 30th September 2010 at 10.30 A.M. "Purbashree", Bharatiyam Cultural Multiplex, EZCC, IB-201, Sector-III, Saltlake, Kolkata - 700 106
Date of Book Closure	Saturday, September 25, 2010 to Thursday September 30, 2010 (both days inclusive)
Financial Calendar	Indicative calendar of events for the financial year 2010-2011 is as under : Financial Year - 1st April to 31st March Financial Reporting for the quarters :- First Quarter (unaudited) - Already disclosed on 29th July, 2010 Second Quarter (unaudited) - Within 45 days from the end of the quarter Third Quarter (unaudited) - Within 45 days from the end of the quarter Fourth Quarter (audited) - Within 60 days from the end of the quarter/ financial year Annual General Meeting - On or before 30th September, 2011
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

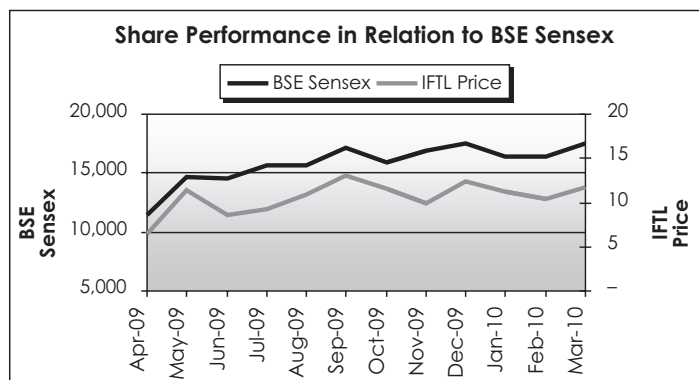
Annual Listing fees for the year 2010-2011 have been paid by the Company to both the Stock Exchanges.

### Market Price Data

Month	National Stock Exchange of India Limited			Bombay Stock Exchange Limited		
	High	Low	Volume	High	Low	Volume
April-09	7.15	4.95	119387	7.30	5.00	191575
May-09	11.35	6.00	476911	11.43	6.00	490207
June-09	13.30	7.60	605451	13.44	8.00	810927
July-09	9.95	7.00	240403	9.98	7.00	336189
Aug-09	11.00	8.45	298331	10.93	8.37	265025
Sep-09	14.35	10.10	714057	14.65	10.05	651972
Oct-09	14.40	11.35	399308	14.75	11.44	436220
Nov-09	12.30	9.75	225262	12.25	9.71	387082
Dec-09	13.15	9.70	318213	13.09	9.80	400661
Jan-10	13.35	10.80	429208	13.45	10.77	487681
Feb-10	12.10	9.85	120567	12.16	9.91	122136
Mar-10	12.95	9.65	501522	13.90	10.25	604277

## corporate governance report (contd.)

### Performance of the Company in comparison with BSE Sensex



### Shareholding pattern as on 31.03.2010

Category	No. of Shares	% of holding
Promoters & Promoter Group	30439846	60.9143
Body Corporate	10387240	20.7863
Indian Public	9108267	18.2269
NRIs/OCBs	36251	0.0725
<b>Total</b>	<b>49971604</b>	<b>100.00</b>

### Distribution of shareholding as on 31.03.2010

Range	No. of Shareholders	% of Shareholders	No. of Shares of the face value of Rs. 10/- each	% of Share held
1-500	5936	70.6667	1337304	2.6761
501-1000	1148	13.6667	998486	1.9981
1001-2000	591	7.0357	946955	1.8950
2001-3000	188	2.2381	495658	0.9919
3001-4000	101	1.2024	364780	0.7300
4001-5000	105	1.2500	505256	1.0111
5001-10000	143	1.7024	1113234	2.2277
10001-above	188	2.2381	44209931	88.4701
<b>Total</b>	<b>8400</b>	<b>100.00</b>	<b>49971604</b>	<b>100.00</b>

### Share Transfer System

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

# corporate governance report (contd.)

## Dematerialisation of Shares

As on 31st March, 2010 76.98% of the total shares of the Company have been dematerialised as under :

Category	No. of Shares	Number of Shareholders	% of total Shareholding
NSDL	34539126	5707	69.1175
CDSL	3929288	2564	7.8630
Physical	11503190	129	23.0195

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

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

## Address for Correspondence

### Registered Office

35, Chittaranjan Avenue, 4th Floor  
Kolkata - 700 012  
Ph : 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

### Plant Location

Kadavita Dendua Road,  
P.O. Kalyaneshwari, P. S. - Kulti,  
Dist - Burdwan, West Bengal - 713 369  
Ph : 0341-2522248/49  
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, September 2, 2010

## corporate governance report (contd.)

### 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, 2010**, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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 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 representations made by the Directors and the management, we certify that the Company has complied with the conditions 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.

Kolkata, September 2, 2010

For **S. JAYKISHAN**  
Chartered Accountants  
FRN : 309005E  
**Vivek Newatia**  
Partner  
Membership No. 062636

# 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, 2010 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, 2010 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, 2010;
    - ii) In the case of the Profit & Loss Account, of the profit for the year ended on that date; and
    - iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **S. JAYKISHAN**  
Chartered Accountants  
FRN : 309005E  
  
**B. K. Newatia**  
Partner  
Membership No. 050251

Place : Kolkata  
Dated : The 28th day of May, 2010

## 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 Interest Free Unsecured Loans from nine Companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 2803.09 lacs and the year-end balance of such loans aggregate to Rs. 2454.44 lacs.
- (d) In our opinion, the terms and conditions of such loans taken by the Company are prima facie not prejudicial to the interest of the Company.
- (e) In respect of the aforesaid loans, there are no stipulations as to repayment thereof.
- iv) In our opinion and according to the information and

explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

- v) (a) To the best of our knowledge and belief and according to the information and 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.327.75 lacs (Since paid Rs. 60.72 lacs), there are no undisputed outstanding statutory dues as at 31st March, 2010 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	Year	Amount (Rs. in lacs)	Forum where dispute is pending
Excise Duty	2005-06	3.10	Commissioner of Central Excise (Appeals)
Excise Duty	2005-06 & 2006-07	8.26	Commissioner of Central Excise (Appeals)
Excise Duty	2007-08	15.55	Commissioner of Central Excise (Appeals)
Excise Duty	2005-06	9.10	Joint Commissioner of Central Excise (Bolpur)
VAT	2005-06 2006-07 2009-10	643.35 1180.33 867.80	Sr. JCCT, Dharmatala Circle Sr. JCCT, Dharmatala Circle Calcutta High Court

- 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 except for Term Loan Instalment dues amounting to Rs. 84.69 lacs and Interest dues amounting to Rs. 47.35 lacs not paid during the year. Out of the above, term loan instalments amounting to Rs. 35.93 lacs and interest outstanding amounting to Rs. 35.33 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 made allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, on rights basis. The said allotment is not considered to be in the nature of preferential allotment.
- 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) We have verified the end use of money raised by rights issue of equity share capital as disclosed in the notes to the financial statements. (Note No. 7 in Schedule 19 to the accounts).
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

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

Place : Kolkata  
Dated : The 28th day of May, 2010

# balance sheet

(Amount in Rs.)

