

## INFORMATION MEMORANDUM



### **INDIAN METALS & FERRO ALLOYS LIMITED**

**Regd Office: IMFA Building, Bomikhal, P.O.Rasulgarh,  
Bhubaneswar 751 010, Orissa**

**Phone:0674-2580100-125 Fax No.2580020, Website: [www.imfa.in](http://www.imfa.in)**

**Contact Person: Mr. S. R. Ray, Email: [secretarial@imfa.in](mailto:secretarial@imfa.in)**

Indian Metals & Ferro Alloys Limited was incorporated on 20<sup>th</sup> November, 1961 under the Companies Act, 1956 and obtained the certificate of commencement of business on 7<sup>th</sup> May, 1962. In terms of the Composite Scheme of Arrangement & Amalgamation between Indian Metals & Ferro Alloys Limited and Indian Charge Chrome Limited & their respective shareholders and creditors sanctioned by the Hon'ble High Court of Orissa at Cuttack vide their Order dated 13<sup>th</sup> October, 2006, Indian Charge Chrome Limited has merged with Indian Metals & Ferro Alloys Limited with effect from 1<sup>st</sup> April, 2005 being the appointed date under the Scheme.

### **INFORMATION MEMORANDUM FOR LISTING OF 2,13,14,765 EQUITY SHARES OF RS. 10 EACH**

**NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO  
THIS INFORMATION MEMORANDUM**

#### **GENERAL RISKS**

**Investments in equity and equity related securities involve a high degree of risk and investors should not invest in the equity shares of Indian Metals & Ferro Alloys Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors beginning on page 5 of this Information Memorandum carefully before taking an investment decision in the shares of Indian Metals & Ferro Alloys Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.**

#### **ABSOLUTE RESPONSIBILITY OF INDIAN METALS & FERRO ALLOYS LIMITED**

Indian Metals & Ferro Alloys Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to Indian Metals & Ferro Alloys Limited, which is material, that the information contained in this Information Memorandum is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

#### **LISTING**

The Equity Shares of Indian Metals & Ferro Alloys Limited are proposed to be listed on the Bombay Stock Exchange Limited (BSE). The Company has submitted this Information Memorandum to BSE and the same has been made available on the Company's website viz. [www.imfa.in](http://www.imfa.in) The Information Memorandum would also be made available in the website of BSE ([www.bseindia.com](http://www.bseindia.com)).

**REGISTRAR AND SHARE TRANSFER AGENT**

Indian Metals & Ferro Alloys Limited

Shares Department

IMFA Building,

Bomikhal, P.O.Rasulgarh,

Bhubaneswar – 751 010, Orissa

Tel :0674-2580100,2580125 Fax : 0674-2580020,2580145 Website : www.imfa.in

Email : [investor\\_relation@imfa.in](mailto:investor_relation@imfa.in)

Contact Person : **Mr. S. K. Padhi, Assistant Secretary**

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**SECTION I**  
**DEFINITIONS AND ABBREVIATIONS**

<b>Term</b>	<b>Description</b>
“Act” or “Companies Act”	The Companies Act, 1956 and subsequent amendments thereto
“Acquirer/ Indmet”	Indmet Commodities Pvt. Ltd.
“AGM”	Annual General Meeting
“Articles” / “AOA”	Articles of Association of Indian Metals & Ferro Alloys Limited
“Auditors”	The Statutory Auditors of Indian Metals & Ferro Alloys Limited
“Bankers to the Company”	Bankers of Indian Metals & Ferro Alloys Limited
“Barabati”	Barabati Investment & Trading Company Private Limited
“Board” or “Board of Directors”	Board of Directors of Indian Metals & Ferro Alloys Limited
“BPCo.”	B.Panda & Co. Private Limited
“BSE”	Bombay Stock Exchange Limited
“CCP”	Charge Chrome Plant
“CDSL”	Central Depository Services (India) Limited
“Company/our Company /IMFA/Transferee Company”	Indian Metals & Ferro Alloys Limited
“CPP”	Captive Power Plant
“DCA”	Department of Company Affairs
“Depositories Act”	The Depositories Act, 1996 as amended from time to time
“Depository”	A Depository registered with SEBI under the SEBI (Depositories & Participants) Regulations, 1996 as amended from time to time
“Directors”	Directors on the Board of Indian Metals & Ferro Alloys Limited
“DP”	Depository Participant
“EPS”	Earnings Per Equity Share {EPS = Profit After Tax / No. of Equity Shares}
“Equity Shares”	Fully paid-up shares of Rs. 10/- each of the Company
“Equity Shareholders”	Equity Shareholders of the Company
“FEMA”	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
“FI”	Financial Institution
“FII (s)”	Foreign Institutional Investor(s) registered with SEBI under applicable laws
“ICCL/Transferor Company”	Indian Charge Chrome Limited
“IMCL”	Indian Metals & Carbide Limited
“Information Memorandum” or “IM”	This Information Memorandum
“IT Act”	Income Tax Act, 1961 and subsequent amendments thereto
“KAL”	Kalinga Airways Limited
“KB”	K.B.Investments Private Limited
“Madhuban”	Madhuban Investments Private Limited
“MOA”	Memorandum of Association of Indian Metals & Ferro Alloys Limited

“NA”	Not Applicable
“NAV”	Net Asset Value {NAV = Net worth / No. of equity shares }
“NSDL”	National Securities Depository Limited
“Paramita”	Paramita Investment & Trading Company Private Limited
“PAT”	Profit After Tax
“P/E Ratio”	Price/Earnings Ratio
“RBI”	Reserve Bank of India
“Record Date”	Record Date of Indian Metals & Ferro Alloys Limited, 27 <sup>th</sup> November, 2006
“RTA”	Registrar & Share Transfer Agents
“ROC”	Registrar of Companies, Orissa at Cuttack
“Scheme”/“Scheme of Arrangement”/“Scheme of Amalgamation”	Composite Scheme of Arrangement (“the Scheme”) entered between Indian Charge Chrome Limited and Indian Metals & Ferro Alloys Limited and Their Respective Shareholders and Creditors. The Hon’ble High Court of Orissa at has sanctioned the Scheme vide its Order dated October 13, 2006 which was filed with the Registrar of Companies, Orissa at Cuttack on October 17, 2006
“SEBI”	Securities and Exchange Board of India
“SEBI Act”	Securities and Exchange Board of India Act, 1992
“SEBI Guidelines”	Extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
“Security (ies)”	Equity Share(s)
“Share Certificate(s)”	Equity Share Certificate(s)
“SSP”	Structured Settlement Plan of debts approved by the Secured Lenders
Stock Exchange	BSE or Bombay Stock Exchange
“UCL”	Utkal Coal Limited
“UMSL”	Utkal Manufacturing & Services Limited
“UPL”	Utkal Power Limited
“We” or “us” or “our”	Refers to Indian Metals & Ferro Alloys Limited

### **CERTAIN CONVENTIONS: USE OF MARKET DATA**

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements prepared in accordance with Indian GAAP. Our last financial year commenced on 1<sup>st</sup> April, 2007 and ended 31<sup>st</sup> March, 2008. In this Information Memorandum, any discrepancies in any table between the total and sums of the amounts listed are due to rounding-off.

For definitions, please see the section titled “Definitions and Abbreviations”.

All references to “India” contained in this Information Memorandum are to the Republic of India. All references to “Rupees” or “Rs.” are to Indian Rupees, the legal currency of the Republic of India.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness is not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified. The information included in this Information Memorandum about the various other Companies is based on their respective Annual Reports and information made available by the respective companies.

## **FORWARD-LOOKING STATEMENTS**

We have included statements in this Information Memorandum that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Changes in the value of the Indian Rupee and other currency changes;
- Changes in laws and regulations in India;
- Changes in political conditions in India; and
- Changes in the foreign exchange control regulations in India.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors”. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

## **SECTION II RISK FACTORS**

*An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of*

*operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. To obtain a complete understanding of our Company, you should read this section in conjunction with the sections entitled “Business” and “outstanding litigations”..*

*Note: Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any risks mentioned hereinunder.*

### ***Internal Risk Factors***

#### ***1. Risks relating to business operations***

The operations of the Company are subject to the assumptions in demand and supply position in terms of quantity and price of raw material and finished goods.

#### ***2. Primary focus on steel industry***

Our business is focused primarily on the steel and stainless steel industry and therefore our business is dependent upon continued demand for our products in the steel and stainless steel industry. Steel and stainless steel is affected by factors like stagnation or slow growth in infrastructure development, competition from imports and small time players in the industry.

#### ***3. Dependence on large buyers***

The Company’s revenues are highly dependent on a few large buyers. Loss of or set back to any of these large buyers may adversely affect our revenues and profitability.

#### ***4. Any mishap or accident at our facilities or any emission or leakage from our factories could lead to property damage, production loss and accident claims.***

Any mishap or accident in our facilities could result in claims against us for damages by outsiders/our employees. This could result in loss of production, receive adverse publicity and experience diversion of management attention and resources in defending such matters. Any such significant event could have an adverse impact on our business, financial condition and results of operation. Any emission or leakage from our factories could lead to environmental hazards, receive adverse publicity and result in diversion of management attention and resources in defending such claims. Any such significant event could have an adverse impact on our business, financial condition and results of operations.

#### ***5. Our revenues may vary during any financial year***

Our operating results may vary during any financial year depending upon a number of factors, including the size and timing of significant contracts and product sales; our product revenues; domestic and export sales; the ability to scale up our operation; termination of a major order; loss of a major customer; reduction in customer demand; our success in expanding our presence; currency exchange rate fluctuations and other general economic factors. As a result, our revenues and operating results may fluctuate during the year and are difficult to predict. Thus, any adverse fluctuations in revenues and operating results may have an adverse impact on our business, financial condition and results of operations and our ability to generate profits and pay dividends. Therefore, historical financial results may not be an accurate indicator of future performance.

***6. Our success depends in large part upon our management team and key personnel and our ability to attract and retain such persons***

Attracting and retaining talented professionals is a key element of our strategy and we believe it to be a significant source of competitive advantage. An inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business, future financial performance and the price of our Equity Shares.

***7. Cordial relationship with the employees is crucial for smooth functioning of our operations***

Our operations rely on employees and on the employees' ability to provide high quality services. In the event there is a shortage of skilled labour or stoppage caused by disagreements with employees in future, it could affect our ability to meet the quality standards and delivery schedules which could lead to reduced business or may potentially damage our reputation.

***8. Contingent liabilities not provided for by the Company***

As on March 31, 2006, the contingent liabilities of the Company not provided for aggregate Rs.28490.72 lakhs besides certain contingent liabilities which are not quantifiable. In the event of any of these contingent liabilities becoming actual liabilities, it would impact our business, future financial performance and the price of our Equity Shares.

***9. Restrictions on payment of dividends***

The Company cannot declare dividends without the permission of its lenders.

***10. Highly competitive environment***

The Company operates in a highly competitive environment and inability on the part of the Company to withstand the competitive pressures could result in loss of business and consequential adverse performance.

***11. Outstanding litigation and disputes of the Company***

The Company is a defendant in a number of legal proceedings which, if determined against it, could have a material adverse impact on the business, financial condition and operations of the Company. A brief summary of major litigations and a list of cases is given in the Section XIV "Outstanding Litigations".

***12. Appeal against the Order dated 13<sup>th</sup> October, 2006 of the Hon'ble High Court sanctioning the Scheme***

Two shareholders of erstwhile ICCL holding 0.29% of the paid up share capital of the said Company have appealed against the Order dated 13<sup>th</sup> October 2006 sanctioning the Scheme. Any adverse judgment in the matter would have a material impact on the business and financial condition of the Company.

## ***Risks External to the Company***

### ***1. Cyclicalities in prices***

The Company's fortunes are linked to those of steel and stainless steel industry which are cyclical in nature. The demand for steel and stainless steel products has a significant impact on the prices of products manufactured by the Company. A fall in the prices would adversely impact the margins and hence the financial performance of the Company.

### ***2. Revenues from export may face exchange rate risks***

Presently a substantial portion of the Revenues is from exports which are mainly in US Dollars. The strengthening of the Rupee, particularly with respect to the US Dollar, could adversely impact our profitability. The Company imports significant quantities of raw materials designated in US Dollars. An adverse change in currency exchange rates will increase the cost of these imports.

### ***3. Competition from low cost producers in North Eastern States***

Availability of multiple subsidies to small producers located in North Eastern States like Meghalaya, etc has enabled such producers to manufacture at low cost and give tough competition.

### ***4. Regulation of imports and exports***

Any change in regulation, domestic or international, having an impact on the steel and stainless steel market and its inputs will affect the industry as a whole. Such changes may be in the nature of introduction of quota, tariff barrier, subsidies, etc. and could adversely affect the business, financial condition and the operations of the Company.

### ***5. Political, economic and social developments in India and acts of violence or war***

Any change in the economic policies and laws affecting the steel and stainless steel industry, pace of deregulation, foreign investment, currency exchange rates and other matters could adversely affect the business, financial condition and the operations of the Company. Acts of violence, terrorist activity or war could affect the industrial and commercial operations in the country which could have an adverse effect on the demand and supply of ferro alloys.

### ***6. Natural disasters and technical failures***

The operations of the factories can be affected by natural disasters and technical failures which could adversely affect the business, financial condition and the operations of the Company.

### ***7. Volatility of USD – ZAR exchange rate***

South African producers of ferro chrome account for approximately 60% of global output and, as such, have a strong influence on international prices. Weakening of the South African Rand vis-à-vis the US Dollar might lead to lower ferro chrome prices thus impacting the profitability of the Company.

### ***8. Competition***

The Company operates in a globally competitive business environment. Increasing competition may force the Company to reduce prices of its products which may reduce the revenues and



margins and/or also decrease its market share, either of which could have an adverse effect on the business, financial condition and operations of the Company.

***9. Non allotment of further captive chromite mines***

The Company has so far only been allotted captive chrome mines to the extent of 50% of its assessed requirement for a 50 year period. As such, any undue delay in allotment or non-allotment of the balance 50% mines will adversely impact the Company's business and its operations. The Company may also be unable to expand its production capacity if further captive mines – beyond the balance 50% – are not made available.

***10. After listing, the prices of our Company's shares may be volatile or an active trading market for our Company's shares may not develop***

The Company's shares were previously listed with Bhubaneswar, Kolkata, Delhi and Mumbai stock exchanges. The shares were delisted consequent upon a public offer under SEBI (SAST) Regulations made by the Acquirer in the year 2002. Even when the Company's shares were listed, they were thinly traded and there was no active market for the Company's shares. There can be no assurance that an active trading market for the shares will develop or be sustained after this listing. The Company's share price could be volatile.

***11. Rasila Bhupendra Shah & Anr. Vs. Indian Charge Chrome Ltd. & Anr. (Civil Appeal No.7022 of 2008 in the Supreme Court of India).***

In terms of order dated 18<sup>th</sup> December 2008 the interim application seeking stay of listing of the shares of the Company has been dismissed by Hon'ble Supreme Court of India on the following conditions :

- (a) The Managing Director of the company, who also holds shares will file an undertaking within two weeks, as a surety, to transfer and deliver to the appellants, such number of shares, on working out the ratio of 1:4 instead of 1:14 in respect of the shares held by them in ICCL, in the event of the appellants success in the cases.
- (b) The Company will purchase the shares (or cause the shares to be purchased) held by the appellants at a value computed on the last traded value of the ICCL shares (appropriate value Rs.21 lacs).

This section should also be read in conjunction with the section titled "Outstanding Litigations."

**CURRENCY OF PRESENTATION**

In this Information Memorandum all references to "Rupees" or "Rs." are to Indian Rupees, the legal currency of the Republic of India.

**SECTION III**  
**SUMMARY**

This is only a summary. Investors should read the following summary with the Risk Factors mentioned and the more detailed information about us and our financial statements included elsewhere in this Information Memorandum.

## **INDUSTRY OVERVIEW**

Steel, which is one of the most important and versatile industrial material, is considered to be the backbone of human civilisation. Ferro Alloys are used in the manufacture of all grades of steel including stainless steel, alloy steel, castings and other engineering products. Ferro alloys are alloys of iron with a high proportion of elements such as chromium, silicon, manganese and molybdenum. Each alloy is generally named after the added material such as Ferro Chrome, Ferro Silicon, Ferro Manganese, etc. India has a significant deposit of chrome ore and quartz which are used as raw material for production of Ferro Chrome and Ferro Silicon.

Growth of ferro alloy industry is directly linked to growth of steel and stainless steel industry which plays a pivotal role in the development of industrial and construction sector.

## **BUSINESS OVERVIEW**

IMFA is today the country's largest producer of Ferro Alloys with an installed furnace capacity of 130 MVA backed up by a 108 MW captive thermal power plant and captive chrome ore and quartz mines. IMFA has three furnaces located at Therubali, about 400 km away from Bhubaneswar, in southern Orissa with a total capacity of 82 MVA and one furnace of the capacity of 48 MVA along with a 108 MW power plant located at Choudwar, about 35 KM away from Bhubaneswar. An Associate Company Utkal Manufacturing & Services Ltd. is operating a 27 MVA furnace at Choudwar on conversion basis for the Company. Over the years, IMFA has built up a strong market for its products in India and abroad. More importantly, IMFA has played a vital role in making the country self-sufficient in this core sector industry.

## **SECTION IV GENERAL INFORMATION**

**Indian Metals & Ferro Alloys Limited** was incorporated on 20<sup>th</sup> November, 1961 under the Companies Act, 1956 and obtained the certificate to commence business on 7<sup>th</sup> May, 1962.

**Address of Registered Office of the Company**

**Indian Metals & Ferro Alloys Limited,**  
IMFA Building, Bomikhal, P.O.Rasulgarh,  
Bhubaneswar – 751 010, Orissa

**Registration Number** U27101OR1961PLC000428

**Address of Registrar of Companies**

The Registrar of Companies, Orissa,  
Chalachitra Bhawan, 2<sup>nd</sup> floor, Buxi Bazar,  
Cuttack 753 001, Orissa

## Board of Directors as on the date of Information Memorandum

Sr. No.	Name	Designation
1	Dr B Panda	Executive Chairman
2	Mr Baijayant Panda	Vice Chairman
3	Mr Subhrakant Panda	Managing Director
4	Mr J K Misra	Director (Corporate)
5	Mrs Paramita Mahapatra	Director
6	Mr G L Tandon	Director
7	Mr D Bandyopadhyay	Director
8	Major R N Misra (Retd)	Director
9	Mr S K Pattanaik	Director
10	Dr S Acharya	Director
11	Mr A Khandual	Nominee Director, IDBI
12	Mr N R Mohanty	Director
13	Mr Alex Amrein	Director
14	Mr S P Mathur	Director
15	General Shankar Roychowdhury(Retd)	Director

For further details of the Board of Directors of the Company, please see the Section titled “Board of Directors”.

### Company Secretary & Compliance Officer

**Mr Prem Khandelwal**

**Indian Metals & Ferro Alloys Limited,**

IMFA Building, Bomikhal,

P.O.Rasulgarh, Bhubaneswar – 751 010, Orissa

Tel :0674-2580100,2580125

Fax : 0674-2580020,2580145

Email:pkhandelwal@imfa.in

### Bankers to the Company

**1. Indian Overseas Bank,**

Main Branch, 121, New Station Square

Unit III, Kharvela Nagar,

Bhubaneswar – 751 001

Tel./Fax No. (0674) 2534234

**2. State Bank of India,**

Commercial Branch,

IDCOL House, Unit II,

Bhubaneswar – 751 009

Tel. No. (0674) 2531213

Fax No. (0674) 2530803

**3. Standard Chartered Bank**

19, Netaji Subhas Road

Kolkata – 700001

**Auditors****Raghu Nath Rai & Co. Chartered Accountants**

9, Mathura Road,

Jangpura B,

New Delhi – 110 014

Tel No./Auto Fax 011- 24372181-83

Email : rnr1@vsnl.net

**Registrar and Share Transfer Agent****Indian Metals & Ferro Alloys Limited**

Shares Department

IMFA Building,

Bomikhal, P.O.Rasulgarh,

Bhubaneswar – 751 010, Orissa

Tel :0674-2580100,2580125

Fax : 0674-2580020,2580145

Website : [www.imfa.in](http://www.imfa.in)

Email : [investor\\_relation@imfa.in](mailto:investor_relation@imfa.in)

**Disposal of Investors' Grievances**

The Company itself being the in house Registrar and Transfer Agent, the complaints received in respect of the shares shall be attended to by the Company expeditiously and satisfactorily. .

**Stock Market Data for Equity Shares of the Company**

Equity Shares of the Company are not listed on any stock exchange. The Company is seeking approval for listing of its shares in BSE.

**Term Lenders/Secured Lenders****Term Lenders:****1. IDBI Bank Limited**

IDBI Tower

WTC Complex

Cuffe Parade

Mumbai – 400005

**2. Indian Overseas Bank**

121, New Station Square

Unit III, Kharavel Nagar

Bhubaneswar-751001

**3. Canara Bank**

Main Branch

1/1, Udyan Marg

Bapuji Nagar

Bhubaneswar-751009

- 4. Punjab National Bank**  
Zonal Office  
116, 1<sup>st</sup> Floor, Station Square  
Bhubaneswar-751001
- 5. Vijaya Bank**  
Asset Recovery Management Branch  
Ankur Manor, No. 182  
Poonamallee High Road  
Kilapauk  
Chennai – 600010
- 6. Andhra Bank**  
Main Branch  
Ashok Nagar  
Bhubaneswar-751009
- 7. Central Bank of India**  
Main Branch  
95, Janpath  
Bhubaneswar-751001

**Working Capital Bankers:**

- 1. Indian Overseas Bank**  
121, New Station Square  
Unit III, Kharavel Nagar  
Bhubaneswar-751001
- 2. State Bank of India**  
Commercial Branch  
IDCOL House, Unit II  
Ashok Nagar  
Bhubaneswar - 751009
- 3. Standard Chartered Bank**  
19, Netaji Subhas Road  
Kolkata – 700001

**SECTION V**  
**CAPITAL STRUCTURE OF THE COMPANY**

**SHARE CAPITAL**

**PRE COMPOSITE SCHEME OF ARRANGEMENT & AMALGAMATION**

Number of Shares	Rupees
<b>Authorised Capital</b>	
1,80,00,000 Equity Shares of Rs.10/- each	18,00,00,000
40,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each	40,00,000
2,60,000 2 <sup>nd</sup> series Redeemable Cumulative Preference Shares of Rs.100/- each	2,60,00,000
<b>Total</b>	<b>21,00,00,000</b>
<b>Issued, Subscribed and Paid-up</b>	
1,54,80,769 Equity Shares of Rs.10/- each fully paid up	15,48,07,690
<b>Total</b>	<b>15,48,07,690</b>
<b>Share Premium Account</b>	<b>45,16,54,000</b>

**POST SCHEME OF ARRANGEMENT**

Number of Shares	Rupees
<b>Authorised Capital</b>	
2,20,00,000 Equity Shares of Rs.10/- each	22,00,00,000
40,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each	40,00,000
2,60,000 2 <sup>nd</sup> Series Redeemable Cumulative Preference Shares of Rs.100/- each	2,60,00,000
<b>Total</b>	<b>25,00,00,000</b>
<b>Issued, Subscribed and Paid-up</b>	
2,13,14,765 Equity Shares of Rs.10/- each fully paid up	21,31,47,650
<b>Total</b>	<b>21,31,47,650</b>
<b>Share Premium Account</b>	<b>45,16,54,000</b>

**Share Capital History of the Company**

**Authorised Share Capital :**

The Company was incorporated with authorized capital of Rs.1,00,00,000 divided into 8,00,000 equity shares of Rs. 10/- each and 20,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each.

The composition of the authorized capital of the Company was changed from 8,00,000 equity shares of Rs.10/- each and 20,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each to 6,00,000 equity shares of Rs.10/- each and 40,000 Redeemable 9.5% Cumulative

Preference Shares of Rs.100/- each by a special resolution passed at the extraordinary general meeting of the Company held on 20<sup>th</sup> January,1966.

The authorized capital of the Company was increased from Rs 1,00,00,000 to Rs. 15,00,00,000 divided into 1,20,00,000 equity shares of Rs. 10/- each; 40,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each and 2,60,000 Second Series Redeemable Preference Shares of Rs.100/- each by a special resolution passed at the extraordinary general meeting of the Company held on 15<sup>th</sup> March,1982.

The authorized capital of the Company was increased from Rs 15,00,00,000 to Rs.17,00,00,000 divided into 1,40,00,000 equity shares of Rs. 10/- each; 40,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each and 2,60,000 Second Series Redeemable Cumulative Preference Shares of Rs.100/- each by a special resolution passed at the extraordinary general meeting of the Company held on 27<sup>th</sup> January, 1997.

The authorized capital of the Company was increased from Rs.17,00,00,000 to Rs.21,00,00,000 divided into 1,80,00,000 equity shares of Rs.10/- each; 40,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each and 2,60,000 Second Series Redeemable Cumulative Preference Shares of Rs.100/- each by a special resolution passed at the annual general meeting of the Company held on 28<sup>th</sup> September,2005.

Upon sanction of the Scheme, the authorized capital of the Company stands automatically increased by Rs.4,00,00,000 divided into 40,00,000 equity shares of Rs.10/- each without any further act or deed on the part of the Company and the Memorandum of Association and Articles of Association of the Company stands amended accordingly without any further act or deed on the part of the Company.

### **Issued, Subscribed & Paid up**

46,600 Equity Shares of Rs 10 each for cash at par aggregating to Rs 4,66,000 were subscribed by the signatories to the memorandum on 20<sup>th</sup> November,1961.

1,58,612 Equity Shares of Rs.10 each for cash at par aggregating to Rs.15,86,120 were issued in the year 1963.

3,44,788 Equity Shares of Rs.10 each for cash at par aggregating to Rs.34,47,880 were issued in the year 1964.

2000 Equity Shares of Rs.10 each for cash at par aggregating to Rs.20,000 were issued on 17<sup>th</sup> August,1969.

19,729 Equity Shares of Rs.10 each were allotted to the shareholders of erstwhile Kalinga Tubes Limited on its merger with the Company vide the Court Order dated 11<sup>th</sup> December,1981 of the Hon'ble High Court of Orissa on 30<sup>th</sup> August,1982.

34,30,374 Equity Shares of Rs.10 each fully paid up were issued on 6<sup>th</sup> January, 1995 as Bonus Shares in the ratio of six shares for every one share by utilization of the free reserves.

20,01,152 Equity Shares of Rs.10 each fully paid up were issued on 20<sup>th</sup> January, 1996 as Bonus Shares in the ratio of 2 shares for every one share by utilization of the free reserves.

60,03,255 Equity Shares of Rs.10 each fully paid up were issued on 28<sup>th</sup> February, 1997 as Bonus Shares in the ratio of 1 share for every one share held by utilization of the free reserves.

34,74,259 Equity Shares of Rs.10 each fully paid up were issued on 8<sup>th</sup> December, 2005 at a price of Rs.140 per share to Litec Aktiengesellschaft (Litec AG), Vaduz based on the approval of Ministry of Finance, Government of India, vide ref. FC.II.:265(2005)/229(2005) dated 18<sup>th</sup> November,2005 in conversion of certain trade advances earlier received from Litec AG and held by the Company.

Pursuant to the Scheme, on 28<sup>th</sup> October 2006, the Company has issued and allotted 37,58,222 Equity Shares of Rs.10/- fully paid up to Financial Institutions and Banks.

Pursuant to the Scheme, on 4<sup>th</sup> December, 2006 the Company has issued and allotted 20,75,774 equity shares of Rs.10/- each fully paid up to shareholders of erstwhile ICCL.

### PRE-SCHEME SHAREHOLDING

#### (I)(a) Statement showing Shareholding Pattern

Category code	Category of shareholder	No. of shareholders	Total No. of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>(1)</b>	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided Family	5	1242480	Nil	8.02	8.02
(b)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	7	10632479	Nil	68.69	68.69
(d)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total (A)(1)</b>	<b>12</b>	<b>11874959</b>	<b>Nil</b>	<b>76.71</b>	<b>76.71</b>
<b>(2)</b>	<b>Foreign</b>					
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil
(d)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total (A)(2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>



	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	12	11874959	Nil	76.71	76.71
<b>(B)</b>	<b>Public shareholding</b>					
<b>(1)</b>	<b>Institutions</b>					
(a)	Mutual Funds/ UTI	Nil	Nil	Nil	Nil	Nil
(b)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil
(c)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Companies	Nil	Nil	Nil	Nil	Nil
(f)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total (B)(1)</b>	Nil	Nil	Nil	Nil	Nil
<b>(2)</b>	<b>Non-institutions</b>					
(a)	Bodies Corporate	1	38220	Nil	0.25	0.25
(b)	Individuals -					
	• Individual shareholders holding nominal share capital up to Rs. 1 lakh.	178	93331	Nil	0.60	0.60
	• Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	Nil	Nil	Nil	Nil	Nil
(c)	Foreign Company	1	3474259	Nil	22.44	22.44
	<b>Sub-Total (B)(2)</b>	180	3605810	Nil	23.29	23.29
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	180	3605810	Nil	23.29	23.29
	<b>TOTAL (A)+(B)</b>	192	15480769	Nil	100.00	100.00
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	Nil	Nil	Nil	Nil	Nil
	<b>GRAND TOTAL (A)+(B)+(C)</b>	192	15480769	Nil	100.00	100.00

(I)(b) **Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group”**

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	Dr Banshidhar Panda	422100	2.72
2.	Mr Baijayant Panda	205095	1.33
3.	Mr Subhrakant Panda	205095	1.33
4.	Smt Paramita Mohapatra	205095	1.33
5.	Ms Nivedita Panda	205095	1.33
6.	B Panda & Co. Pvt Ltd	577290	3.73
7.	Barabati Inv. & Trading Co. (P) Ltd	2146894	13.87
8.	K B Investment Pvt ltd	2033494	13.14
9.	Madhuban Investment Pvt Ltd	1913100	12.35
10.	Paramita Inv.& Trading Co Pvt Ltd	2146894	13.87
11.	Utkal Manufacturing & Services Ltd	588000	3.79
12.	Indmet Commodities Pvt. Ltd	1226807	7.92
<b>Total</b>		<b>11874959</b>	<b>76.71</b>

(I)(c) **Statement showing Shareholding of persons belonging to the category “Public” and holding more than 1% of the total number of shares**

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	Litec Aktiengesellschaft	3474259	22.44
<b>Total</b>		<b>3474259</b>	<b>22.44</b>

(I)(d) **Statement showing details of locked-in shares**

Sr. No.	Name of the shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	Nil	NIL	NIL
<b>Total</b>		<b>NIL</b>	<b>NIL</b>

(II)(a) **Statement showing details of Depository Receipts (DRs)**

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	NIL	NIL	NIL	NIL
<b>Total</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

(II)(b) **Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares**

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	NIL	NIL	NIL	NIL
<b>Total</b>			<b>NIL</b>	<b>NIL</b>

**POST COMPOSITE SCHEME OF ARRANGEMENT & AMALGAMATION**

(I)(a) **Statement showing Shareholding Pattern**

Cate-gory code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in demateri alized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>(1)</b>	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided Family	5	1242480	Nil	5.83	5.83
(b)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	9	10664146	Nil	50.03	50.03
(d)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total (A)(1)</b>	<b>14</b>	<b>11906626</b>	<b>Nil</b>	<b>55.86</b>	<b>55.86</b>
<b>(2)</b>	<b>Foreign</b>					
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	6	181856	Nil	0.86	0.86
(c)	Institutions	Nil	Nil	Nil	Nil	Nil
(d)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total (A)(2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>20</b>	<b>12088482</b>	<b>Nil</b>	<b>56.72</b>	<b>56.72</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>(1)</b>	<b>Institutions</b>					
(a)	Mutual Funds/ UTI	10	5233	532	0.02	0.02
(b)	Financial Institutions/ Banks	16	3759666	Nil	17.64	17.64
(c)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Companies	Nil	Nil	Nil	Nil	Nil
(f)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil
	<b>Sub-Total (B)(1)</b>	<b>26</b>	<b>3764899</b>	<b>532</b>	<b>17.66</b>	<b>17.66</b>
<b>(2)</b>	<b>Non-institutions</b>					
(a)	Bodies Corporate	458	107704	64519	0.51	0.51
(b)	Individuals – • Individual shareholders holding nominal share capital up to Rs. 1 lakh. • Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	51069	682324	264962	3.20	3.20
		11	306239	207616	1.43	1.43
(c)	Trust	2	890858	864901	4.18	4.18
(d)	Foreign Company	1	3474259	Nil	16.30	16.30
	<b>Sub-Total (B)(2)</b>	<b>51541</b>	<b>5461384</b>	<b>1401998</b>	<b>25.62</b>	<b>25.62</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>51567</b>	<b>9226283</b>	<b>1402530</b>	<b>43.28</b>	<b>43.28</b>
	<b>TOTAL (A)+(B)</b>	<b>51589</b>	<b>21314765</b>	<b>1402530</b>	<b>100</b>	<b>100</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>51589</b>	<b>21314765</b>	<b>1402530</b>	<b>100.00</b>	<b>100.00</b>