	Schedule	As on 31st March, 2010	As on 31st March, 2009
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	499,716,040	250,000,000
b) Deposit against Share Warrants		–	13,380,000
c) Reserves and Surplus	2	585,970,795	365,677,923
<b>2. Loan Funds</b>			
a) Secured Loans	3	1,395,935,992	1,304,477,326
b) Unsecured Loans	4	632,139,341	470,108,997
<b>3. Deferred Tax Liability</b> (Refer Note No. 23 in Schedule 19)		77,618,546	76,923,301
		<b>3,191,380,714</b>	<b>2,480,567,547</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>	5		
a) Gross Block		626,652,113	624,139,540
b) Less : Depreciation		192,734,632	163,987,685
c) Net Block		<b>433,917,481</b>	<b>460,151,855</b>
d) Capital Work-in-Progress		912,674,667	432,992,225
<b>2. Current Assets, Loans &amp; Advances</b>			
a) Inventories	6	1,652,768,374	1,426,561,729
b) Sundry Debtors	7	703,119,327	1,168,296,505
c) Cash & Bank Balances	8	220,859,623	235,465,729
d) Loans & Advances	9	1,043,283,060	527,330,938
		<b>3,620,030,384</b>	<b>3,357,654,901</b>
<b>Less : Current Liabilities &amp; Provisions</b>			
a) Current Liabilities	10	1,669,813,830	1,670,832,618
b) Provisions	11	109,370,629	102,275,403
		<b>1,779,184,459</b>	<b>1,773,108,021</b>
<b>Net Current Assets</b>		1,840,845,925	1,584,546,880
<b>3. Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	12	3,942,641	2,876,587
		<b>3,191,380,714</b>	<b>2,480,567,547</b>
<b>Accounting Policies and Notes on Accounts</b>	19		
Schedules referred to above form an integral part of the accounts			

In terms of our attached report of even date.

For **S. JAYKISHAN**

Chartered Accountants

FRN : 309005E

**B. K. Newatia**

Partner

Membership No. 050251

12, Ho Chi Minh Sarani

Kolkata - 700 071

Dated : The 28th day of May, 2010

On behalf of the Board of Directors

**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, 2010	Year Ended 31st March, 2009
<b>INCOME</b>			
Sales	13	5,560,128,766	3,836,285,343
Less : Excise Duty		44,133,988	87,811,401
Net Sales		<b>5,515,994,778</b>	<b>3,748,473,942</b>
Other Income	14	41,606,040	16,981,833
Increase/(Decrease) in stock	15	39,451,940	98,767,106
		<b>5,597,052,758</b>	<b>3,864,222,881</b>
<b>EXPENDITURE</b>			
Raw Materials Consumed	16	1,000,657,771	1,326,583,152
Purchase of Traded Goods		3,654,304,258	1,640,309,740
Power & Fuel		512,817,799	432,952,495
Manufacturing, Administrative and Other Expenses	17	178,387,591	233,806,098
Interest	18	121,180,135	123,957,515
Depreciation	5	28,746,947	25,275,599
		<b>5,496,094,501</b>	<b>3,782,884,599</b>
<b>Profit before Tax</b>		100,958,257	81,338,282
Provision for Taxation :			
Current		35,300,000	13,850,000
Deferred		695,245	14,481,709
Fringe Benefit Tax		–	553,000
<b>Profit after Tax</b>		<b>64,963,012</b>	<b>52,453,573</b>
Income Tax for earlier years		(7,879,764)	(17,005,858)
<b>Surplus from last year</b>		337,815,923	302,368,208
<b>Balance Carried to Balance Sheet</b>		<b>394,899,171</b>	<b>337,815,923</b>
<b>Earnings per share of face value of Rs. 10/- each</b> (Refer Note No. 22 in Schedule 19)			
<b>Basic - Before Extra-ordinary item</b>		1.87	2.10
<b>After Extra-ordinary item</b>		1.64	1.42
<b>Diluted - Before Extra-ordinary item</b>		1.87	1.78
<b>After Extra-ordinary item</b>		1.64	1.20
<b>Accounting Policies and Notes on Accounts</b>	19		
Schedules referred to above form an integral part of the accounts			

In terms of our attached report of even date.

For **S. JAYKISHAN**

Chartered Accountants

FRN : 309005E

**B. K. Newatia**

Partner

Membership No. 050251

12, Ho Chi Minh Sarani

Kolkata - 700 071

Dated : The 28th day of May, 2010

On behalf of the Board of Directors

**P. K. Agarwal**  
Company Secretary

**V. K. Patni**  
Director

**S. K. Patni**  
Managing Director

## cash flow statement

(Amount in Rs.)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extraordinary Items	100,958,257	81,338,282
Adjustments for :		
Depreciation	28,746,947	25,275,599
Interest Income	(18,869,336)	(15,975,609)
Interest Expenses	121,180,135	123,957,515
Sundry Balances written back	(121,021)	(125,532)
Public Issue Expenses written off	801,501	1,746,145
Preliminary Expenses written off	439,947	132,178,173
<b>Operating Profit before Working Capital Changes</b>	<b>233,136,430</b>	<b>216,586,947</b>
Adjustments for :		
Trade & Other Receivables	189,902,911	(1,096,416,437)
Inventories	(226,206,645)	(777,898,261)
Trade Payables & Other Liabilities	328,954,831	292,651,097
<b>Cash Generated from Operations</b>	<b>525,787,527</b>	<b>(754,502,268)</b>
Direct Taxes Paid	(37,985,934)	(31,506,263)
<b>Net Cash from Operating Activities</b>	<b>487,801,593</b>	<b>(786,008,531)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (including CWIP)	(578,997,313)	(203,641,283)
Interest Capitalised	(56,244,726)	(36,656,380)
Advances for Capital Goods	(238,776,459)	14,726,278
Interest Received	18,869,336	15,975,609
Maturity Proceeds of Fixed Deposit	68,969,166	275,264,010
Fixed Deposits made	(89,964,757)	(360,427,616)
<b>Net Cash used in Investing Activities</b>	<b>(876,144,753)</b>	<b>(294,759,382)</b>