(I)(b) **Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group”**

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	Dr Banshidhar Panda	422100	1.98
2.	Mr Baijayant Panda	205095	0.96
3.	Mr Subhrakant Panda	205095	0.96
4.	Smt Paramita Mohapatra	205095	0.96
5.	Ms Nivedita Panda	205095	0.96
6.	B Panda & Co. Pvt Ltd	588807	2.76
7.	Barabati Inv. & Trading Co. (P) Ltd	2146894	10.07
8.	K B Investment Pvt ltd	2033494	9.55
9.	Madhuban Investment Pvt Ltd	1913100	8.98
10	Paramita Inv.& Trading Co Pvt Ltd	2146894	10.07
11	Utkal Manufacturing & Services Ltd	608078	2.85
12	Indmet Commodities Pvt. Ltd	1226807	5.76
13	Calorx(India) Ltd	72	0.00
	<b>Total</b>	<b>11906626</b>	<b>55.86</b>

(I)(c) **Statement showing Shareholding of persons belonging to the category “Public” and holding more than 1% of the total number of shares**

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1	Litec Aktiengesellschaft	3474259	16.30
2	Industrial Development Bank of India	2789286	13.09
3	Erstwhile ICCL Shareholders Trust	864902	4.05
4	IFCI Ltd	301647	1.42
5	ICICI Bank Ltd	239600	1.12
	<b>Total</b>	<b>7669694</b>	<b>35.98</b>

(I)(d) **Statement showing details of locked-in shares**

Sr. No.	Name of the shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	Dr Banshidhar Panda	422100	1.98
2.	Mr Baijayant Panda	205095	0.96
3.	Mr Subhrakant Panda	205095	0.96
4.	Smt Paramita Mohapatra	205095	0.96
5.	Ms Nivedita Panda	205095	0.96
6.	B Panda & Co. Pvt Ltd	577290	2.71
7.	Barabati Inv. & Trading Co. (P) Ltd	2146894	10.07
8.	K B Investment Pvt Ltd	2033494	9.55
9.	Madhuban Investment Pvt Ltd	1913100	8.98
10	Paramita Inv.& Trading Co Pvt Ltd	2146894	10.07
10.	Utkal Manufacturing & Services Ltd	588000	2.76
11.	Indmet Commodities Pvt. Ltd	1226807	5.76
12	Litec Aktiengesellschaft	3474259	16.30
<b>Total</b>		<b>15349218</b>	<b>72.02</b>

(II)(a) **Statement showing details of Depository Receipts (DRs)**

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	NIL	NIL	NIL	NIL
<b>Total</b>		<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

(II)(b) **Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares**

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	NIL	NIL	NIL	NIL
<b>Total</b>			<b>NIL</b>	<b>NIL</b>

## List of persons/entities comprising of promoter group

### Promoter Group

Dr B Panda  
Mr Baijayant Panda  
Mrs Paramita Mahapatra  
Mrs Nivedita Panda  
Mr Subhrakant Panda  
B Panda & Co Pvt Ltd  
Barabati Invt & Trdg Co Pvt Ltd  
K B Investments Pvt. Ltd.  
Madhuban Investments Pvt Ltd  
Paramita Investment & Trdg Co Pvt Ltd

### Persons acting in concert

Calorex (India) Limited  
Calorex Investment & Finance Limited  
Indmet Commodities Private Limited  
Utkal Manufacturing & Services Limited

### Foreign Collaborators (included in Promoter Group)

ABB Stal AB  
ABB Generation AB  
ABC Consilium  
Calar Celsius AB  
Elkem Associates  
Gotaverken Energy Systems AB

## List of top 10 shareholders of the Company and the number of Equity Shares held by them

a) Top 10 shareholders as on the date of the Information Memorandum

Name	No. of shares
Litec Aktiengesellschaft	3844259
Industrial Development Bank of India	659489
Barabati Investment & Trading Co. Pvt. Ltd.	2146894
Paramita Investment & Trading Co. Pvt. Ltd.	2146894
K B Investment Pvt. Ltd.	2033494
Madhuban Investments Pvt. Ltd.	1913100
Indmet Commodities Pvt. Ltd.	1226879
Erstwhile ICCL Shareholders Trust	864902
Utkal Manufacturing & Services Ltd.	608078
B.Panda & Co. Pvt. Ltd.	588807
Total	16032796

b) Top 10 shareholders 10 days prior to the date of the Information Memorandum

<b>Name</b>	<b>No. of shares</b>
Litec Aktiengesellschaft	3844259
Industrial Development Bank of India	659489
Barabati Investment & Trading Co Pvt Ltd	2146894
Paramita Investment & Trading Co Pvt Ltd	2146894
K B Investment Pvt Ltd	2033494
Madhuban Investments Pvt Ltd	1913100
Indmet Commodities Pvt Ltd	1226879
Erstwhile ICCL Shareholders Trust	864902
Utkal Manufacturing & Services Ltd	608078
B Panda & Co Pvt Ltd	588807
<b>Total</b>	<b>16032796</b>

c) Top 10 shareholders on the date of incorporation

<b>Name</b>	<b>No. of Shares held</b>
Dr.Bansidhar Panda	24500
Mrs.Ila Panda	15000
Mr.Jatish Chandra Mohapatra	5000
Mr.Bansidhar Mohanty	1000
Mr.Kartik Prasad Mohanty	500
Mr.Sudhansu Kumar Mohapatra	500
Mr.Budhadeb Das	100
<b>TOTAL</b>	<b>46600</b>
Note: There were only 7 shareholders at the time of incorporation of the Company, being the subscribers to the Memorandum.	

1) As on date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of the Company.

2) There will be no further issue of capital by the Company whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme by the High Court till listing of the Equity Shares to be allotted as per the Scheme.

3) The face value of the equity shares is Rs. 10/- and there shall be only one denomination for the Equity Shares of the Company, subject to applicable regulations and the Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.

4) The Company has 50747 members as on the date of Information Memorandum.

5) None of the Equity shares of the Company were under lock-in prior to the Scheme.

6) The Company presently does not have an Employee Stock Option Scheme.

7) There are no outstanding debentures or bonds and other instruments issued by the Company.



**SECTION VI**  
**COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION BETWEEN  
ICCL AND IMFA AND THEIR RESPECTIVE MEMBERS AND CREDITORS**

**Purpose of the Scheme:**

The Secured Lenders of ICCL approved a Structured Settlement Plans of the debts (hereinafter referred to as 'SSP') subject to certain terms and conditions to be fulfilled, which inter alia included:

- a. Merger of IMFA and ICCL
- b. Derating of existing equity shares of ICCL
- c. Conversion of part of the settlement amount due to FIs/Banks into equity
  - Conversion of interest free advance of Rs.55.65 crores granted by IMFA to ICCL into equity.

The purpose of the Scheme was to fulfill the conditions of the SSP.

**Rationale for the Scheme**

- i) ICCL upon its incorporation envisaged to set up the facilities for manufacture of 62500 tpa of charge chrome/high carbon ferro chrome and a Captive Power Plant (CPP) of 108 MW capacity at Choudwar, Orissa. The charge chrome plant (CCP) was set up in technical collaboration with ELKEM A/S, Norway and CPP was set-up on turn-key basis by a consortium of Swedish firms lead by ASEA STAL A.B.
- ii) The cost of project which was scheduled to be completed by July 1987 was originally estimated at Rs. 188 crores. However, the project suffered both time and cost overrun thrice in November, 1987 (Rs. 2821 lacs), in March 1989 (Rs. 4900 lacs) and in September, 1990 (Rs. 3819 lacs). The overrun mainly comprised of 10% escalation in the contract price of CPP, addition of new sub-station for interconnection with OSEB grid, increase in pre-operative expenses viz interest during construction period, additional machinery, foreign exchange fluctuation, delay due to stoppage of construction work by contractors on account of their financial problems and delay in supply of machinery by indigenous manufacturers.
- iii) The Project was finally completed at a total cost of Rs. 303 crores of which CPP cost Rs. 234 crores and CCP cost Rs. 69 Crores. Even after completion of the project, the liabilities towards Deferred Payment Credits mounted to high levels due to foreign exchange fluctuations. While the CPP was commissioned in February, 1989, CCP was commissioned in March 1990 and commercial production was declared in 1992 with an overall delay of 4 years. Though the CCP became operational in 1992, as aforesaid, production could not be achieved at optimum levels due to non-availability of the main raw material which was chrome ore as the allotment of captive mines got delayed. As such, ICCL had to resort to protracted litigation lasting for 10 years to eventually get the mines though the allotment of captive mines was a condition of the licence granted to the Company.
- iv) Due to above reasons and because of the fall in prices of charge chrome internationally, ICCL could not generate adequate cash to repay the banks and financial institutions and accordingly their over-dues reached to unmanageable levels and therefore all the financial

institutions and banks except Indian Overseas Bank filed recovery cases before the Debt Recovery Tribunals against ICCL during 1999-2003.

- v) Meanwhile, ICCL could secure mining lease in Sukinda valley in May, 1999, the quality of ore from which has been found to be satisfactory. Further, with the installation of additional boiler, the defects in CPP were also got rectified. Thus, ICCL effectively became capable of achieving optimum quantity and quality of production only as late as December, 1999.
- vi) As ICCL could achieve satisfactory level of production only since December, 1999, it could not commence servicing of dues of banks and financial institutions till the year 2000 except for sporadic and nominal payments between 1993 and 1999. Consequent to improvement in performance, ICCL started making monthly payments to banks and FIs on a regular basis from February, 2000 except for a brief period of about 4 months during 2001 when a major overhaul/relining of its furnace took place requiring an expense of Rs. 6.26 Crores and also resulted in stoppage of production for almost two months. In the meantime Union Bank of India and ICCL obtained a consent decree and ICCL was making payments to Union Bank of India in terms of the consent decree.
- vii) The overall debt burden of ICCL towards above Banks and Financial Institutions became unserviceable in the context of the then performance of ICCL's businesses. It was therefore, felt that unless the debt of the banks/FIs is restructured the survival of ICCL and its business will be jeopardized. It was therefore considered desirable to restructure the debt of ICCL in such a manner that the problem of unserviceable debt got addressed in terms of the repayment capacity of ICCL.
- viii) For restructuring the debts ICCL approached the FIs and Banks. IDBI being the lead institution of the consortium of financial institutional lenders of ICCL agreed to the structured settlement of dues on the terms and conditions mentioned in IDBI's letter dated 24<sup>th</sup> July, 2003.
- ix) Under the above structured settlement, the debt of the secured lenders namely IDBI, IFCI, ICICI Bank, Indian Overseas Bank, Punjab National Bank, Vijaya Bank, Canara Bank, Andhra Bank, and Central Bank of India is to be paid as under:
  - a) Settlement amount which is the principal amount outstanding and due to above lenders as on 31/3/2003 is payable as under:
    - i) First part of the settlement amount would be repaid over a period of 5 years beginning from April 1, 2003 along with simple interest @ 10% p.a.
    - ii) Second part of the settlement amount shall be repaid over a period of 9 years beginning from the 5th year from April 1, 2003 carrying simple interest of 9% p.a. The interest will be paid in 6 years beginning from the 13th year from April 1, 2003.
    - iii) Third part of the settlement amount shall be converted into equity shares of ICCL.

- b) The other major terms and conditions of the settlement were as under:
- i) Merger of IMFA and ICCL.
  - ii) Derating of existing equity shares of ICCL by 95%.
  - iii) Conversion of interest free advance of Rs. 55.65 crores granted by IMFA to ICCL into equity.
- x) To implement the above settlement ICCL, brought a Scheme of Arrangement with above secured lenders under Section 391 to 394 of the Companies Act before Hon'ble Orissa High Court. Pursuant to its order dated 10<sup>th</sup> September, 2003, meeting of above secured lenders was held wherein that Scheme of Arrangement was approved by requisite majority. Thereafter, ICCL filed a petition under Sections 391 to 394 of the Companies Act for sanction of Hon'ble Orissa High Court to that Scheme of Arrangement being Misc. Case No. 50 of 2003 with COPET No.40/2003.
- xi) Subsequent thereto, all above banks and FIs have accepted the settlement vide their respective sanction letters. The major terms of the settlement have been stated above. ICCL was making payments to IDBI, IFCI, ICICI Bank, Indian Overseas Bank, Punjab National Bank, Vijaya Bank, Andhra Bank, Central Bank and Canara Bank as per the settlement.
- xii) Subsequent thereto, IDBI vide its letter dated 10<sup>th</sup> October, 2005 has amended the condition of settlement relating to derating of equity share capital of ICCL from 95% to 50% subject to payment of compensation. In the said Scheme, similar compensation was proposed to be paid to the other secured lenders.
- xiii) The Scheme envisages acceleration of repayment of the settlement amount to IDBI over a period of 15 years. Similar option to accelerate the repayment of settlement amounts to other secured lenders was also proposed in the scheme.
- xiv) To complete the above settlement plan, the present comprehensive Composite Scheme of Arrangement and Amalgamation was proposed between ICCL and IMFA and their respective members and creditors which also includes the matter which is subject matter of above Company Petition being Misc. Case No. 50 of 2003 which is pending consideration of the Hon'ble Orissa High Court. Upon filing of this application proposing this Composite Scheme of Arrangement and Amalgamation, the above Company Petition being Misc. Case No. 50 of 2003 has become infructuous. The Hon'ble High Court of Orissa has sanctioned the Composite Scheme of Arrangement & Amalgamation on 13<sup>th</sup> October, 2006.

### **Exchange ratio**

Upon this Scheme becoming effective, IMFA shall, without any further application or deed, issue and allot to every member of ICCL, holding fully paid up Equity Shares in ICCL post reduction and whose names appear in the register of members of ICCL on the Record Date, i.e. 27<sup>th</sup> November, 2006 his/her heirs, executors, administrators or the successors-in-title, as the case may be, in respect of every Fourteen (14) equity share of the face value of Rs. 10 each fully paid-up held by him/her/it in ICCL, One (1) equity share of the face value of Rs. 10 each of IMFA credited as fully paid-up equity shares.

Following benefits will accrue to the Company as a result of the merger:

- i) Creation of a platform for capital raising and strategic partnership
- ii) realisation of synergetic benefits
- iii) leverage of market position to enhance realisation
- iv) Tax efficiency
- v) Optimisation of captive power plant and mines

### ***Salient Features of the Scheme***

- The Appointed Date for the Scheme is April 01, 2005 as fixed by the High Court of Orissa at Cuttack.
- The Scheme provides for the restructuring and repayment of the settlement amount as agreed by the Secured Lenders and provided in the Structured Settlement Plan ('SSP'). The SSP along with all the conditions mentioned therein forms an integral part of the Scheme
- Upon the Scheme becoming effective the existing equity share capital of ICCL shall be reduced/ extinguished by 50%. Accordingly, the paid-up equity share capital of ICCL as at March 31, 2005 of Rs. 581,216,800 divided into 58,121,680 of Rs. 10 each shall stand reduced by Rs. 290,608,400 to Rs. 290,608,400 divided into 29,060,840 equity shares of Rs. 10/- each fully paid-up with effect from the effective date.
- The amount of Rs. 52.62 crores due to the Secured Lenders of ICCL shall be converted in to 52,615,100 equity shares of Rs. 10/- each. The equity shares allotted as mentioned above shall not be subject to reduction as mentioned in above.
- IMFA will convert its interest free advances of about Rs. 55.65 crore in ICCL into equity shares in ICCL at face value of the shares. However, since the shares to be so allotted to IMFA shall get cancelled pursuant to the merger of ICCL and IMFA, this conversion will not be given effect.
- With effect from the Appointed Date, the entire business and whole of the undertakings of ICCL without further act or deed be transferred to and to be vested in IMFA pursuant to the provisions of Sections 391 to 394 of the Act and pursuant to the orders of the Orissa High Court or any other appropriate authority sanctioning this Scheme, but subject to the charges affecting the same as on the Effective Date be transferred and/or deemed to be transferred to and vested in IMFA so as to become the properties and assets of IMFA.
- Upon the Scheme becoming effective, IMFA shall issue and allot to every member of ICCL holding Fourteen (14) equity share of the face value of Rs. 10 each fully paid-up, One (1) equity share of the face value of Rs. 10 each fully paid-up of IMFA.
- Shares of IMFA to be issued in accordance with this Scheme, in relation to the shares of ICCL held by IMFA shall be issued or allotted directly to the Trustees, who shall hold such shares in trust together with all additions or accretions thereto upon trust exclusively for the benefit of IMFA and its successor subject to the powers, provisions, discretions, rights and agreement contained in the instrument establishing the aforesaid trust. The constitution of

the Trust, and the functions and powers of the Trustees shall be set forth in the Trust Deed. The obligations of the Trustees shall stand discharged and the Trust shall stand terminated in accordance with the provisions of the Trust Deed. These shares which are issued to the Trustees shall be made available by the Trustees to the small shareholders of IMFA, in one or more lots preferably within a period of 18 months but in any case not later than a period of 3 years at a discount of not less than 50% to the market price prevailing at such time. For this purpose, small shareholders would mean shareholders other than promoters (including persons acting in concert), financial institutions, banks, foreign institutional investors, shareholders who are shareholders of IMFA before giving effect to the Scheme. The proceeds on realization as aforesaid shall be utilized by IMFA for discharge of liabilities of Secured Creditors.

- All costs, charges, taxes including duties, levies and all other expenses, if any arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by IMFA.

The Hon'ble High Court of Orissa at Cuttack sanctioned the Scheme on 13<sup>th</sup> October, 2006. A copy of the authenticated Order was filed with the office of the Registrar of Companies, Orissa on 17<sup>th</sup> October, 2006. Accordingly, the Effective Date for the Scheme is 17<sup>th</sup> October, 2006.

Based on an appeal by two shareholders of ICCL holding 0.29% of the paid up capital for stay of the above order, a division bench of the The Hon'ble High Court of Orissa granted an interim order of status quo on 21st December 2006.

The aforesaid stay has now been vacated by an order dated 22nd August 2007 passed by The Hon'ble High Court of Orissa.

## **SECTION VII**

### **STATEMENT OF POSSIBLE TAX BENEFITS**

#### **The Board of Directors**

Indian Metals And Ferro Alloys Limited  
Bomikhal, P.O. Rasulgarh,  
Bhubaneswar-751010.  
Orissa.

**Dear Sirs,**

#### **Sub: Possible Tax Benefits**

We hereby report that the enclosed annexure (Annexure "A") states the possible tax benefits available to **Indian Metals And Ferro Alloys Limited** ('the Company') and its shareholders under the current direct tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the above said annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither

designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in India.

We do not express any opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable have been/ would be met with.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

For **RAGHU NATH RAI & Co.**  
*Chartered Accountants*

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

**New Delhi**  
**Dated: 21<sup>st</sup> May 2008**

*Encl.: Annexure "A"*

**ANNEXURE "A"**

**STATEMENT OF POSSIBLE TAX BENEFITS**

**1. Key benefits available to the Company under the Income Tax Act, 1961 ('the Act')**

**a) Dividend income:**

- Dividend (both interim and final) income, if any, received by the Company on its investment in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act.
- As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:
  - (i) Income received in respect of the units of Mutual Fund specified under clause (23D) of section 10, or

- (ii) Income received in respect of the units from the Administrator of the specified undertaking, or
- (iii) Income received in respect of the units from the specified company.

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of mutual fund, as the case may be.

For this purpose an “Administrator” means the administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act 2002 and a “Specified Company” means a Company as referred to in section 2(h) of the said Act.

#### **b) Dividend Distribution**

The Domestic Companies who receive dividend from any Indian Subsidiary are eligible to certain deduction from Dividend Distribution Tax in accordance with provisions of Section 115-O (1A). However this deduction is not available to Companies who are subsidiaries of any other Company.

For this purpose, a Company shall be a subsidiary of another Company, if such other Company holds more than half in nominal value of the Equity Share Capital of the Company.

#### **c) Capital gains:**

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company or any other securities listed on a recognized stock exchange in India or units of UTI and specified Mutual Fund/zero coupon Bonds are considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of long-term capital assets are considered as ‘long-term capital gains’. Capital gains arising on transfer of these assets held for a period of 12 months or less are considered as ‘short-term capital gains’.
- Section 48 of the Act, prescribes the mode of computation of capital gains. It provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, for resident shareholders it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by the prescribed cost inflation index. The benefit of indexation is not available in respect of long-term capital gains arising from the transfer of long-term capital asset being bonds and debenture other than capital indexed bonds issued by the Government.
- Long-term capital gains arising on transfer of equity shares or units of an equity oriented fund (as defined) which has been set up under a scheme of a Mutual Fund specified under Section 10 (23D), on or after October 1, 2004 are exempt from tax under Section 10 (38) of the Act provided the transaction is chargeable to Securities Transaction Tax (STT). However, w.e.f 1<sup>st</sup> April 2007, the income by way of long term capital gain of a company is to be included while computing income tax payable under section 115JB.

- Under the provisions of Section 112 of the Act, long-term capital gains, which are not exempt under Section 10(38), are subject to tax at the rate of 20 per cent (plus applicable surcharge on tax and education cess on tax and surcharge), in case where indexation benefit is claimed. However, under the proviso to Section 112 (1), if the tax on long-term capital gains arising on transfer of listed securities or units or zero coupon bonds computed at the rate of 20 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) after availing the benefit of indexation exceeds the tax on the long-term capital gain computed at the rate of 10 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) without availing the benefit of indexation, then such excess tax is ignored for the purpose of computing the tax payable on the capital gains.
- Under the provisions of Section 111A of the Act, short-term capital gains arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10 (23D), on or after October 1, 2004, are subject to tax at the rate of 10 per cent (plus applicable surcharge on tax and education cess on tax and surcharge), provided the transaction is chargeable to STT. This rate of tax has been changed to 15% for gains arising on or after 01/04/2008.
- As per Section 74, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains.
- Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.
- As per Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains which are not exempt under Section 10(38) of the Act shall not be chargeable to tax in the proportion of capital gains, which are invested in certain notified bonds or specified equity shares within six months from the date of transfer limited to a maximum investment of Rupees Fifty Lakh. If the Company transfers or converts the notified bonds or shares into money (as stipulated therein) within a period of three years from the date of its acquisition, the amount of gains exempted earlier would be chargeable to tax as long-term capital gains in such year. The bonds specified for this Section are bonds issued by, National Highway Authority of India (NHAI) and Rural Electrification Corporation Ltd. (REC) after 1<sup>st</sup> April 2006.

**d) Depreciation / Business Profit or Loss:**

- The Company shall be entitled to claim depreciation on tangible and intangible assets owned by it and used for the purposes of its business in accordance with provisions of Section 32 of the Act.
- The Company is entitled to claim additional depreciation @ 20% (10% if the assets are used for less than 182 days) in accordance with the provisions of Section 32(1)(ia) for the purchase of new plant and machinery acquired and installed after 31<sup>st</sup> March, 2005.
- As per section 72A (1) of the Act, the brought forward business losses and unabsorbed depreciation of the transferor company will be deemed to be losses and depreciation of



transferee company from the year in which merger is effected. Business losses would be allowed to be carried forward for another 8 years for set off against subsequent business profits. Unabsorbed depreciation can be carried forward in future years. The benefit of carry forward and set off is available only if the conditions laid down in section 72A (2) of the Act and Rule 9C of the Income Tax Rules, 1962 are complied with.

- In accordance with and subject to the conditions specified in section 80 IA of the Act, the company will be entitled to deduction of 100% of the profits derived from the undertaking engaged in generation and /or distribution or transmission of power or undertakes substantial renovation and modernization of the existing network for any 10 consecutive assessment years out of fifteen years beginning from the year in which the undertaking generated power or commences transmission or distribution of power before 31<sup>st</sup> March 2010.
- As per section 80JJA of the Act, profits and gains derived from the business of collecting and processing or treating of bio-degradable waste for generating power or producing bio fertilizers or bio gas or making pellets or briquettes for fuel or organic manure is deductible from income for the period of five consecutive years beginning with the assessment year relevant to the previous year in which such business commences.

**e) Preliminary Expenditure/ Amalgamation Expenditure:**

The Company shall be eligible for amortization of preliminary expenditure as specified in section 35D of the Act being expenditure on public issue of share subject to meeting the conditions and limits specified in that section.

In accordance with the provisions of Section 35DD of the Act, expenditure incurred for the purpose of amalgamation or demerger of an undertaking, the company shall be allowed a deduction of an amount equal to one fifth of such expenses for each of the five consecutive previous years beginning with the previous year in which the amalgamation or demerger takes place.

**f) MAT Credit**

Under section 115JAA of the Act, credit is allowed in respect of any Minimum Alternate Tax ('MAT') paid under section 115JB of the Act for any assessment year commencing on or after April 1st, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 7 years succeeding the year in which the MAT credit is allowable.

**2. Key benefits available to the Members of the Company under the 'the Act'**

**2.1 Resident Members**

**a) Dividend income:**

Dividend (both interim and final) income, if any, received by the resident shareholder from the domestic company shall be exempt under Section 10(34) read with Section 115O of the Act.

## **b) Capital gains:**

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Shares held in a Company or any other securities listed on a recognized stock exchange in India or units of UTI and specified Mutual Fund/zero coupon Bonds are considered as long-term capital assets if these are held for a period exceeding 12 months. Capital gains arising on transfer of long-term capital assets are considered as 'long-term capital gains'. Capital gains arising on transfer of these assets held for a period of 12 months or less are considered as 'short-term capital gains'.
- Section 48 of the Act, prescribes the mode of computation of capital gains. It provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, for resident shareholders it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by the prescribed cost inflation index. The benefit of indexation is not available in respect of long-term capital gains arising from the transfer of long-term capital asset being bonds and debenture other than capital indexed bonds issued by the Government.
- Long-term capital gains arising on transfer of equity shares or units of an equity oriented fund (as defined) which has been set up under a scheme of a Mutual Fund specified under Section 10 (23D), on or after October 1, 2004 are exempt from tax under Section 10 (38) of the Act provided the transaction is chargeable to Securities Transaction Tax (STT).
- Under the provisions of Section 112 of the Act, long-term capital gains, which are not exempt under Section 10(38), are subject to tax at the rate of 20 per cent (plus applicable surcharge on tax and education cess on tax and surcharge), in case where indexation benefit is claimed. However, under the proviso to Section 112 (1), if the tax on long-term capital gains arising on transfer of listed securities or units or zero coupon bonds computed at the rate of 20 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) after availing the benefit of indexation exceeds the tax on the long-term capital gain computed at the rate of 10 per cent (plus applicable surcharge on tax and education cess on tax and surcharge) without availing the benefit of indexation, then such excess tax is ignored for the purpose of computing the tax payable on the capital gains.
- Under the provisions of Section 111A of the Act, short-term capital gains arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10 (23D), on or after October 1, 2004, are subject to tax at the rate of 10 per cent (plus applicable surcharge on tax and education cess on tax and surcharge), provided the transaction is chargeable to STT. This rate of tax has been changed to 15% for gains arising on or after April 1, 2008.
- As per Section 74, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains.

- Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.
- As per Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains which are not exempt under Section 10(38) of the Act shall not be chargeable to tax in the proportion of capital gains, which are invested in certain notified bonds or specified equity shares within six months from the date of transfer limited to a maximum investment of Rupees Fifty Lakh. If the Company transfers or converts the notified bonds or shares into money (as stipulated therein) within a period of three years from the date of its acquisition, the amount of gains exempted earlier would be chargeable to tax as long-term capital gains in such year. The bonds specified for this Section are bonds issued by, National Highway Authority of India (NHAI) and Rural Electrification Corporation Ltd. (REC) after 1<sup>st</sup> April 2006.

Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

- As per the provisions of Section 54F of the Act and subject to conditions specified therein, any long-term capital gains (other than on residential house but including those on shares) which are not exempt under Section 10(38) of the Act, arising to an individual or Hindu Undivided Family are exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. Provided that the individual should not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

## **2.2 Key Benefits available to Non-Resident / Non-Resident Indian Member (other than FIIs and Foreign Venture Capital Investors)**

### **a) Dividend income:**

Dividend (both interim and final) income, if any, received by the non-resident/non-resident Indian shareholders from the domestic company shall be exempt under Section 10(34) read with Section 115-O of the Act.

### **b) Capital gains:**

- Benefits outlined in Paragraph 2.1(b) above are also available to a non-resident/non-resident Indian shareholder except that under first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company

need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation is not available to non-resident shareholders.

**d) Tax Treaty Benefits:**

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident/non-resident Indian shareholder.

Thus, a non-resident/non-resident Indian shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.

**e) Capital gains tax – Options available to a Non-Resident Indian under the Act :**

Where shares have been subscribed to in convertible foreign exchange – Option of taxation under Chapter XII-A of the Act:

- Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange.
- According to the provisions of section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit but with protection against foreign exchange fluctuation. No deduction in respect of any expenditure or allowance shall be allowed under any provision of this Act in computing the investment income of a non-resident Indian.
- According to the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset or savings certificate in which the investment has been made is transferred or converted into money within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become

chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.
- As per the provisions of Section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

### 2.3 Foreign Institutional Investors (FIIs)

- a) In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after 1st April 2003) received on the shares of the company is exempt from tax.
- b) In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long-term capital asset being an equity share in a company or a unit of an equity oriented fund would not be liable to tax in the hands of the investor if the following conditions are satisfied:
  - The transaction of sale of such equity share is entered into on or after 1st October, 2004;
  - The transaction is chargeable to securities transaction tax as explained below.
- c) As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provision of Section 10(38) of the Act, at the following rates:

<b>Nature of Income</b>	<b>Rate of Tax (%)</b>
Long term capital gains	10
Short term capital gains (other than referred to in Section 111A)	30

The above tax rates have to be increased by the applicable surcharge and education cess.

In case of long term capital gains (in cases not covered under Section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

- As per Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains which are not exempt under Section 10(38) of the Act shall not be chargeable to tax in the proportion of capital gains, which are invested in certain notified bonds or specified equity shares within six months from the date of transfer limited to a maximum investment of Rupees Fifty Lakh. If the Company transfers or converts the notified bonds or shares into money (as stipulated therein) within a period of three years from the date of its acquisition, the amount of gains exempted earlier would be chargeable to tax as long-term capital gains in such year. The bonds specified for this Section are bonds issued by, National Highway Authority of India (NHAI) and Rural Electrification Corporation Ltd. (REC) after 1<sup>st</sup> April 2006.

Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

- d) Under section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the provisions of the Act or the applicable tax treaty, whichever is more beneficial.

#### **2.4 Venture Capital Companies/Funds**

Under section 10(23FB) of the Act, venture capital companies/funds registered with Securities and Exchange Board of India, which are set up for investment in venture capital undertakings (as defined) subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company. However, income received by a person out of investments made in a venture capital company or in a venture capital fund shall be chargeable to tax in the hands of such person in the manner laid down in Section 115U.

#### **2.5 Mutual funds**

Under section 10(23D) of the Act, any income of Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Mutual Funds authorised by the Reserve Bank of India, subject to the conditions specified, would be exempt from income tax.

#### **3. Benefits to company and shareholders under the Wealth Tax Act, 1957**

Shares of the company held by the shareholder is not treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence, shares are not liable to wealth tax.

#### **4. Benefits to shareholders of the company under the Gift Tax Act, 1958.**

Gift made after 1st October 1998 is not liable for any gift tax, and hence, gift of shares of the Company would not be liable for any gift tax.

#### **Notes:**

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2008.

2. The above Statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences.
3. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
5. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

## **SECTION VIII**

### **BUSINESS**

### **INDUSTRY OVERVIEW**

#### **FERRO ALLOYS**

Ferro Alloys, as the name suggests, are the alloys of Chromium, Manganese, Silicon etc. Ferro Alloys are used in steel making as an additive for imparting strength and quality required in a particular grade of steel. Ferro Manganese, Silico Manganese & Ferro Silicon are used in the steel making in different proportion depending upon the grade of the steel. Ferro Chrome is used for manufacture of various grades of Stainless Steel and other chromium bearing Alloy Steel.

Ferro Alloys can be classified as bulk Ferro alloys and noble Ferro alloys. Whereas Noble Ferro Alloys such as Ferro Titanium, Ferro Molybdenum, Ferro Vanadium, etc are used in small quantities, the consumption of Bulk Ferro Alloys like Ferro Chrome, Ferro Silicon, etc is higher. The growth of the Ferro Alloys Industry is directly linked to the growth of the steel / stainless steel industry.

Capacity and Performance of the Industry:

Ferro Alloys industry is a power intensive industry. The total load of the Industry has grown almost 10 to 11 times from 130 MVA in the mid sixties to over 1300 MVA. The installed capacity of the industry is now two million tonnes of bulk and noble ferro alloys. The capacity of Ferro Silicon is around 2.25 lakh tonnes and Ferro Chrome/Charge Chrome is about 8 lakh tonnes. The production of Ferro Silicon is about 90,000 tonnes and Ferro Chrome/Charge Chrome is about 6,50,000 tonnes in 2005-06.