## cash flow statement (contd.)

(Amount in Rs.)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deposit against Share Warrants	–	13,380,000
Share Application Money received	224,245,664	175,300,000
Term Loan Borrowings	604,428,709	19,606,608
Repayment of Term Loans	(147,880,730)	(38,560,457)
Increase/(Decrease) in Short Term Borrowings	(373,358,179)	719,939,466
Increase in Inter Corporate Deposits & Other Loans	161,014,902	321,104,793
State Capital Subsidy received	–	25,862,000
Miscellaneous Expenditure	(2,307,502)	(1,300,000)
Interest Paid	(113,401,401)	(122,941,409)
<b>Net Cash from Financing Activities</b>	<b>352,741,463</b>	<b>1,112,391,001</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(35,601,697)</b>	<b>31,623,088</b>
Cash and Cash Equivalents at the beginning of year	44,383,482	12,760,394
Cash and Cash Equivalents at the end of year	8,781,785	44,383,482

### 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.
- Previous year's figures have been regrouped/rearranged, wherever considered necessary to confirm to the year's classification.
- 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  
FRN : 309005E

**B. K. Newatia**  
Partner  
Membership No. 050251  
12, Ho Chi Minh Sarani  
Kolkata - 700 071  
Dated : The 28th day of May, 2010

On behalf of the Board of Directors

**P. K. Agarwal**  
Company Secretary

**V. K. Patni**  
Director

**S. K. Patni**  
Managing Director

# schedules

(Amount in Rs.)

	As on 31st March, 2010	As on 31st March, 2009
<b>Schedule - 1 SHARE CAPITAL</b>		
<b>Authorised :</b>		
58,000,000 Equity Shares of Rs. 10 each	580,000,000	580,000,000
(Previous year 58,000,000 equity shares of Rs. 10 each)		
<b>Issued, Subscribed and Paid-up :</b>		
49,971,604 Equity Shares of Rs.10 each fully paid up in cash	499,716,040	250,000,000
(Previous year 25,000,000 equity shares of Rs. 10 each fully paid up in cash)		
	<b>499,716,040</b>	<b>250,000,000</b>
<b>Schedule - 2 RESERVES &amp; SURPLUS</b>		
<b>Capital Reserve</b>		
State Capital Subsidy - As per last account	27,862,000	2,000,000
Add : Received during the year	–	25,862,000
	27,862,000	27,862,000
Forfeiture of Share Warrants (Refer Note 8 of Schedule 19)	13,380,000	–
<b>Securities Premium</b>		
Received during the year	149,829,624	–
<b>Surplus</b>		
As per Profit & Loss Account annexed	394,899,171	337,815,923
	<b>585,970,795</b>	<b>365,677,923</b>
<b>Schedule - 3 SECURED LOANS</b>		
<b>A) Term Loans</b>		
From Banks	785,615,559	328,884,284
Interest Accrued and due	11,103,710	2,834,843
<b>B) Loan against Hypothecation of specific Assets</b>	363,907	547,204
<b>C) Working Capital Loans</b>		
From Banks		
Cash Credit	598,852,816	604,380,513
Buyer's Credit	–	367,830,482
	<b>1,395,935,992</b>	<b>1,304,477,326</b>

**Notes :****A. Securities for Loans**

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

**B. Term Loans repayable within one year - Rs. 1246.82 Lacs (Previous year - Rs. 1577.81 Lacs)**

<b>Schedule - 4 UNSECURED LOANS</b>		
From Bodies Corporate	611,743,899	461,100,000
From WBIDC (against interest subsidy receivable)	19,380,000	–
Interest Accrued and due	1,015,442	9,008,997
	<b>632,139,341</b>	<b>470,108,997</b>

## schedules (contd.)

(Amount in Rs.)

Schedule - 5 FIXED ASSETS									
PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 1st April, 09	Additions during the year	Deductions during the year	As at 31st March, 10	As at 1st April, 09	For the year	Adjustments during the year	As at 31st March, 10	As at 31st March, 09
<b>A) TANGIBLE</b>									
Land & Site	8,492,357	1,584,241	-	10,076,598	-	-	-	10,076,598	8,492,357
Development									
Factory Shed & Building	130,369,305	314,056	-	130,683,361	29,331,149	4,360,372	-	33,691,521	101,038,156
Office Premises	2,320,354	-	-	2,320,354	305,253	37,822	-	343,075	2,015,101
Plant & Machineries	463,053,224	358,090	-	463,411,314	126,645,883	22,951,920	-	149,597,803	336,407,341
Computers	1,243,980	177,706	-	1,421,686	1,027,268	121,284	-	1,148,552	216,712
Furniture & Fixtures	2,523,568	36,580	-	2,560,148	865,260	160,335	-	1,025,595	1,658,308
Electrical Installations	10,403,167	-	-	10,403,167	3,299,067	494,150	-	3,793,217	7,104,100
Air Conditioners	978,284	41,900	-	1,020,184	293,301	47,152	-	340,453	684,983
Vehicles	3,255,301	-	-	3,255,301	985,162	309,254	-	1,294,416	2,270,139
<b>B) INTANGIBLE</b>									
ERP Software	1,500,000	-	-	1,500,000	1,235,342	264,658	-	1,500,000	264,658
<b>TOTAL</b>	<b>624,139,540</b>	<b>2,512,573</b>	<b>-</b>	<b>626,652,113</b>	<b>163,987,685</b>	<b>28,746,947</b>	<b>-</b>	<b>192,734,632</b>	<b>460,151,855</b>
Previous Year	473,572,132	150,567,408	-	624,139,540	138,712,086	25,275,599	-	163,987,685	460,151,855
Capital Work in Progress	432,992,225	479,682,442	-	912,674,667	-	-	-	912,674,667	432,992,225

**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. 126,627/- (Previous year - Rs. 673,890/-)

## schedules (contd.)

(Amount in Rs.)

	As on 31st March, 2010	As on 31st March, 2009
<b>Schedule - 6 INVENTORIES (As taken, valued &amp; certified by the Management)</b>		
Raw Materials* (Including in Transit Rs. 2,326,142, Previous year Rs. 14,518,269)	1,465,764,225	1,279,183,922
Stock-in-Process **	98,046,752	93,404,000
Finished Goods (including in transit Rs. 17,166,991)	85,522,164	50,712,976
Stores and Spares	2,844,848	3,061,846
Packing Materials	590,385	198,985
	<b>1,652,768,374</b>	<b>1,426,561,729</b>

\* Includes Stock valued at Rs. 253,332,039 (Previous year Rs. 169,220,441) pledged with PEC Limited.