The Ferro alloys units have incorporated the latest technology in order to use low grade ores both lumps as well as fines, after necessary beneficiation and agglomeration by installing in-house beneficiation plants and briquetting plant. The units have also incorporated effective pollution control measures, in the form of gas cleaning, deoxidizing and waste heat recovery.

Production of Ferro Silicon and Ferro Chrome/Charge Chrome during the last five years in the country are as follows:

### **Production of Ferro Silicon(in lakh tonnes)**

Year	Quantity
2002-03	0.81
2003-04	0.68
2004-05	0.99
2005-06	0.90
2006-07	0.93

Source: IFAPA

### **Production of Ferro Chrome/Charge Chrome (in lakh tonnes)**

Year	Quantity
2002-03	3.79
2003-04	5.25
2004-05	5.94
2005-06	6.62
2006-07	8.01

Source: IFAPA

## **BUSINESS OVERVIEW**

Combination of strong demand, tight supply and sharp rises in the costs of freight, energy and raw materials resulted in higher levels of realizations. The prices of Ferro Chrome peaked at around USC 72 in the second quarter of 2005. The bullish recovery in the ferro chrome market was primarily due to growth in stainless steel production which is forecast to maintain strong growth through the mid 2000s, led by Asian demand.

Domestic steel industry has been doing extremely well over the last few years. Demand for steel has been strong with spurt in demand from the automobile, capital goods and consumer durable segments.

With both Steel and Stainless Steel industry poised to do well, demand for Ferro Alloys is bound to remain strong.

IMFA is today the country's largest producer of Ferro Alloys with an installed furnace capacity of 130 MVA backed up by a 108 MW captive thermal power plant and captive chrome ore and quartz mines. IMFA has three furnaces located at Therubali, about 400 km away from Bhubaneswar, in southern Orissa with a total capacity of 82 MVA and one furnace of the capacity of 48 MVA along with a 108 MW power plant located at Choudwar, about 35 KM away from Bhubaneswar. An Associate Company Utkal Manufacturing & Services Ltd. is operating a 27 MVA furnace at Choudwar on conversion basis for the Company.

IMFA was started in the early 1960's by Dr.Bansidhar Panda, a renowned metallurgist who gave up a promising career with US Steel to return to Orissa to pioneer the production of silicon alloys in India. The first furnace with a capacity of 10 MVA was installed in the year 1967 followed with a higher capacity furnace of 24 MVA in the year 1973. To meet the growing demands of the steel industry, IMFA put up yet another modern sophisticated furnace in the year 1983 thus taking the aggregate capacity at Therubali to 82 MVA. All the three furnaces are state-of-the-art and have inbuilt modern automatic computerized control systems and were made to the stringent quality



requirements by the world renowned supplier of furnaces, Elkem a/s, Norway. Today, IMFA is a leading Asian producer of high quality Ferro Silicon, Silicon Metal and High-Carbon Ferro Chrome/Charge Chrome. Over the years, it has built up a strong market for its products in India and abroad. More importantly, IMFA has played a vital role in making the country self-sufficient in this core sector industry.

Ferro alloy industry is highly power intensive. To know the enormity of power requirement, one unit (MT) of output of Ferro Silicon would require approx. 8500 units (KWH) of input of power and one unit (MT) of Charge Chrome would require approx. 4200 units (KWH) of power. Dr.B.Panda, a great visionary, in his foresight, envisaged the problems the industry would face if it did not have a power plant of its own and thus put up the power plant of 108 MW capacity in Choudwar. Excess power after meeting the requirement of the unit(s) at Choudwar is transmitted to Therubali to meet the needs of the three furnaces located there. The power plant was commissioned in the year 1989.

Today IMFA's operations are fully integrated with the availability of captive ore and electricity.. As a result, while competitors operate intermittently because of high cost of power and vagaries of its availability, IMFA is able to carry on its operations profitably because of the integration mentioned above.

Dr.B.Panda is today regarded as an elder statesman of the ferro alloy industry with more than 40 years experience. He had served on the boards of Air India, Hindustan Aeronautics Limited, Vijaya Bank, Tata Yodogawa Limited and associated with illustrious bodies like Orissa Planning Board. He is currently the Chairman of the Board of Governors of National Institute of Technology, Rourkela (formerly Regional Engineering College, Rourkela) which is one of the prestigious national institutes.

IMFA's major achievements include:

- First to produce Ferro Silicon in the Indian Private Sector
- First in India to produce / export Silicon Metal
- First to produce High Purity Ferro Silicon in India
- First 100% EOU to be commissioned in India in the ferro alloys sector

## **PRODUCTS**

IMFA is a leading producer of Ferro Chrome, Ferro Silicon, High purity Ferro Silicon and Ferro Silicon Magnesium for the domestic and international markets.

## **FERRO SILICON**

Ferro Silicon is an essential element in the manufacture of steel and in fact is known as the 'bride's maid in the steel industry' since it has no substitute. It is used primarily used as an additive for deoxidation and also as an alloying element.

Major applications of Ferro Silicon are:

1. Deoxidiser in the production of steel
2. Alloying element for steel
3. Manufacture of electrical steel
4. Production of anti-corrosive and acid resistant steel

5. Manufacture of power rectifiers
6. Manufacture of welding electrodes
7. Silicon steel for transformers, semiconductors etc.
8. Graphiting agent in iron castings
9. Mineral dressing operations
10. Recovery of chromium lost to slag in production of stainless steel

The range of manufacture of Ferro Silicon are as follows:

Specifications of normal range of Ferro Silicon:

Silicon (Si)	70-75%
Aluminium (Al)	1.25% max.
Carbon (C)	0.15% max.
Phosphorous (P)	0.05% max.
Sulphur (S)	0.05% max.
Size	10-150 mm 90% min.

Specifications of Ferro Silicon High Grade:

Silicon (Si)	74-77%
Aluminium (Al)	0.1% max.
Carbon (C)	0.05% max.
Phosphorous (P)	0.05% max.
Sulphur (S)	0.03% max.
Size	10-150 mm 90% min.

While the above are the normal ranges of manufacture, the Company produces to other specifications as well based on the customer requirement.

Ferro Silicon is produced in sub-merged arc furnace where heat is generated by resistance of raw materials when electrical energy is passed through carbon electrodes which is required for chemical reaction and alloying to keep the metal in molten state. Ferro Silicon is an alloy of iron and silicon containing calcium, aluminium, carbon etc. as impurities.

The main raw material required for production of Ferro Silicon is quartzite which contains more than 98% SiO<sub>2</sub>. The oxygen in SiO<sub>2</sub> is taken out by carbon present in reducing agent like charcoal, coal, coke etc. After reduction of SiO<sub>2</sub>, free silicon is alloyed inside the furnace with free iron which comes from mild steel scrap or by reduction of iron oxide of gas cutting. Carbon paste is the other major raw material. Manufacture of Ferro Silicon is highly power intensive.

### **HIGH CARBON FERRO CHROME/CHARGE CHROME:**

Ferro Chrome is extensively used in the manufacture of superior alloys and stainless steel. In fact, it is the addition of chromium which gives essential characteristics to steel such as resistance to heat and corrosion. Ferro Chrome is utilized by the steel industry for its metallurgical application as an alloying element to enhance properties like strength, resistance to corrosion, oxidation and wear, etc. It is estimated that Charge Chrome / High Carbon Ferro Chrome now constitutes about 80% of the consumption of alloying materials.

Though chromium is used as an alloying element in producing steels for various applications like bridges, automobile axles and gear boxes, mining, oil rigs and pipes military hardware etc. the single largest end-use of Ferro Chrome is in the manufacture of stainless steel which finds wide application in the fields of energy, construction, transportation and defence armaments etc. demand for which is steadily on the increase. Moreover, the inherent qualities of chromium ensure that it cannot easily be substituted by any other alloying element.

High Carbon Ferro Chrome/Charge Chrome is produced by reducing lumpy Chrome Ore and/or briquettes of Chrome Ore fines by carbonaceous reductants (like coke and coal) in an electric smelting furnace. High Carbon Ferro Chrome/Molten Charge Chrome collected from the furnace hearth is tapped at pre-determined intervals into a casting machine and cast into pigs of about 60 kg. each. The pigs, while still hot, are sprayed with water at high pressure when they crack. They are then dropped from a height of 5 metres and broken into lumps of less than 150 mm. The lumps are screened, sized and stored for despatch.

Specifications of normal range of manufacture of High-Carbon Ferro Chrome/Charge Chrome are as follows:

Chromium (Cr)	57 – 63%
Silicon (Si)	4% max.
Carbon (C)	8% max.
Phosphorous (P)	0.03% max. 0.05% max.
Sulphur (S)	0.04% max. 0.05% max.
Size	10-100 mm 10-150 mm 90% min. 90% min.

While the above are the normal specifications, the Company produces to other specifications as well based on the customer requirement.

## **INFRASTRUCTURE**

The Company has multi-locational operations. Three furnaces aggregating to 82 MVA capacity are situated at Therubali, about 400 km away from Bhubaneswar, in idyllic surroundings, well connected by road and rail. The smelters are state of the art equipment and, in view of the dynamic market situation, the product mix is alterable at ease with minimal extra cost. Visakhapatnam port is about 400 km away where the Company receives its imported consignments of raw materials.

The Company's captive quartzite mines are located in Bolangir and Phulbani. Captive chromite mines are situated in Nuasahi in Keonjhar District and Sukinda/ Mahagiri / Chingudipal in Jajpur District. Supported with advanced technology, the Company ensures environment friendly mining operations with sophisticated machinery. While the Nuasahi Mines operate underground mines, the chromite mines in Sukinda/Mahagiri predominantly engage the opencast method at present but will eventually shift to underground operations.

The Company has good township facilities at Therubali, Choudwar and the mining locations complete with its own housing colonies, medical, educational and entertainment facilities. Not to be lagging on the spiritual side, the colonies are endowed with beautiful temples. As a responsible corporate citizen, the Company extends community development programmes periodically to benefit the surrounding villages and inhabitants.

Choudwar, where the Company's power plant and other furnaces are situated, is about 35 kms from Bhubaneswar and 15 kms from Cuttack and is on National Highway. Charbatia is about 6 kms from the plant site. Coal mines, chromite mines and Paradeep port through which the Company exports its output and receives its raw material are approx 100 kms from the plant site thus enjoying distinct locational and logistic advantages.

## **QUALITY CONSCIOUSNESS**

The Company attaches utmost importance to quality. The Company has comprehensive multi-product & multi-location ISO 9001 (quality management) certification, multi-location ISO 14001 (environment management) certification and the Choudwar Complex has OSHAS 18001 (occupational, health & safety) certification.

As a testimony to the Group's focus on safety and house keeping, it has consistently been bagging awards for its safety records and the continuous awareness that is created in its workforce for safe working standards and the environmental practices followed rigorously and meticulously.

## **OTHER OPERATIONAL MATTERS**

All major activity centers of the Company are linked via VSAT for instant intra-group communication and data transfer facilities. All levels of management and staff are trained and encouraged to use the computer and information technology to its fullest potential.

With multi-locational manufacturing facilities, mines and branch offices across the country, the Company has a King air aircraft and a helicopter. These cater to the needs of the Company's top executives for frequent visits to the sites for effective management and control.

The Group ensures that its assets are adequately protected and covered by insurance for fire, earthquake, tempest and other natural calamities and also against riot, civil commotion and terrorism. The Insurance committee periodically reviews the policies to ensure that where required enhancement in the coverage is done for reinstatement values.

## **MARKETING, DISTRIBUTION NETWORK AND PRICING**

Ferro Silicon is an essential input in the manufacturing process of steel wherein it is used primarily as an additive for deoxidation and also as an alloying agent. Ferro Chrome, on the other hand, is used in the manufacture of stainless steel. In fact, it is the addition of chromium which imparts the 'stainless' property. Therefore, the fortunes of both the products are linked to that of the steel industry. Demand for ferro chrome in particular is also influenced by availability/price of stainless steel scrap and nickel.

The Company directly sells its products to the industrial consumers. The price is market driven with interplay of demand and supply. However, the Company is in a strong wicket in its cost competitiveness because of its captive ore and power besides its commitment to quality.

## **MAJOR CLIENTS**

As a leading producer of ferro alloys in India, IMFA has a strong presence with major domestic customers. Besides, it supplies to prestigious overseas customers.

In the domestic market, customers include Steel Authority of India Ltd.(SAIL), Jindal Group, Shah Alloys and Visakhapatnam Steel Plant (VSP) among others. For exports, the Group primarily

focuses on the far eastern markets of Korea, Japan and Taiwan because of the logistical advantages in supplying from the Indian east coast. Major international clients of the Group include POSCO of South Korea, Glencore, Aichi, Daido, Kawasaki Steel, NMI & Nippon Yakin in Japan, and Yieh Group in Taiwan.

## **ALLIANCES AND COLLABORATIONS**

The modern and state of art furnaces at Therubali & Choudwar have been supplied by M/s. Elkem a/s, Norway. With the long years of operating the ferro alloys furnaces gained by the Company, it has developed in house capabilities to upgrade the furnaces to updated international standards. The Power Plant was supplied by a consortium of Swedish companies viz. ABB Stal AB, Gotaverken Energy AB and AB Electro Invest.

## **HUMAN RESOURCES**

The Group attaches great importance to its invaluable human resources. The functions are headed by an expert professional in the field. Continuous updation and honing of the skills of the workforce is attempted with considerable success. The Company directly employs 1789 personnel.

## **SHAREHOLDERS AGREEMENT**

The Company has executed a Memorandum of Understanding (MOU) with Litec Aktiengesellschaft (Litec AG) on 5<sup>th</sup> April, 2006. By the said MOU, SFR 10.5 million and USD 2.288 million which were held as advances by the Company from Litec AG were agreed to be converted into equity shares in the Company. Accordingly, after obtaining necessary permissions, the Company converted the said advances into equity by issue of 34,74,259 Equity Shares of Rs.10/- each at an issue price of Rs.140/- per share on 8<sup>th</sup> December, 2005. The said MOU also gives Litec AG certain rights such nominating one Director on the Board of Directors of the Company so long as Litec AG holds shares atleast to the extent of 5% of paid up capital of the Company. Litec AG has exercised this right by nominating Mr Alex Amrein on the Board of Directors of the Company effective 21<sup>st</sup> January, 2006.

## **STRATEGIC / FINANCIAL PARTNERS AND OTHER MATERIAL CONTRACTS**

The Company does not have any strategic/financial partners nor has entered into any material contracts other than in ordinary course of business.

## **SECTION IX HISTORY OF IMFA**

### **Brief History**

Indian Metals & Ferro Alloys Limited was incorporated on 20<sup>th</sup> November, 1961 under the Companies Act, 1956 and obtained the certificate of commencement of business on 7<sup>th</sup> May, 1962.

Pursuant to the Composite Scheme of Arrangement & Amalgamation sanctioned by the Hon'ble High Court of Orissa at Cuttack vide order dated October 13, 2006, the entire undertaking of ICCL was transferred to and vested in IMFA on and from the Appointed Date, i.e. April 1, 2005.

The objects for which the IMFA has been established are set out in the Memorandum of Association. The main objects inter alia are set out hereunder:

(1) To carry on the business of manufacturing Ferro-Alloys, Iron, Steel, Special Steels, Cast Iron and other Pipes and Castings and all other products incidental to and connected with Ferro-Alloys, Iron and Steel, Ferrous and Non-Ferrous Alloys and to obtain leases of mines anywhere to work the minerals therein for processing and for sale.

(2) To generate electricity by thermal or hydro or any other process and for sale and distribution thereof.

(3) To import and export the same or similar articles or their parts and to purchase, assemble, sell, distribute or deal in any way with the goods or merchandise herein before mentioned whether produced, made or manufactured or assembled in India elsewhere.

(4) To carry on the business of metallurgy, chemists and importers and manufacturers and dealers in metallurgical, chemical, industrial and other preparations and articles, compounds, cements, oils, paints, pigments and varnishes, dyeware paint and other grinders, makers of and dealers in proprietary articles of all kinds and of metallurgical, electrical, chemical and scientific apparatus and materials.

(5) To amalgamate with any other company or companies whose objects are or include objects similar to those of this Company, whether by sale or purchase or taking shares or other interest in such Companies.

#### **CHANGES IN MEMORANDUM OF ASSOCIATION**

Registered office: By a special resolution passed at the Annual General meeting of the Company held on 29<sup>th</sup> June, 1964, the Registered Office was shifted from Bhubaneswar to the factory site at Therubali. By a special resolution passed at the Annual General Meeting of the Company held on 29<sup>th</sup> June, 1971, the Registered Office was shifted from Therubali to Bhubaneswar.