\*\* Includes Stock under Trial Run amounting to Rs. Nil (Previous year Rs. 2,250,000).

<b>Schedule - 7 SUNDRY DEBTORS (Unsecured, considered good)</b>		
Due for more than six months	57,841,555	40,801,481
Other Debts	645,277,772	1,127,495,024
	<b>703,119,327</b>	<b>1,168,296,505</b>

<b>Schedule - 8 CASH &amp; BANK BALANCES</b>		
Cash-in-Hand (as Certified)	2,183,389	1,489,493
Balance With Scheduled Banks :		
In Current Accounts	6,598,396	42,893,989
In Public Issue Account	80,000	80,000
In Fixed Deposit Accounts	211,997,838	191,002,247
[Lodged with Banks towards Margin on Letter of Credit & Bank Guarantees]		
	<b>220,859,623</b>	<b>235,465,729</b>

<b>Schedule - 9 LOANS AND ADVANCES (Unsecured, considered good)</b>		
Advances recoverable in cash or in kind or for value to be received	447,248,920	197,351,350
Capital Advances (Project)	428,330,458	189,553,999
CENVAT Receivable	68,764,674	31,705,235
Deferred CENVAT Credit	26,368,033	46,685,639
VAT Credit Receivable	–	828,913
VAT Credit Receivable (Project)	6,066,218	6,014,630
Balance with Excise Department	27,244	27,244
Income Tax Payments	42,175,422	40,274,026
Sundry Deposits	5,197,773	1,036,104
Export Incentive Receivable	19,104,318	13,853,798
	<b>1,043,283,060</b>	<b>527,330,938</b>

## schedules (contd.)

(Amount in Rs.)

	As on 31st March, 2010	As on 31st March, 2009
<b>Schedule - 10 CURRENT LIABILITIES</b>		
Sundry Creditors		
Dues to Micro, Small and Medium Enterprises	–	–
Dues to Others :		
For Capital Goods	7,905,394	160,952,417
For Supplies	1,393,530,082	1,107,990,635
For Expenses	242,901,023	143,134,819
For Pending Disbursements	1,556,383	5,039,968
Interest accrued, but not due	132,155	1,637,730
Share Application Money, pending Allotment	–	175,300,000
Advances from Parties	23,708,793	76,697,049
Share Application Money Refundable	80,000	80,000
	<b>1,669,813,830</b>	<b>1,670,832,618</b>
<b>Schedule - 11 PROVISIONS</b>		
Provision for Tax	109,370,629	100,951,966
Provision for Fringe Benefit Tax	–	1,323,437
	<b>109,370,629</b>	<b>102,275,403</b>
<b>Schedule - 12 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>		
<b>Preliminary Expenses</b>		
Opening Balance	1,236,587	1,607,134
Less : Amortised for the year	439,947	370,547
	<b>796,640</b>	<b>1,236,587</b>
<b>Share Issue Expenses</b>		
Opening Balance	1,640,000	2,086,145
Addition during the year	2,307,502	1,300,000
	<b>3,947,502</b>	<b>3,386,145</b>
Less : Amortised for the year	801,501	1,746,145
	<b>3,146,001</b>	<b>1,640,000</b>
	<b>3,942,641</b>	<b>2,876,587</b>

## schedules (contd.)

(Amount in Rs.)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
<b>Schedule - 13 SALES</b>		
Export Sales (including Indirect Sales)	1,214,515,399	1,304,933,727
Domestic Sales	4,320,834,767	2,517,020,113
	<b>5,535,350,166</b>	<b>3,821,953,840</b>
Export Incentives	24,778,600	14,331,503
	<b>5,560,128,766</b>	<b>3,836,285,343</b>

<b>Schedule - 14 OTHER INCOME</b>		
Interest on Fixed Deposits (TDS - Rs. 2,349,637, Previous year Rs. 3,559,675)	18,869,336	15,975,609
Interest on Credit Sales (TDS - Rs. 62,741, Previous year Rs. 105,467)	696,250	846,461
Foreign Exchange Fluctuation Gain	14,316,434	—
Discount received	3,000	8,807
Income from liquidated damages	7,600,000	—
Miscellaneous Income	—	25,424
Sundry Balances written back	121,020	125,532
	<b>41,606,040</b>	<b>16,981,833</b>

<b>Schedule - 15 INCREASE/(DECREASE) IN STOCKS</b>		
<b>Closing Stock</b>		
Finished Goods	85,522,164	50,712,976
Stock-in-Process	98,046,752	91,154,000
	<b>183,568,916</b>	<b>141,866,976</b>
Less : Opening Inventories	144,116,976 *	43,099,870
	<b>39,451,940</b>	<b>98,767,106</b>

\* Includes stock under trial run amounting to Rs. 2,250,000

<b>Schedule - 16 RAW MATERIALS CONSUMED</b>		
Opening Stock	1,279,183,922	602,686,648
Add : Purchases (including freight)	1,187,238,074	2,003,080,426
	<b>2,466,421,996</b>	<b>2,605,767,074</b>
Less : Closing Stock	1,465,764,225	1,279,183,922
Raw Materials Consumed	<b>1,000,657,771</b>	<b>1,326,583,152</b>

## schedules (contd.)

(Amount in Rs.)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
<b>Schedule - 17 MANUFACTURING, ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Stores & Spares	6,497,086	4,921,647
Packing Materials	6,273,926	4,188,282
Payments to and Provisions for Employees		
Salaries, Wages & Bonus	9,526,634	8,481,865
Gratuity	25,118	284,181
Contribution to Provident and other Funds	642,056	584,377
Welfare Expenses	39,450	80,199
Directors' Remuneration	2,100,000	1,627,500
Directors' Sitting Fees	124,500	121,500
Rent	266,710	19,179
Rates & Taxes	126,878	117,573
Repairs & Maintenance		
Factory Shed & Building	1,926,528	4,111,015
Plant & Machinery	8,672,642	12,406,066
Others	395,543	577,206
Insurance	4,235,353	3,264,291
Material Handling Expenses	5,852,373	4,808,441
Excise duty on Variation in Stock	–	(429,500)
(Refer Note No. 12 in Schedule 19)		
Other Manufacturing Expenses	7,766,723	6,820,438
Auditor's Remuneration	217,500	170,000
(Refer Note No. 13 in Schedule 19)		
Motor Car Expenses	894,867	883,900
Travelling & Conveyance	4,935,330	5,108,715
Commission-other than Sole Selling Agent	355,715	600,573
Legal & Professional Charges	1,304,181	3,484,825
Advertisement	534,634	1,119,857
Bank Charges	51,704,605	38,208,950
Finance Brokerage	–	3,328,465
Miscellaneous Expenses	2,706,250	3,376,935
Cess Charges	165,531	166,292
Security Charges	4,805,683	4,100,815
Discount & Rebates	140,840	753,314