By a special resolution passed at the extra ordinary general meeting held on 22<sup>nd</sup> March, 2006, the following object was included in the "Objects" and numbered as clause III(1)(A)

"To generate electricity by thermal or hydro or any other process and for sale and distribution thereof."

#### **SUBSIDIARIES**

The Company has two subsidiary companies: Indian Metals & Carbide Limited and Utkal Power Limited.

#### **INDIAN METALS & CARBIDE LIMITED (IMCL)**

Date of incorporation : 26<sup>th</sup> November, 1973

Principal business: To manufacture, process, buy, sell, import, export or otherwise deal in silicon carbide whether abrasive grain, lumps or in any other form. Coated Abrasives, Bonded Abrasives, Crucibles, Refractory Bricks, Rectifiers, Lightning Arrestors, Glowbars, Resistors and other items used in the manufacture or in processing of abrasives of any kind.

To purchase, acquire, take on lease and work, explore or turn to account or sell any mines, mining rights, and rights and interests in any land containing or considered likely to contain any minerals or ores.

**Board of Directors of IMCL:**

Sl.No.	Name of the Director
1.	Dr B Panda
2.	Mr Baijayant Panda
3.	Mr C R Ray
4.	Mr Deepak Kumar Mohanty

**IMFA's interest in IMCL**

No. of shares held: 190000 Equity Shares of Rs.10 each fully paid up.

% of shareholding: 76%

Shareholding pattern of IMCL as on 31<sup>st</sup> March, 2008

Face value per share: Rs.10

Category	No. of shares held	% of shareholding
Promoter Holding	249992	99.99
Non Promoter Holding	6	0.01
Total	249998	100.00

**Financial Information (in Rupees) for Financial Year ended 31<sup>st</sup> March, 2008**

Particulars	2007-08	2006-07	2005-06
Sales/Other Income	26,36,232	46,74,860	28,08,428
Profit/(Loss) After Tax	(9,93,169)	(9,49,773)	(21,97,764)
Share Capital	24,99,980	24,99,980	24,99,980
Net Reserves	12,74,507	22,67,676	32,17,449
Book value per share	15	19	23
Earning per share	(3.97)	(3.80)	(8.76)

**UTKAL POWER LIMITED(UPL)**

Date of incorporation : 6<sup>th</sup> November, 2004

Principal business: To plan, promote and organize an integrated and efficient development of Thermal Power, Wind Power, Hydro Power or Non-conventional Energy or by any other process, in all aspects, including planning, investigation, research, design and preparation of preliminary feasibility and definite project reports, construction, generation, operation and maintenance of Power Stations and Projects, transmission, distribution and sale of power generated at Power Stations and development of ancillary and other allied industries and for that purpose to install, operate and manage all necessary plant, establishments and works.

**Board of Directors of UPL:**

Sl No	Name of the Director
1.	Mr Subhrakant Panda
2.	Mr J K Misra
3.	Mr C R Ray
4.	Mr Prem Khandelwal
5.	Mr B D Sahoo

IMFA's interest in UPL

No. of shares held: 50000 Equity Shares of Rs.10 each fully paid up.

% of shareholding: 100%

Shareholding pattern of UPL as on 31<sup>st</sup> March, 2008

Face value per share: Rs.10

Category	No. of shares held	% of shareholding
Promoter Holding	50000	100.00
Non Promoter Holding	-	-
Total	50000	100.00

Financial Information (in Rupees) for Financial Year ended 31<sup>st</sup> March, 2008

Particulars	2007-08	2006-07	2005-06
Sales/Other Income	-	-	-
Profit/(Loss) After Tax	-	-	-
Share Capital	5,00,000	5,00,000	5,00,000
Net Reserves	-	-	-
Book value per share	10	10	10
Earning per share	-	-	-

## SHARE CAPITAL

Consequent to issue and allotment of shares pursuant to the Scheme, the Share Capital of the Company is as follows:

A	Authorised Share Capital 2,20,00,000 Equity Shares of Rs.10/- each 40,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each 2,60,000 2 <sup>nd</sup> series Redeemable Cumulative Preference of Rs.100/- each <p style="text-align: right;">Total</p>	22,00,00,000  4,00,000  2,60,00,000 <hr/> 25,00,00,000
B	2,13,14,765 Equity Shares of Rs.10/- each Add:Forfeited Shares in ICCL(amount originally paid up) <p style="text-align: right;">Total</p>	21.31.47.650 1,16,000 <hr/> 21,32,63.650
C	Share Premium Account Before the Scheme After the Scheme	45,16,54,000 45,16,54,000

The Company was incorporated with authorized capital of Rs.1,00,00,000 divided into 8,00,000 equity shares of Rs. 10/- each and 20,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each.

The composition of the authorized capital of the Company was changed from 8,00,000 equity shares of Rs.10/- each and 20,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each to 6,00,000 equity shares of Rs.10/- each and 40,000 Redeemable 9.5% Cumulative



Preference Shares of Rs.100/- each by a special resolution passed at the extraordinary general meeting of the Company held on 20<sup>th</sup> January,1966.

The authorized capital of the Company was increased from Rs 1,00,00,000 to Rs. 15,00,00,000 divided into 1,20,00,000 equity shares of Rs. 10/- each; 40,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each and 2,60,000 Second Series Redeemable Preference Shares of Rs.100/- each by a special resolution passed at the extraordinary general meeting of the Company held on 15<sup>th</sup> March,1982.

The authorized capital of the Company was increased from Rs 15,00,00,000 to Rs.17,00,00,000 divided into 1,40,00,000 equity shares of Rs. 10/- each; 40,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each and 2,60,000 Second Series Redeemable Cumulative Preference Shares of Rs.100/- each by a special resolution passed at the extraordinary general meeting of the Company held on 27<sup>th</sup> January, 1997.

The authorized capital of the Company was increased from Rs.17,00,00,000 to Rs.21,00,00,000 divided into 1,80,00,000 equity shares of Rs.10/- each; 40,000 Redeemable 9.5% Cumulative Preference Shares of Rs.100/- each and 2,60,000 Second Series Redeemable Cumulative Preference Shares of Rs.100/- each by a special resolution passed at the annual general meeting of the Company held on 28<sup>th</sup> September,2005.

Upon sanction of the Scheme, the authorized capital of the Company stands automatically increased by Rs.4,00,00,000 divided into 40,00,000 equity shares of Rs.10/- each without any further act or deed on the part of the Company and the Memorandum of Association and Articles of Association of the Company stands amended accordingly without any further act or deed on the part of the Company.

#### **Equity Share Capital History of the Company:**

Sl No.	Date of allotment	No.of shares	Face Value (Rs.)	Issue Price (Rs.)	Paid up value (Rs.)	Locked in shares	Lock In period (years)
1.	20-11-1961	46,600	10	10	4,66,000	-	-
2.	25-02-1963	38,612	10	10	3,86,120	-	-
3	29-05-1963	55,000	10	10	5,50,000	-	-
4	13-08-1963	65,000	10	10	6,50,000	-	-
5	01-01-1964	1,000	10	10	10,000	-	-
6	24-02-1964	3,43,788	10	10	34,37,880	-	-
7	17-01-1969	2,000	10	10	20,000	-	-
8	30-08-1982	19,729	10	10	1,97,290	-	-
9	06-01-1995	34,30,374	10	10	3,43,03,740(1)	-	-
10	20-01-1996	20,01,152	10	10	2,00,11,520(2)	-	-
11	28-02-1997	60,03,255	10	10	6,00,32,550(3)	-	-
12	08-12-2005	34,74,259	10	10	3,47,42,590(4)	-	-
13	28/10/2006	37,58,222	10	10	3,75,82,220(5)	-	-
14	2006	20,75,774	10	10	2,07,57,740(6)	-	-
<b>Total</b>		<b>2,13,14,765</b>			<b>21,31,47,650</b>		

Notes:

- (1) Bonus shares in the ratio of 6:1
- (2) Bonus shares in the ratio of 2:1
- (3) Bonus shares in the ratio of 1:1

(4) 3,47,42,59 equity shares of Rs.10/- each were issued in favour of Litec Aktiengesellschaft at an issue price of Rs.140/- in conversion of certain trade advances.

(5) Pursuant to the Scheme, the Company allotted 37,58,222 equity shares of Rs.10/- each as fully paid up to Term Lenders (Financial Institutions/Banks) of ICCL in conversion of part of the loan into equity.

(6) Pursuant to the merger, the Company has allotted 20,75,774 equity shares to the erstwhile shareholders of ICCL.

### **9.5% Cumulative Redeemable Preference Share Capital History of the Company:**

Sl No.	Date of allotment	No.of shares	Face Value (Rs.)	Issue Price (Rs.)	Paid up value (Rs.)	Locked in shares	Lock In period (years)
1.	17/01/1969	20,000	100	100	20,00,000*	-	-

\* Redeemed on 26/06/1982

### **DIVIDEND HISTORY**

The Company has paid dividend in the past based on the quantum and availability of profits. Details of dividend paid are as follows:

(Rs. in Lakhs)

F.Y.ended	Paid up Equity Capital	Dividend %	Dividend Amount incl. tax
31 <sup>st</sup> December 1962	4.66	-	-
31 <sup>st</sup> December 1963	20.29	-	-
31 <sup>st</sup> December 1964	41.20	-	-
31 <sup>st</sup> December 1965	52.98	-	-
31 <sup>st</sup> December 1966	55.00	-	-
31 <sup>st</sup> December 1967	55.00	-	-
31 <sup>st</sup> December 1968	55.00	-	-
31 <sup>st</sup> December 1969	55.20	-	-
31 <sup>st</sup> December 1970	55.20	30%	16.56
31 <sup>st</sup> December 1971	55.20	30%	16.56
31 <sup>st</sup> December 1972	55.20	15%	8.28
31 <sup>st</sup> December 1973	55.20	-	-
31 <sup>st</sup> December 1974	55.20	12%	6.62
31 <sup>st</sup> December 1975	55.20	25%	13.80
31 <sup>st</sup> December 1976	55.20	22.5%	12.42
31 <sup>st</sup> December 1977	55.20	25%	13.80
31 <sup>st</sup> December 1978	55.20	25%	13.80
31 <sup>st</sup> December 1979	55.20	25%	13.80
31 <sup>st</sup> December 1980	55.20	25%	13.80
31 <sup>st</sup> December 1981	57.17	25%	14.29
31 <sup>st</sup> December 1982	57.17	-	-
31 <sup>st</sup> December 1983	57.17	-	-
31 <sup>st</sup> December 1984	57.17	-	-
31 <sup>st</sup> December 1985	57.17	-	-
31 <sup>st</sup> December 1986	57.17	-	-
31 <sup>st</sup> December 1987	57.17	-	-
31 <sup>st</sup> March 1989	57.17	35%	20.00
31 <sup>st</sup> March 1990	57.17	-	-

31 <sup>st</sup> March 1991	57.17	-	-
31 <sup>st</sup> March 1992	57.17	-	-
31 <sup>st</sup> March 1993	57.17	-	-
31 <sup>st</sup> March 1994	57.17	53%	30.30
31 <sup>st</sup> March 1995	400.21	35%	47.97
31 <sup>st</sup> March 1996	600.33	35%	153.89
31 <sup>st</sup> March 1997	1200.65	35%	251.39
31 <sup>st</sup> March 1998	1200.65	5%	66.04
31 <sup>st</sup> March 1999	1200.65	-	-
31 <sup>st</sup> March 2000	1200.65	-	-
31 <sup>st</sup> March 2001	1200.65	-	-
31 <sup>st</sup> March 2002	1200.65	-	-
31 <sup>st</sup> March 2003	1200.65	10%	135.45
31 <sup>st</sup> March 2004	1200.65	20%	270.90
31 <sup>st</sup> March 2005	1200.65	25%	342.26
31 <sup>st</sup> March 2006	2132.64	-	-
31 <sup>st</sup> March 2007	2132.64	25%	623.68
31 <sup>st</sup> March 2008	2132.64	80%	1994.98

**SECTION X**  
**BOARD OF DIRECTORS**

The following table sets forth details regarding the Board of Directors of IMFA:

**Board of Directors as on the date of the Information Memorandum**

<b>Sr. No.</b>	<b>Name, Age, Designation, Father's Name, Address, Occupation</b>	<b>Other Directorships</b>
1	Dr B Panda Age : 76 years Designation : Executive Chairman Father's name : Late K B Panda Address : Bomikhal, P.O. Rasulgarh, Bhubaneswar – 751 010 Occupation : Industrialist	1) Indian Metals & Carbide Ltd. 2) B Panda & Co Pvt Ltd 3) Madhuban Investment Pvt. Ltd. 4) K B Investments Pvt Ltd 5) Paramita Invt & Trdg Co Pvt Ltd 6) Barabati Invt & Trdg Co Pvt Ltd
2	Mr Baijayant Panda Age : 44 years Designation : Vice Chairman Father's name : Dr B Panda Address: Bomikhal, P.O. Rasulgarh, Bhubaneswar – 751 010 Occupation : Industrialist	1) Indian Metals & Carbide Ltd. 2) B Panda & Co Pvt Ltd 3) Madhuban Invt Pvt Ltd 4) K B Investments Pvt Ltd 5) Paramita Invt & Trdg Co Pvt Ltd 6) Barabati Invt & Trdg Co Pvt Ltd 7) Ortel Communications Ltd 8) Panda Investments Pvt Ltd 9) Metro Skynet Ltd. 10) Quipo Telecom Infrastructure Ltd
3	Mr Subhrakant Panda, Age : 37 years Designation : Managing Director Father's name : Dr B Panda Address: Bomikhal, P.O. Rasulgarh, Bhubaneswar – 751 010 Occupation : Industrialist	1) Utkal Coal Ltd. 2) Ortel Communications Ltd. 3) FICCI-Executive Committee Member 4) Utkal Power Ltd.

4	Mr S P Mathur Age : 62 years Designation : Director Father's name : Late J Sahai, Address: Address : 305, Raj Mahal Apartment, D-253, Devi Marg, Bani Park, Jaipur – 302016 Occupation : Service	1)Orissa Media Ventures Pvt. Ltd.
5	Mr J K Misra Age : 52 years Designation : Director (Corporate) Father's name : Shri Baidyanath Misra Address :A/27,Nandadevi Apartment, Chandrasekharpur, Bhubaneswar – 751 016 Occupation : Service	1) Utkal Coal Ltd. 2) Utkal Power Ltd.
6	Mrs Paramita Mahapatra Age : 43 years Designation : Director Husband's Name: Shri Rajen Mahapatra Address:Bomikhal, P.O.Rasulgarh, Bhubaneswar – 751 010 Occupation : Service	1)Utkal Manufacturing & Services Ltd. Managing Director 2)Goal Oriented Advisory & Legal Services Pvt.Ltd. 3)B Panda & Co Pvt Ltd 4)Orissa Media Ventures Pvt. Ltd 5)Paramita Invt & Trdg Co Pvt Ltd 6)Barabati Invt & Trdg Co Pvt Ltd 7)K B Investments Pvt Ltd 8)Madhuban Investments Pvt Ltd 9)Paramita Realtors Pvt. Ltd. 10)Orissa Television Ltd. 11)Utkal Housing and Infrastructure Development Ltd 12)Utkal Green Energy Ltd 13)Barunei Farm & Nature Resorts Pvt Ltd 14)Star One Projects Pvt Ltd 15)Commercial City Center Pvt Ltd
7	Dr S Acharya Age : 74 years Designation : Director Father's name :Late Paramananda Acharya Address : 155, VIP Colony, Nayapalli, Bhubaneswar Occupation: Retd. Vice Chancellor, Utkal University	1) Orissa Mining Corporation Ltd.
8	Mr S K Pattanaik Age : 65 years Designation : Director Father's name : Late Shyam Sundar Pattanaik Address :Plot No.394, Sahidnagar, Bhubaneswar 751 012 Occupation: Retd. Company Executive	Nil

9	Major R N Misra (Retd) Age : 70 years Designation : Director Father's name:Late Lingaraj Misra Address : G/4, Everard Nagar, Eastern Express Highway, Sion, Mumbai – 400 022 Occupation : Retd. Indian Army	Nil
10	Mr N R Mohanty Age : 64 years Designation : Director Father's name : Late Shri Gaurang Charan Mohanty, Address :Flat No.302, Scion Court, Ist Cross, Kaggadaspura, C V Raman Nagar, Bangalore-560093 Occupation : Retd.Company Executive	1) Kudremukh Iron Ore Co Ltd (Independent Director) 2) Sankhya Infotech Ltd (Independent Director) 3) Bharat Earth Movers Ltd 4) Mahanadi Coalfields Ltd 5) Textron Global Technology Center 6) National Aluminium Company Ltd
11	Mr A Khandual Age : 55 years Designation : Director Father's name : Late Prahlad Khandual Address :Flat No.124, 12 <sup>th</sup> Block, Jolly Maker Apartments II, Opp.Wolrd Trade Centre, Cuffe Parade, Mumbai-400 005 Occupation : Service	Nil
12	Mr Alexius Markus Amrein Age : 72 years Designation : Director Father's name: Mr.Josef Amrein Address :In der Chalen I, CH-8123 Embatingen, Switzerland Occupation : Industrialist	1) Litec Aktiengesellschaft, Managing Director
13	Mr G L Tandon Age : 78 years Designation : Director Father's name : Late Ch.Sant Ram Tandon Address : B-7/111A, Safdarjung Enclave, New Delhi – 110 029 Occupation : Retd CMD of Coal India Limited	1)Tanishq Consultancy Pvt Ltd 2)VBC Industries Ltd 3)R R C I Ltd 4)Utkal Coal Ltd 5)Gujarat NRE Coke Ltd (Chairman Emeritus) 6)Sharda Motor Industries Ltd
14	Mr D Bandyopadhyay Age : 77 years Designation : Director Father's name : Late D N Bandyopadhyay Address : GD-89,Sector III, Salt Lake, Kolkata – 700 106 Occupation : Retd.IAS officer	1) Zoom Industries Ltd.