## schedules (contd.)

(Amount in Rs.)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
<b>Schedule - 17 MANUFACTURING, ADMINISTRATIVE &amp; OTHER EXPENSES (Contd.)</b>		
Liquidated Damages	–	3,106,602
Freight and Forwarding	52,017,484	68,958,784
Sales Tax on Assessment	574,349	2,359,420
DEPB and other Licence Fees	26,985	29,441
Profit/Loss on Sale of DEPB	451,417	1,073,970
Sundry balances written off	254,313	159,473
Premium on Forward Contract	–	972,061
Foreign Exchange Fluctuation Loss	–	40,499,241
Penalty	10,000	6,000
Testing Charges	1,574,939	1,151,073
Prior Period Items	–	86,440
(Refer Note No. 15 in Schedule 19)		
Preliminary Expenses written off	439,947	370,547
Share Issue Expenses written off	801,501	1,746,145
	<b>178,387,591</b>	<b>233,806,098</b>

<b>Schedule - 18 INTEREST</b>		
On Term Loans	13,201,789	18,911,527
On Cash Credits	75,682,088	48,424,873
Others	32,296,258	56,621,115
	<b>121,180,135</b>	<b>123,957,515</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 and deferred tax.

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

Deferred tax liabilities and assets are 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 relatable 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. Nil (Previous year Rs. 8,500,000).
  - (b) Letters of Credit opened in favour of suppliers, outstanding as at 31st March 2010 – Rs.1,134,315 (Previous year Rs. 12,945,085).
  - (c) Bills discounted with Banks outstanding as on 31st March 2010, Rs. 172,442,760 (Previous year Rs. 122,257,324).
  - (d) Excise Demand of Rs. 3,601,293 (Previous year Rs. 3,088,751) for the financial year 2005-06, 2006-07 and 2007-08 disputed in appeal (Rs. 500,000 is paid under protest).
  - (e) Sales Tax Demand disputed in appeal for the year 2005-06, 2006-07 & 2009-2010 aggregates to Rs. 269,148,142. The company has paid a sum of Rs. 11,465,734 under protest.
  - (f) Excise duty liabilities arising out of search operations by the Directorate General of Central Excise Intelligence and Commissioner of Central Excise, Bolpur. However, the Company has paid under protest a sum of Rs. 32.10 Lacs, pending issuance of any show cause notice.
  - (g) Several Parties including the Company have disputed the basis of levy of Fuel Surcharge in the electricity bills of Damodar Valley Corporation (DVC). Accordingly an amount of Rs. 162,544,658 (after considering waiver of electricity duty admitted by DVC) has not been provided for by the Company. Pending adjudication of final demand, the Company has made adhoc payments against the bills.
  - (h) Claims not acknowledged as debts for commitment charges debited by a Bank – Rs. 10,444,146 (Previous year – Rs. 5,839,282).
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for – Rs. 541,476,405 (Previous year Rs. 935,528,394). Advances paid there against – Rs. 428,330,458 (Previous year – Rs. 189,553,999).
  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. Balances in respect of certain inoperative bank accounts amounting to Rs. 100,752 are subject to confirmation.
  6. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
  7. The Company during the year issued 24,971,604 equity shares of Rs 10 each on right basis at a price of Rs 16 per share as per the basis of allotment finalised in consultation with the Bombay Stock Exchange Limited, aggregating to Rs. 399,545,664 which has been utilised for setting up of 5th Submerged Electric Arc Furnace of 7.5 MVA capacity, Installation of 30 MW Captive Power Plant and Issue Expenses.
  8. In the year 2008-09, the Company had issued 6,000,000 Preferential Convertible Warrants (Exercise Price of Rs.22.25 each) on preferential basis to promoters & a non promoter. Each warrant carried 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. Warrant holders having expressed their inability to pay the remaining amount, the Board of Directors forfeited the same and credited the amount of Rs. 13,380,000 received against those warrants to capital reserve.
  9. 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.
  10. Sundry Debtors include Rs. 5,146,502 (Previous year – Rs. 7,581,360) covered by letters of credit in favour of the Company. Sundry Creditors include Rs. 1,226,151,843 (Previous year – Rs. 573,028,915) against which letters of credit are outstanding at Balance Sheet date and Rs. 253,332,039 (Previous year – Rs. 160,543,716) against pledge of stock of raw materials.

## schedules (contd.)

(Amount in Rs.)

### 11) Managerial Remuneration

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

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
<b>Salary to Managing Director</b>		
S. K. Patni	1,200,000	922,500
<b>Salary to Whole time Director</b>		
Virendra Kumar Jain	900,000	705,000
<b>Perquisites</b>	-	-
<b>Sitting Fees to Other Directors</b>	124,500	121,500
<b>TOTAL</b>	<b>2,224,500</b>	<b>1,749,000</b>

(b) Liability for gratuity is provided for on actuarial basis for the Company as a whole. The amount pertaining to directors is not ascertainable and, therefore, not included above.

(c) The computation of net profit for the purpose of directors' remuneration under Section 349 of the Companies Act, 1956 has not been enumerated since no commission has been paid to any director. Fixed managerial remuneration has been paid to the Managing Director and Whole-time Director within the limit as per Schedule XIII of the Companies Act, 1956.

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

### 13) Auditors' Remuneration includes :

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
a) As Auditor	150,000	100,000
As Tax Auditor	30,000	25,000
b) As Advisor		
- Taxation matters	-	-
- Company Law Matters	-	15,000
- Management Services	-	-
c) In any other matter	37,500	30,000
<b>TOTAL</b>	<b>217,500</b>	<b>170,000</b>

14) Share issue expenses include payment to auditors amounting to Rs. 125,000.

### 15) Prior Period Items include :

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Excise Duty	-	2,880
Repairs & Maintenance - Plant and Machinery	-	35,000
Stores & Spares	-	36,431
Bank Charges	-	501
Rent	-	11,628
<b>TOTAL</b>	<b>-</b>	<b>86,440</b>

## schedules (contd.)

- 16) Forward contracts/hedging instruments outstanding as at the Balance Sheet date are Nil

Particulars of unhedged foreign currency exposures as at 31.03.10 are as follows :

Particulars	Currency	Year ended 31.03.2010	Year ended 31.03.2009
Amount payable in foreign currency	USD	1,190,687	7,219,440
Amount receivable in foreign currency	USD	114,012	376,115

- 17) Fixed Deposit includes interest accrued but not due amounting to Rs. 2,464,790 (Previous year Rs. 7,509,247).

- 18) Capital work-in-progress includes Rs. 131,006,175 (Previous year Rs. 72,678,967) as Pre Operative Expenses relating to project under implementation, pending allocation to Fixed Assets.

(Amount in Rs.)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Opening Balance	72,678,967	40,586,358
Add : Expenditure incurred during the period		
Raw Materials consumed	–	8,581,225
Power and Fuel	–	2,551,006
Bank Charges	1,952,382	2,462,170
Interest On : Term Loan	56,244,726	25,241,230
Unsecured Loan	–	11,415,150
Legal, Professional & Consultancy Charges	110,000	543,710
Pollution Fee & Other Charges	20,100	226,616
	<b>131,006,175</b>	<b>91,607,465</b>
Less : Closing Stock of Trial Run Production	–	2,250,000
Less : Amount allocated to Fixed Assets	–	16,678,498
Closing Balance	<b>131,006,175</b>	<b>72,678,967</b>

- 19) **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	Year ended 31.03.2010	Year ended 31.03.2009
Employer's Contribution to Provident and other Funds	642,056	584,377

## 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 2010, 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.

(Amount in Rs.)

Particulars	Gratuity (Funded) 31.03.2010	Gratuity (Funded) 31.03.2009
<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	1,594,716	1,226,899
Current Service Cost	127,577	228,895
Interest Cost	239,990	98,152
Actuarial (Gain)/Loss	(122,637)	88,655
Benefits paid	(46,947)	(47,885)
Settlement cost	–	–
Defined Benefit obligation at the year end	<b>1,792,699</b>	<b>1,594,716</b>
<b>(ii) Reconciliation of Opening and Closing Balances of fair value of plan assets :</b>		
Fair value of plan assets at beginning of the year	2,458,456	1,466,441
Expected return on plan assets	194,799	151,735
Actuarial Gain/(Loss)	25,013	(20,214)
Employers' contribution	–	908,379
Benefits paid	(46,947)	(47,885)
Settlement cost	–	–
Fair value of plan assets at the year end	<b>2,631,321</b>	<b>2,458,456</b>
Actual return on plan assets	219,812	131,521
<b>(iii) Reconciliation of fair value of assets and obligation :</b>		
Fair value of plan assets	2,631,321	2,458,456
Present value of obligation	1,792,699	1,594,716
Amount recognized as liability/(asset) in Balance Sheet	(838,622)	(863,740)
<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	239,990	228,895
Interest Cost	127,577	98,152
Expected return on plan assets	(194,799)	(151,735)
Actuarial (Gain)/Loss	(147,651)	108,872
Net Cost	25,117	284,184
<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)	5%	8%

## schedules (contd.)

(Amount in Rs.)

Particulars	31.03.2010	31.03.2009
<b>(vii) Other Disclosures</b>		
Defined Benefit Obligation	1,792,699	1,594,716
Plan Assets	2,631,321	2,458,456
Surplus/(Deficit)	838,622	863,740
Experience Adjustment on Plan Liabilities	122,637	(88,655)

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.**

### 20) 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	17,653.21	20,691.33	37,506.74	16,793.41	–	–	55,159.95	37,484.74
Segment Results (Profit before Interest & Tax)	1,257.69	1,662.65	963.69	390.31	–	–	2,221.38	2,052.96
Interest	–	–	–	–	1,211.80	1,239.58	1,211.80	1,239.58
Profit before tax	1,257.69	1,662.65	963.69	390.31	(1,211.80)	(1,239.58)	1,009.58	813.38
Less: Income Tax & FBT	–	–	–	–	359.95	288.84	359.95	288.84
Profit after tax	1,257.69	1,662.65	963.69	390.31	(1,571.75)	(1,528.42)	649.63	524.54
<b>Other information</b>								
Assets	38,858.04	30,922.43	10,386.43	11,182.82	421.75	402.74	49,666.23	42,507.99
Liabilities	6,946.70	6,735.90	9,751.44	8,219.42	1,093.71	2,775.75	17,791.84	17,731.08
Capital Expenditure	4,821.95	2,902.93	–	–	–	–	4,821.95	2,902.93
Depreciation	287.47	252.76	–	–	–	–	287.47	252.76
Non-cash Expenses (other than Depreciation)	12.41	21.17	–	–	–	–	12.41	21.17

## schedules (contd.)

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

			Segment Revenue (Based on Location of Customers)	Segment Assets (Based on Location of Assets)	Capital Expenditure
<b>Within India</b>	Year ended	31.03.2010	43,014.80	49,614.76	4,821.95
	Year ended	31.03.2009	24,435.40	42,316.36	2,902.93
<b>Outside India</b>	Year ended	31.03.2010	12,145.15	51.47	–
	Year ended	31.03.2009	13,049.34	191.63	–
<b>Total</b>	Year ended	31.03.2010	55,159.95	49,666.23	4,821.95
	Year ended	31.03.2009	37,484.74	42,507.99	2,902.93

### 21. 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 Limited	Impex Cements Limited
Impex Industries Limited	Impex Metal & Ferro Alloys Limited
Impex Steel Limited	DC Ispat Limited (Formerly known as Nikita Ispat Private Limited)
Patni Metal & Ferro Alloys Limited	Sahyogi Distributors Limited
Vasupujya Enterprises Private Limited	Vikash Metal & Power Limited
Vikash Smelters & Alloys Limited	VSN Agro Products Limited