15.	General Shankar Roychowdhury Age: 71 years Designation : Director Father's name : Late Sunil Chandra Roychowdhury Address: FE-238, Salt Lake City Kolkata – 700091 Occupation: Retired (Former Chief of Army Staff, Indian Army and Former Member of Parliament, Rajya Sabha)	Nil
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### **Brief Biography of the Directors**

#### **Dr B Panda**

Dr B Panda, an eminent scientist of international repute, is the founder Chairman of IMFA Group. Dr. Panda has obtained degrees from prestigious institutions like Benaras Hindu University, Harvard and Michigan University. Prior to returning to India, he had held senior positions in US Steel Corporation, Guest Keen & Nettlefolds of England and Philips Limited of Holland. He wound up his prestigious assignments to return to India in 1961 and pioneer the production of ferro alloys & silicon metal in India. With more than 40 years of experience in the industry, he is acknowledged as an authority in the ferro alloys industry. He has served on the Boards of Air India & Hindustan Aeronautics Limited and as Chairman of the Board of Governors of National Institute of Technology, Rourkela (formerly Regional Engineering College, Rourkela) and member on the Governing Boards of IIT, Kharagpur and IIM, Kolkata. He has been a Director on the Board of the Company since 20<sup>th</sup> November, 1961 and is currently the **Executive Chairman**.

#### **Mr Baijayant Panda**

Mr Baijayant Panda joined IMFA Group in 1986. Since then, he has handled almost all the responsibilities at one time or the other within the Group. During the time he was the Chief Executive Officer, he had initiated various systems & procedures for the overall development of the Group.

In the year 1986, he was co-opted as Director of Indian Charge Chrome Limited, an Associate Company promoted by Indian Metals & Ferro Alloys Limited. He was co-opted as Director in Indian Metals & Ferro Alloys Limited in 1989. He was appointed as Joint Managing Director of Indian Charge Chrome Ltd. on 15<sup>th</sup> March, 1990 which post he relinquished on 14<sup>th</sup> March, 2000 on his appointment as Managing Director of Indian Metals & Ferro Alloys Limited effective 15<sup>th</sup> March, 2000.

Mr Baijayant Panda is a Member of Parliament (Rajya Sabha) from the State of Orissa.

He is the founder Chairman of Ortel Communications Ltd. (Broadband Network Operator, ISP, Television Channel). He is associated as Member Board of Governors Xavier Institute of Management (XIM), Bhubaneswar; Member, Industrial Advisory Committee, Govt. of Orissa and Trustee, Indian Metals Public Charitable Trust.

He majored in Scientific and Technical Communications, 1985, a combined dual-degree course in Engineering and Management in Communications from Michigan Technological University, USA.

He has been a Director on the Board of the Company since 26<sup>th</sup> February, 1986 and is currently the **Vice Chairman**.

## **Mr Subhrakant Panda**

Mr Subhrakant Panda joined the IMFA Group in 1993. Since then he has handled various responsibilities within the Group including directly supervising the Commercial Division along with holding additional charge of the Projects Department. He has initiated several projects which have had a significant impact on the overall development of the Group.

In 2006 he was appointed Managing Director of the flagship company Indian Metals & Ferro Alloys Ltd (IMFA). His current role is to help define the broad strategic goals while independently supervising the day to day management. His exposure to various functional areas of the Group have helped him in discharging his duties with distinction and has firmly established IMFA as the leading producer of ferro alloys in the Country.

He has been elected to the Council of the International Chromium Development Association (ICDA), which is the international body of chrome producers & users based in Paris, and serves as the Vice Chairman of the Management Committee. He is on the Executive Committee of Federation of Indian Chambers of Commerce & Industry (FICCI) and is Co-Chairman of the Manufacturing Committee. He has been invited to speak at various international conferences and has presented many papers such as “The Outlook for Ferro Chrome Exports from India” at a CRU conference and “Ferro Alloys Industry : Is India the right place ?” at the 150<sup>th</sup> year celebrations of the Bengal Chamber of Commerce & Industry (BCCI).

Mr Panda holds a Bachelor of Science Degree in Business Administration from the School of Management, Boston University. He graduated with honours *summa cum laude* with a dual concentration in Finance and Operations Management. He has received various awards and honours in recognition of his outstanding scholastic achievement including an unprecedented 3.95 cumulative grade point average (GPA) out of a possible 4.0. These include being named to the Beta Gamma Sigma Honour Society for Collegiate Schools of Business, Golden Key National Honour Society and Who’s Who Among Students in American Universities and Colleges (1993 edition).

He is a voracious reader and his interests include Chess, Cricket and Golf.

Mr Subhrakant Panda has been a Director on the Board of the Company since 30<sup>th</sup> October, 1999 and is currently the **Managing Director**.

## **Mr S P Mathur**

Mr. Sudhir Prakash Mathur, who has to his credit 35 years of working experience joined as Vice President (Finance) in Indian Charge Chrome Limited (ICCL) in the year 1992. In the year 1994 he was elevated to Sr. Vice President (Finance). He was appointed as Director (Finance) in ICCL in the year 1999. His exposure to various functional areas of the Group have helped him in discharging his duties with distinction. Consequent upon the merger, the Board has appointed him as Director (Finance) in the Company w.e.f. 28<sup>th</sup> October, 2006. In the capacity as Director (Finance) he was responsible for the management and control of financial and operational activities of the Company. Prior to joining the company Mr. Mathur had worked as Divisional Manager (Finance and Taxation) of Geep Industrial Syndicate Limited for 20 years. Currently he is a Non Executive Director on the Board of the Company.

Mr. Mathur holds a Bachelor degree in Commerce and passed the Chartered Accountancy examination of the Institute of Chartered Accountants of India, in the year 1970.

### **Mr J K Misra**

Mr J K Misra started his career with IMFA Group in the Project Department as Management Trainee in 1980. He has held key responsibilities in the Group, such as commissioning of Plant-03 at Therubali. He was actively involved in both the Power & Charge Chrome projects of ICCL at Choudwar. He was trained in the Collaborator's (ABB) power plants in Sweden. He was incharge of commissioning the electrical equipment of the power plant in 1989. He was promoted as Incharge of Electrical Department. In 1992, he was transferred to Chairman's Office and thereafter to Commercial Department and was incharge of Purchase, Marketing activities of the Group till 1996. He was promoted as Site incharge of the Therubali operations which responsibility he held till 2000. He was promoted as Sr. Vice President (Commercial) at the Company's Headquarter in Bhubaneswar thereafter, responsible for Commercial activities including international trade. In 2002, he was redesignated as Sr. Vice President (Corporate) with additional responsibility of Corporate Affairs along with Commercial. He was appointed as Director (Corporate) for Indian Charge Chrome Limited w.e.f. 30<sup>th</sup> October, 2004. Consequent upon the merger, the Board has appointed him as Director (Corporate) in the Company w.e.f. 28<sup>th</sup> October, 2006. He holds a degree in Engineering (Electrical) from erstwhile University of Roorkee, now called IIT, Roorkee and MEP from IIM, Ahmedabad.

### **Mrs Paramita Mahapatra**

Mrs Paramita Mahapatra has been a Director in the Company since 1985. She holds a Post Graduate Degree in Personal Management & Labour Welfare from Utkal University. She is a Gold Medalist having secured the first position in her Post Graduation. She had served Indian Charge Chrome Limited as GM (HR) & Chief of Management Services.

### **Dr S Acharya**

Prof S Acharya has been on the Board of the Company since November, 1987. He has served the Utkal University as an academican in various capacities and was its Vice Chancellor from November, 1991 to February, 1995. He was the visiting Professor of Geology of Asmara University, Ethiopia during 1987-89. He has specialized in research mainly on economic Geological studies with special reference to East Indian belt of Southern Bihar and Northern Orissa and published about 52 papers. He is a Post-Graduate in Geology, a Gold Medalist and holds a Doctorate Degree from IIT, Kharagpur on Applied Geology. He is a very renowned Geologist and has been awarded Ph. D. degrees.

### **Mr S K Pattanaik**

He is a Director on the Board of Indian Metals & Ferro Alloys Ltd. since 1990. Mr S K Pattanaik is a metallurgist having passed out from Ranchi University in the year 1965. He has served the group in various capacities since 1966 and was the site head of the Company's plant at Therubali from 1985 to 1989. During the period when he was at the helm of operations at Therubali Works, the Company started production of Metallic Silicon indigenously for the first time through in-house R & D and as an import substitution. He has long years of experience in the manufacture of ferro alloys.

### **Major R N Misra(Retd)**

Major R N Misra (Retd) has been a Director in the Company since 1993. He holds a degree in Engineering (First Class) from the College of Military Engineering, Pune and obtained MBA



degree from University of Pune with First Class with distinction. He is a fellow member of the Institution of Engineers India. He is also a certified Chartered Engineer.

### **Mr N R Mohanty**

Mr Mohanty is the former Chairman of Hindustan Aeronautics Ltd. He superannuated from HAL on 30<sup>th</sup> November 2004 after almost 3 decades of eventful career in HAL. He is the university topper in Mechanical Engineering from REC, Rourkela, Mr. Mohanty started his professional career in 1965 as a lecturer in the same college. Subsequently, he joined the Indian Ordnance Factories Services by standing second in the All India Engineering Services Examination of 1965. He joined HAL in 1971 and worked in various capacities and steadily moved to become the Chief Executive of HAL in the year 2001. He is the member of Task Force constituted by the Department of Public Enterprises to finalize and evaluate the MOUs of various Public Sector Undertakings. He was the President of “Aeronautical Society of India” for the year 2003-04. He was the Chairman of Society of Defence Technologies (SODET). He was a member of the “Advisory Committee” of Standing Conference of Public Enterprises (SCOPE). He was also the member of Defence Committee of FICCI. He was the member of the Dr. Kelkar Committee constituted by the Defence Ministry for Participation of private Industries in Defence Production. Now he is the member of the committee to select the RURs / the Champions of Industry. In recognition of his outstanding contribution in the field of aviation he was conferred with various awards. A few of those awards are: -

- i. The Outstanding Chief Executive Award
- ii. Indira Gandhi Sadbhavana Award.
- iii. Rashtriya Ratan Award.
- iv. Visveswarya Samman.
- v. To top it up, in the year 2004, Govt of India conferred on him the coveted National Award, “ Padma Shri “. A rare honour to a Public Sector Manager

### **Mr A Khandual**

He is a post graduate in Economics and gold Medallist from Utkal University. He served Syndicate Bank for about 5 years before joining IDBI as Assistant Manager – Grade A – (direct recruit) in January, 1981. He has put in two and half decades of service in IDBI and has been elevated to the post of General Manager. He has three decades of banking experience – 5 years in commercial banking and 25 years in development banking. During his service, he has handled a variety of areas such as Accounts, HRD (Training), Project Appraisal, Project monitoring & follow up, Project rehabilitation and stressed asset resolution etc.

### **Mr Alex Amrein**

Mr Alex Amrein has a degree in Chemistry & Economics from the University of Zurich and a Diploma (Commerce & Trade) Swiss Association of Business Schools. After completing his academic education he was employed as an economist in various advisory capacities for national and international companies such as the European Tile and Brick Association and a multinational Auditing Company with Head Office in Switzerland besides various financial institutions. With a view to utilizing his educational background and varied work experience more gainfully, he became an entrepreneur in 1978 by founding Litec AG. Since then, he has personally spearheaded the Company’s growth in the field of metal trading and engineering consultancy. He is now the Managing Director of the Company and, in that capacity, supervises the day to day functioning of the Company as well as plans for its future growth.

## **Mr G L Tandon**

Mr G L Tandon is Graduate in Geology and Geography and B. Tech (Hons. in Mining Engineering). He has over 50 years project and management experience of mineral based industries and energy sector (coal, lignite, thermal & hydro). For turn-around of several ailing units and efficient record performances, he has won several laurels most prestigious being:

**Padma Bhushan Award** in 1986 from President of India

Some other outstanding awards are:

Udhyog Ratan in 1984.

Sir Jehangir Gold Medal for industrial relations from TATA's XLR Institute, Jamshedpur.

Man of the Decade Bheesham Pitamah and Field Marshal in Mining from IDC and KIOCL Association in 1987.

High-Tech Man of the year in 1988.

Engineering Personality of the Country in 1994.

Life Time Contribution to Engineering Sciences in 2001 from the Institution of Engineers (India).

Best Citizen of India in 2005

Life Time Achievement Award conferred by Human Care Charitable Trust on August 12, 2006.

He was Chairman of Neyveli Lignite Corporation and Coal India Ltd. and has addressed several convocations, was convenor of Ministry of Industry (DPE) for evaluation of PSUs in Mineral and Power Sector. After retirement he is Director on the Board of several Government and Private Companies. He has done / is doing arbitration independently and jointly for large Government and Private Companies. He has simple habits and is deeply nationalist and religious. He is Chairman/Patron/Member of several Trusts, Technical, Social and Spiritual Bodies.

## **Mr D Bandyopadhyay**

Mr D Bandyopadhyay held various important positions in Central Government and Govt. of West Bengal, such as Secretary to the Government of India, Ministry of Finance, Department of Revenue, Secretary to Govt. of India, Department of Rural Development, Ministry of Agriculture, Advisor (20 Point Programme & Rural Development), Planning Commission, Addl. Secretary, Department of Mines, Ministry of Steel & Mines, Land Reforms Commissioner, Secretary Dept. of Revenue, Secretary Dept. of Scheduled Castes & Scheduled Tribes Welfares, Govt. of West Bengal, Secretary, Department of Labour, Labour Commissioner, Govt. of West Bengal and Executive Director, Asian Development Bank. He was involved in the entire Programme of Land Reforms in West Bengal. Was intimately associated with vesting of ceiling surplus land during 1967-1971, resulting in vesting of one million acres of good agricultural land. Specialised in Rural Development Agrarian Relations and Law Reforms, Agriculture, Labour and Panchayat Raj Administration.

## **General Shankar Roychowdhury (Retd)**

General Shankar Roychowdhury is a graduate of National Defence Academy, Indian Military Academy, Defence Services Staff College, Army War College, National Defence College and also a Doctorate D.Litt (CAVSA). He is the former Chief of Army Staff, Indian Army and former Member of Parliament (Rajya Sabha).

## **Borrowing Powers of Board:**

The Board of Directors is empowered to raise debts for the Company subject to a maximum outstanding of Rs.3700 crores at any point of time.

## **COMPENSATION OF EXECUTIVE CHAIRMAN AND WHOLE TIME DIRECTORS**

The Company has four Whole Time Directors consisting of Executive Chairman, Vice Chairman, Managing Director, & Director(Corporate). Details of the remuneration as approved by the Board of Directors at the Board Meeting held on 28<sup>th</sup> October,2006 and by the Shareholders at the Annual General Meeting of the Company held on 15<sup>th</sup> December are given below:

### **Dr B Panda, Executive Chairman**

Tenure: 3 years effective from 28<sup>th</sup> October, 2006.

#### **(I) SALARY**

Rs.3,60,000/-(Rupees Three Lacs Sixty Thousand only) per month.

#### **(II) PERQUISITES:**

##### **(i) Accommodation**

Rent free unfurnished residential accommodation.

##### **(ii) Company's contribution towards pension/superannuation Fund.**

As per rules of the Company. Such contribution together with contribution to the Provident Fund shall not exceed 27% of the salary as laid down in the Income Tax Rules, 1962.