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	
	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2009
<b>Managerial Remuneration</b>				
1 Suresh Kumar Patni	1,200,000	922,500	–	–
2 Virendra Kumar Jain	900,000	705,000	–	–
<b>Purchase of Goods</b>				
1 Brahmand Udyog Limited	–	–	30,016,584	50,338,018
2 Impex Metal & Ferro Alloys Limited	–	–	46,699,133	16,790,073
3 Vikash Metal & Power Limited	–	–	5,720,082	70,539,069
4 Sahyogi Distributors Limited	–	–	256,011,486	90,138,984
5 Ankit Metal & Power Limited	–	–	1,552,322	–
<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	
	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2009
<b>Sales of Finished Goods</b>				
1 Brahmand Udyog Limited	—	—	281,737,579	15,777,808
2 Hira Concast Limited	—	—	9,869,541	9,338,199
3 Impex Metal & Ferro Alloys Limited	—	—	115,252,099	11,172,495
4 Impex Steel Limited	—	—	3,495,287	7,600,554
5 Vikash Metal & Power Limited	—	—	27,299,285	25,483,166
6 Sahyogi Distributors Limited	—	—	149,569,290	—
<b>Loans Taken</b>				
1 Brahmand Udyog Limited	—	—	—	3,000,000
2 Gold Mohar Steel Limited	—	—	10,000,000	2,500,000
3 VSN Agro Products Limited	—	—	10,000,000	2,500,000
4 Sahyogi Distributors Limited	—	—	34,800,000	—
5 Dhodwala Enterprises Limited	—	—	30,000,000	—
6 Impex Industries Limited	—	—	17,500,000	—
7 Patni Metal & Ferro Alloys Limited	—	—	20,000,000	—
<b>Loans Repaid</b>				
1 Vasupuiya Enterprises Private Limited	—	—	—	3,000,000
2 Sahyogi Distributors Limited	—	—	34,800,000	—
3 Dhodwala Enterprises Limited	—	—	13,257	—
4 Gold Mohar Steel Limited	—	—	21,722	—
5 Impex Industries Limited	—	—	15,761	—
6 VSN Agro Products Limited	—	—	14,358	—
<b>Interest on Loans</b>				
1 Brahmand Udyog Limited	—	—	—	1,416,961
2 Dhodwala Enterprises Limited	—	—	—	861,502
3 Gold Mohar Steel Limited	—	—	—	3,658,715
4 Impex Cements Limited	—	—	—	1,400,559
5 Impex Industries Limited	—	—	—	2,494,843
6 Patni Metal & Ferro Alloys Limited	—	—	—	863,434
7 Vasupuiya Enterprises Private Limited	—	—	—	116,468
8 VSN Agro Products Limited	—	—	—	602,668

## schedules (contd.)

(Amount in Rs.)

Particulars	Referred in ii(a) above		Referred in ii(b) above	
	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2009
<b>Share Application Money</b>				
1 Brahmand Udyog Limited	—	—	—	30,000,000
2 Dhodwala Enterprises Limited	—	—	20,000,000	5,000,000
3 Impex Cements Limited	—	—	10,000,000	5,000,000
4 Patni Metal & Ferro Alloys Limited	—	—	10,000,000	5,000,000
5 Sahyogi Distributors Limited	—	—	—	115,300,000
6 VSN Agro Products Limited	—	—	12,260,000	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
<b>Advances given, refunded back *</b>				
1 Hira Concast Limited	—	—	—	12,000,000
2 Impex Steel Limited	—	—	—	1,220,000
3 DC Ispat Limited	—	—	1,500,000	1,500,000
4 Impex Cements Limited	—	—	21,000,000	—
5 Vikash Smelters & Alloys Limited	—	—	7,500,000	—
<b>Advances Refunded</b>				
1 DC Ispat Limited	—	—	1,500,000	—
2 Brahmand Udyog Limited	—	—	50,000,000	—
<b>Advances Taken</b>				
1 Impex Metal & Ferro Alloys Limited	—	—	—	17,713,819
2 Sahyogi Distributors Limited	—	—	3,026,180	—
<b>Advances taken, repaid back *</b>				
1 Dhodwala Enterprises Limited	—	—	6,000,000	—
2 Gold Mohar Steel Limited	—	—	6,000,000	—
3 Impex Cements Limited	—	—	2,025,000	—
4 Impex Industries Limited	—	—	9,000,000	—
5 Impex Steel Limited	—	—	20,000,000	—
6 DC Ispat Limited	—	—	2,500,000	—
7 Patni Metal & Ferro Alloys Limited	—	—	6,000,000	—
8 VSN Agro Products Limited	—	—	9,000,000	—

## schedules (contd.)

(Amount in Rs.)

Particulars	Referred in ii(a) above		Referred in ii(b) above	
	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2009
<b>Outstanding Balances as at 31.03.2010</b>				
<b>Sundry Debtors</b>				
1 Brahmand Udyog Limited	—	—	—	3,439,790
2 Hira Concast Limited	—	—	1,609,747	1,747,498
3 Impex Steel Limited	—	—	—	2,220,117
4 Impex Metal & Ferro Alloys Limited	—	—	9,946,503	—
5 Vikash Metal & Power Limited	—	—	9,721,121	—
<b>Sundry Creditors</b>				
1 Sahyogi Distributors Limited	—	—	—	5,138,984
<b>Loans Taken</b>				
1 Brahmand Udyog Limited	—	—	10,937,228	10,937,228
2 Dhodwala Enterprises Limited	—	—	42,730,000	12,743,257
3 Gold Mohar Steel Limited	—	—	63,300,000	53,321,722
4 Impex Cements Limited	—	—	20,586,049	20,586,049
5 Impex Industries Limited	—	—	54,450,000	36,965,761
6 Patni Metal & Ferro Alloys Limited	—	—	32,884,044	12,884,044
7 Vasupujya Enterprises Private Limited	—	—	1,616,578	1,616,578
8 VSN Agro Products Limited	—	—	18,940,000	8,954,358
<b>Advances Given</b>				
1 DC Ispat Limited	—	—	—	1,500,000
2 Brahmand Udyog Limited	—	—	58,779,285	50,000,000
<b>Advances Taken</b>				
1 Impex Metal & Ferro Alloys Limited	—	—	—	17,713,819
2 Sahyogi Distributors Limited	—	—	3,026,180	—
<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

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

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.)

### 22. Earnings per share :

(Amount in Rs.)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Weighted average number of Equity Shares outstanding during the year :	34,714,980	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.	34,714,980	29,487,671
Profit after Tax, before extraordinary item (Rs.)	64,963,012	52,453,574
Profit after Tax, after extraordinary item (Rs.)	57,083,248	35,447,716
Nominal Value of Ordinary Shares (Rs.)	10.00	10.00
<b>Earnings Per Share (Basic) (Rs.)</b>		
(i) Before extraordinary item	1.87	2.10
(ii) After extraordinary item	1.64	1.42
<b>Earnings Per Share (Diluted) (Rs.)</b>		
(i) Before extraordinary item	1.87	1.78
(ii) After extraordinary item	1.64	1.20

### 23. 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 31.03.2010	As at 31.03.2009
<b>Deferred Tax Liability :</b>		
Depreciation	77,618,546	76,923,301
<b>Deferred Tax Asset :</b>	Nil	Nil
<b>Net Deferred Tax Liability</b>	77,618,546	76,923,301

### 24. 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 (Previous year - 59,025 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 31.03.2010		Year ended 31.03.2009	
	Quantity (M.T.)	Amount	Quantity (M.T.)	Amount
<b>1. Ferro Alloys</b>				
Opening Stock	1,340.390	50,712,976	526.800	21,727,948
Production *	36,831.070	–	31,637.810	–
Sales **	36,167.180	1,784,676,580	30,824.220	2,142,613,148
Closing Stock	2,004.280	85,522,164	1,340.390	50,712,976
<b>2. Iron &amp; Steel Products</b>				
Opening Stock	–	–	–	–
Purchases	174,541.972	3,654,304,258	66,408.289	1,640,309,740
Sales	174,541.972	3,750,673,586	66,408.289	1,679,340,692
Closing Stock	–	–	–	–

\* Production includes 62.080 MT (Previous year - 159.750 MT) used for captive consumption.

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

- Captive consumption of 62.080 MT (Previous year - 159.750 MT)
- Returns of 10.000 MT (Previous year - 31.600 MT) used for reprocessing

### b. Raw Materials Consumed

(Amount in Rs.)

	Year ended 31.03.2010		Year ended 31.03.2009*	
	Quantity (M.T.)	Amount	Quantity (M.T.)	Amount
Manganese Ore **	70,725.306 #	715,069,519	65,520.318	1,019,760,016
Coal & Coke	35,319.645	230,752,998	29,041.816	204,364,529
Dolomite	11,112.995	14,549,820	7,917.322	10,127,995
Others ***		40,285,434		92,330,612
<b>TOTAL</b>		<b>1,000,657,771</b>		<b>1,326,583,152</b>

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

\*\* Excludes sales returns of 10.000 MT (Previous year - 31.600 MT) used for reprocessing.

# Excludes material removed from slag & reused in process - 4,120.000 MT (Previous year - Nil).

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

(Amount in Rs.)

Break Up	Year ended 31.03.2010		Year ended 31.03.2009	
	Amount	Percentage	Amount	Percentage
Indigenous	713,239,033	71.28	814,070,703	61.37
Imported	287,418,738	28.72	512,512,449	38.63
<b>TOTAL</b>	<b>1,000,657,771</b>	<b>100.00</b>	<b>1,326,583,152</b>	<b>100.00</b>

## schedules (contd.)

(Amount in Rs.)

### c. Stores, Spares & Consumables

Break Up	Year ended 31.03.2010		Year ended 31.03.2009	
	Amount	Percentage	Amount	Percentage
Indigenous	6,497,086	100	4,921,647	100
Imported	–	–	–	–
<b>Total</b>	<b>6,497,086</b>	<b>100</b>	<b>4,921,647</b>	<b>100</b>

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

CIF Value of Imports	Year ended 31.03.2010	Year ended 31.03.2009
Raw Materials	599,195,299	641,583,182

### e. Foreign exchange earnings and outgo :

#### i. Earnings in Foreign currency :

F.O.B. value of exports - Rs. 1,170,001,574 (Previous year - Rs. 1,259,482,154)

#### ii. Expenditure in Foreign currency :

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Sales Commission	–	215,250

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

In terms of our attached report of even date.

For **S. JAYKISHAN**

Chartered Accountants

FRN : 309005E

**B. K. Newatia**

Partner

Membership No. 050251

12, Ho Chi Minh Sarani

Kolkata - 700 071

Dated : The 28th day of May, 2010

On behalf of the Board of Directors

**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.	71996	State Code	21
Balance Sheet Date	31032010		

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

Public Issue	N I L	Right Issue	399546
Bonus Issue	N I L	Private Placement	N I L

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

Total Liabilities	3191381	Total Assets	3191381
-------------------	---------	--------------	---------

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

Paid-up Capital	499716	Reserves & Surplus	585971
Secured Loans	1395936	Unsecured Loans	632139
Deferred Tax Liability	77619	Share Application Money	N I L

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

Net Fixed Assets	433917	Capital Work-in-Progress	912675
Net Current Assets	1840846	Miscellaneous Expenditure	3943

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

Total Income	5557601	Total Expenditure	5456643
Profit/(Loss) before Tax	100958	Profit/(Loss) after Tax	64963
Earning Per Share (Rs.)	1.87	Dividend Rate (%)	N I L

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

Item Code No. (ITC Code)	72022100
Product Description	F E R R O A L L O Y S

In terms of our attached report of even date.

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

**B. K. Newatia**  
Partner  
Membership No. 050251  
12, Ho Chi Minh Sarani  
Kolkata - 700 071  
Dated : The 28th day of May, 2010

On behalf of the Board of Directors

**P. K. Agarwal**  
Company Secretary

**V. K. Patni**  
Director

**S. K. Patni**  
Managing Director

[illegible]

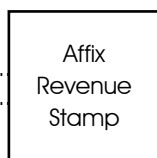
# IMPEX FERRO TECH LIMITED

Registered Office :  
35, Chittaranjan Avenue, 4th Floor, Kolkata - 700 012

## FORM OF PROXY

I/We .....  
of .....  
..... being a Member(s) of the above named Company,  
hereby appoint .....  
of .....  
or failing him .....  
of ..... as my/our proxy to vote for me/us on  
my/our behalf at the Annual General Meeting of the Company to be held on Thursday, the 30th September 2010,  
at 10.30 A.M. and at any adjournment thereof.  
Signed this ..... day of ..... 2010

Signature .....  
.....  
Folio No. ....  
DP ID No. ....  
Client ID No. ....



Note : This Form of Proxy must be deposited at the Registered Office of the Company, 35, Chittaranjan Avenue, 4th Floor, Kolkata - 700 012, not later than 48 hours before the time for holding the meeting.

---

# IMPEX FERRO TECH LIMITED

KOLKATA

## ATTENDANCE SLIP

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

I hereby record my presence at the Annual General Meeting of the above named Company held at "Purbashree", Bharatiyam Cultural Multiplex, EZCC, IB - 201, Sector - III, Saltlake, Kolkata - 700 106 on Thursday, the 30th September, 2010 at 10.30 A.M.

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

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

Folio No. ....

DP ID No. ....

Client ID No. ....

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

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

### **Registered Office**

35, Chittaranjan Avenue

4th Floor

Kolkata - 700 012

Tel : 033-2211 9805/9806

Fax : 033-2211 7871

Email : [info@impexferrotech.com](mailto:info@impexferrotech.com)

### **Plant Locataion**

Kadavita Dendua Road

Post - Kalyaneshwari

P. S. - Kulti, Dist - Burdwan

West Bengal - 713 369

Tel : 0341 - 2522249/50

Fax : 0341 - 2522248





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