##### **(iii) Gratuity**

As per provisions of the Payment of Gratuity Act.

##### **(iv) Medical Reimbursement**

Reimbursement of expenses incurred for self and family subject to a limit of Rs. 15,000/- per annum as per rules of the Company.

##### **(v) Leave Travel Concession**

For self and family as per rules of the Company.

##### **(vi) Club fee**

Reimbursement of club fees subject to a maximum of two clubs.

##### **(vii) Other Benefits**

(a) Free use of Company car with driver for official as well as personal purposes.

(b) Free telephone facilities at residence. Personal long distance calls shall be billed by the Company.

(c) Earned/Privilege Leave

On full pay as per rules of the Company.

(d) Leave encashment

In accordance with the rules of the Company in this regard at the end of the tenure.

During the period Dr B Panda holds the office of Executive Chairman, he shall not retire by rotation.

In the event of absence or inadequacy of profits in any financial year, Dr B Panda, Executive Chairman be paid the aforesaid remuneration as minimum remuneration for that year.

**Mr Baijayant Panda, Vice Chairman**

Tenure: 5 years effective from 15<sup>th</sup> March, 2005. Following terms and conditions are in force for a period of 3 years effective from 28<sup>th</sup> October 2006.

**(I) SALARY**

Rs.3,50,000/- (Rupees Three Lacs Fifty Thousand only) per month.

**(II) PERQUISITES:**

(i) Accommodation

House Rent Allowance of Rs.30,000/- per month or rent free unfurnished residential accommodation.

(ii) Company's contribution towards Provident Fund and Superannuation fund.

As per rules of the Company, subject to ceiling of 12% of salary for Provident Fund & 15% of salary for Superannuation Fund.

(iii) Gratuity

As per provisions of the Payment of Gratuity Act.

(iv) Medical Reimbursement

Reimbursement of expenses incurred for self and family subject to a limit of Rs.15,000/- per annum as per rules of the Company.

(v) Leave Travel Concession

For self and family as per rules of the Company.

(vi) Club fee

Reimbursement of club fees subject to a maximum of two clubs.

- (vii) Other Benefits
  - (a) Free use of Company car with driver for official as well as personal purposes.
  - (b) Free telephone facilities at residence. Personal long distance calls shall be billed by the Company.
  - (c) Earned/Privilege Leave  
On full pay as per rules of the Company.
  - (d) Leave encashment  
  
In accordance with the rules of the Company in this regard at the end of the tenure”.

During the period Mr Baijayant Panda holds the office of Vice Chairman, he shall not retire by rotation.

In the event of absence or inadequacy of profits in any financial year, Mr Baijayant Panda, Vice Chairman be paid the aforesaid remuneration as minimum remuneration for that year.

**Mr Subhrakant Panda, Managing Director**

Tenure: 3 years effective from 28<sup>th</sup> October, 2006

**(I) SALARY**

Rs.3,50,000/- (Rupees Three Lacs Fifty Thousand only) per month.

**(II) PERQUISITES:**

(i) Accommodation

Rent free unfurnished residential accommodation

(ii) Company's contribution towards Provident Fund and Superannuation Fund.

As per rules of the Company subject to a ceiling of 12% of salary for Provident Fund and 15% of salary for Superannuation Fund.

(iii) Gratuity

As per provisions of the Payment of Gratuity Act.

(iv) Medical Reimbursement

Reimbursement of expenses incurred for self and family subject to a limit of Rs. 15,000/- per annum as per rules of the Company.

- (v) Leave Travel Concession  
For self and family as per rules of the Company.
- (vi) Club fee  
Reimbursement of club fees subject to a maximum of two clubs.
- (vii) Other Benefits
  - (a) Free use of Company car with driver for official as well as personal purposes.
  - (b) Free telephone facilities at residence. Personal long distance calls shall be billed by the Company.
  - (c) Earned/Privilege Leave  
On full pay as per rules of the Company.
  - (d) Leave encashment  
  
In accordance with the rules of the Company in this regard at the end of the tenure.

During the period Mr Subhrakant Panda holds the office of Managing Director, he shall not retire by rotation.

In the event of absence or inadequacy of profits in any financial year, Mr Subhrakant Panda, Managing Director be paid the aforesaid remuneration as minimum remuneration for that year.

**Mr J K Misra, Director (Corporate)**

Tenure: 3 years effective from 28<sup>th</sup> October, 2006.

**(I) SALARY**

Rs.1,01,500/- (Rupees One Lac One Thousand Five Hundred only) per month.

**(I) ANNUAL INCREMENT**

Subject to a maximum of Rs.6,00,000/- (Rupees Six Lacs only all inclusive) per annum to vest in April of every financial year as may be determined by the Managing Director and approved by the Remuneration Committee.

**(II) RETENTION BONUS**

Subject to a maximum of Rs.7,50,000/- (Rupees Seven Lacs & Fifty Thousand only) per annum to vest in September of each financial year as may be determined by the Managing Director and approved by the Remuneration Committee.

### **(III) PERQUISITES:**

- (i) House Rent Allowance  
25% of salary under (I) above.
- (ii) Transport Allowance  
Rs.800/- (Rupees eight hundred only) per month.
- (iii) Company's contribution towards Provident Fund and Superannuation Fund.  
As per rules of the Company subject to a ceiling of 12% of salary for Provident Fund and 15% of salary for Superannuation Fund.
- (iv) Gratuity  
As per provisions of the Payment of Gratuity Act.
- (v) Medical Reimbursement  
Reimbursement of expenses incurred for self and family subject to a limit of Rs.15,000/- per annum as per rules of the Company.
- (vi) Leave Travel Concession  
For self and family as per rules of the Company.
- (vii) Club fee  
Reimbursement of club fees subject to a maximum of two clubs.
- (viii) Other Benefits
  - (a) Free use of Company car with driver on Company's business.
  - (b) Free telephone facilities at residence. Personal long distance calls shall be billed by the Company.
  - (c) Earned/Privilege Leave  
On full pay as per rules of the Company.
  - (d) Leave encashment  
In accordance with the rules of the Company in this regard at the end of the tenure.

In the event of absence or inadequacy of profits in any financial year, Mr. J. K. Misra, Director (Corporate) be paid the aforesaid remuneration as minimum remuneration for that year.

Apart from receiving remuneration, the aforesaid Whole-time Directors are also eligible for commission on the net profits of the Company for a period of three years from the date of their appointment.

## **CORPORATE GOVERNANCE**

The Company is fully compliant with the provisions of Clause 49 of the Listing Agreement and the details are as follows:

The Board of Directors of the Company consists of 15 Members and the Company has 4 'Executive' and 11 'Non-Executive' Directors. Out of 15 members, 8 are Independent and 7 are Non Independent Directors or which 4 are from the Promoter Group. Dr B Panda, Executive Chairman, Mr Baijayant Panda, Vice Chairman, Mr Subhrakant Panda, Managing Director and Mrs Paramita Mahapatra, Director are from the Promoter Group. Mr Alex Amrein represents Litec Aktiengesellschaft on the Board.

The Independent Directors of the Company are: Mr S Acharya, Mr S K Pattanaik, Major R N Misra (Retd ), Mr N R Mohanty, Mr A Khandual, Mr G L Tandon , Mr D Bandyopadhyay and General Shankar Roychowdhury.

The Board has also constituted the Audit Committee, Shareholders/Investor's Committee and Remuneration Committee as required under Clause 49 of the Listing Agreement as under:

COMMITTEE	NAME OF DIRECTOR	CATEGORY
Audit Committee	Mr G L Tandon,	Non-Executive & Independent
	Chairman	Non-Executive & Independent
	Mr D Bandyopadhyay	Non-Executive & Independent
	Major R N Misra (Retd)	Non-Executive and
	Mrs Paramita Mahapatra	Non-independent.
Shareholders/Investor's Committee	Mrs Paramita Mahapatra,	Non-Executive and
	Chairman	Non-independent
	Dr S Acharya	Non-Executive & Independent
	Mr J K Misra	Executive & Non-independent
Remuneration Committee	Mr D Bandyopadhyay	Non-Executive & Independent.
	Chairman	
	Mr S Acharya	Non-Executive & Independent
	Major R N Misra(Retd)	Non-Executive & Independent

The role, powers, scope of functions and duties of the Audit Committee, Shareholders/Investor's Committee and Remuneration Committee of the Board are as per the applicable provisions of the Companies Act, 1956, Clause 49 of the Listing Agreement and Code of Conduct of the Company.



## Compliance Report on Corporate Governance

Particulars	Clause of Listing Agreement	Compliance status (Yes/No/N.A.)
<b>I. Board of Directors</b>	49 I	-
Composition of Board	49 (IA)	Yes
Non-Executive Directors compensation & disclosures	49 (IB)	Yes
Other provisions as to Board and Committees	49 (IC)	Yes
Code of Conduct	49 (ID)	Yes
<b>II. Audit Committee</b>	49 (II)	-
Qualified & Independent Audit Committee	49 (IIA)	Yes
Meeting of Audit Committee		Yes
Powers of Audit Committee	49 (IIB)	Yes
Role of Audit Committee	49 (IIC)	Yes
Review of Information by Audit Committee	49 (IID)	Yes
<b>III. Subsidiary Companies</b>	49 (IIE)	NA
<b>IV. Disclosures</b>	49 (III)	-
Basis of related party transactions	49 (IV)	Yes
Board Disclosures	49 (IV B)	Yes
Proceeds from public issues, rights issues, preferential issues etc.	49 (IV C)	N.A
Remuneration of Directors	49 (IV D)	Yes
Management	49 (IV E)	Yes
Shareholders	49 (IV F)	Yes
<b>V. CEO/CFO certification</b>	49 (V)	Yes
<b>VI. Report on Corporate Governance</b>	49 (VI)	Yes
<b>VII. Compliance</b>	49 (VII)	Yes

### Shareholding of Directors

Name of Director	Number of Shares held
Dr B Panda	422100
Mr Baijayant Panda	205095
Mrs Paramita Mahapatra	205095
Mr Subhtrakant Panda	205095

Interest of Directors:

Other than their respective shareholding in the Company and reimbursement of expenses incurred and normal remuneration/sitting fee from the Company as stated above, the Directors of the Company have no other interest in the Company.

### Changes in Board of Directors since the Company's inception

Name of the Director	Date of Appointment	Date of Resignation	Reason
Dr B Panda	20/11/1961		
Mrs Ila Panda	20/11/1961	11/01/2005	Deceased
Mr Bansidhar Mohanty	20/11/1961	31/07/1962	Resigned
Mr K P Mohanty	20/11/1961	28/06/1980	Resigned
Mr J C Mohapatra	20/11/1961	29/06/1964	Resigned
Mr S K Mohapatra	20/11/1961	08/10/1966	Resigned
Mr D L Purakayastha, Nominee Director	15/05/1963	02/04/1968	Nomination withdrawn
Mr B C Mathur, Nominee Director	15/05/1963	03/10/1964	Nomination withdrawn
Mr K G Khosla	10/11/1963	29/06/1974	Resigned
Dr Umapati Ganguli	10/11/1963	03/10/1970	Deceased
Mr K C Das	29/06/1964	08/08/1966	Resigned
Mr Kupusami Ramamurty	08/07.1964	21/12/1964	Resigned
Mr K S Ramachandran, Nominee Director	21/12/1964	28/02/1967	Nomination withdrawn
Mr Bishan Saran, Nominee Director	17/04/1965	10/05/1966	Nomination withdrawn
Mr K K Chakraborty	08/10/1966	21/05/1986	Deceased
Mr S M Patnaik,	15/09/1966	21/03/1969	Nomination withdrawn
L I Parija, Nominee Director	28/02/1967	22/03/1968	Nomination withdrawn
Mr A B Ganguli,	15/02/1968	23/10/1971	Resigned
Mr B R Patil	29/03/1968	21/07/1969	Resigned
Mr U C Agarwal	18/06/1968	18/12/1968	Resigned
Mr J S Bajjal, Nominee Director	04/04/1969	22/01/1970	Nomination withdrawn
Mr S N Das Mohapatra	26/04/1969	28/06/1969	Resigned
Mr B K P Sinha	30/01/1970	26/01/1996	Deceased
Mr T U Vijayasekaran, Nominee Director	30/05/1970	22/04/1972	Nomination withdrawn
Mr J P Das, Nominee Director	30/11/1970	21/04/1973	Nomination withdrawn
Mr B C Pattanaik, Nominee Director	08/09/1971	09/05/1973	Nomination withdrawn
Mr Ganapathi Rao, Nominee Director	22/05/1972	14/01/1975	Nomination withdrawn
Mr R N Sahoo, Nominee Director	19/04/1975	11/03/1976	Nomination withdrawn
Mr S Ramachar	29/06/1974	14/04/1978	Deceased
Mr N C Sengupta	01/09/1978	09/05/1985	Deceased
Mr B D Jatti	28/06/1980	27/01/1981	Resigned
Mr B Pasricha	31/03/1981	03/08/1983	Resigned
Field Marshal Sam Manekshaw MC	29/06/1981	03/07/2006	Resigned
Mr V Krishnamurthy	30/08/1982	14/09/1984	Resigned

Mrs Paramita Mahapatra	27/05/1985		
Mr Baijayant Panda	26/02/1986		
Dr S Acharya	27/11/1987		
Mr S K Pattanaik	01/01/1990		
Major R N Misra (Retd)	30/09/1993		
Mr A N Misra	26/09/1998	26/09/2003	Did not opt for re-election
Mr M M Nawaz	01/07/1999	15/03/2000	Resigned
Mr Subhrakant Panda	30/10/1999		
Mr Sidheshwar Sahoo, Nominee Director	28/05/2004	04/05/2005	Nomination withdrawn
Mr N R Mohanty	07/01/2005		
Mr A Khandual, Nominee Director	04/05/2005		
Mr Alex Amrein	21/01/2006		
Mr G L Tandon	28/10/2006		
Mr D Bandhopadhyay	28/10/2006		
Mr S P Mathur	28/10/2006		
Mr J K Misra	28/10/2006		
General Shankar Roychowdhury (Retd)	21/01/2008		

## EMPLOYEES AND EMPLOYEE STOCK OPTION SCHEME

Presently the Company directly employs about 1800 personnel. There is no Employee Stock Option Scheme/ Employee Stock Purchase Scheme in existence as on date, neither there are any other payments or benefits to officers of the Company other than the salary.

## **SECTION XI** **PROMOTERS**

Though all the persons/entities who constitute the Promoter Group are mentioned as constituents of Promoter Group under Section IV – “Capital Structure of the Company, Dr B Panda, Executive Chairman is the one who promoted the Company.

Dr B Panda, an eminent scientist of international repute, is the founder Chairman of IMFA Group. Dr Panda has obtained degrees from prestigious institutions like Benaras Hindu University, Harvard and Michigan University. Prior to returning to India, he had held senior positions in US Steel Corporation, Guest Keen & Nettlefolds of England and Philips Limited of Holland. He wound up his prestigious assignments to return to India in 1961 and pioneer the production of ferro alloys & silicon metal in India. With more than 40 years of experience in the industry, he is acknowledged as an authority in the ferro alloys industry. He has served on the Boards of Air India & Hindustan Aeronautics Limited, and was Chairman of the Board of Governors of National Institute of Technology, Rourkela (formerly Regional Engineering College, Rourkela) and member on the Governing Boards of IIT, Kharagpur and IIM, Kolkata. He has been a Director on the Board of the Company since 20<sup>th</sup> November, 1961 and is currently the **Executive Chairman**.

The following are the other Directors on the Board from the Promoter family:

Mr Baijayant Panda, Vice Chairman  
Mrs Paramita Mahapatra, Director

Mr Subhrakant Panda, Managing Director.

Other than their respective shareholding in the Company and reimbursement of expenses incurred and normal remuneration/sitting fees from the Company, the Directors of the Company has no other interest in the Company.

It is confirmed that the information pertaining to the Passport No. Permanent Account Number, Bank Account Number, has been submitted to BSE.

## **CURRENCY OF PRESENTATION**

In this Information Memorandum, all references to “Rupees” or “Rs.” are to Indian Rupees, the legal currency of the Republic of India.

## **DIVIDEND POLICY**

The Company intends to declare dividend based on the quantum and availability of future profits and will be disbursed on shareholder approval based on the recommendation of the Board of Directors.

## **SECTION XII** **FINANCIAL INFORMATION OF IMFA**

### **AUDITORS' REPORT**

The Board of Directors  
INDIAN METALS & FERRO ALLOYS LIMITED  
Bomikhal, Rasulgarh,  
Bhubaneswar - 751 010

**Re: Public listing of Indian Metals & Ferro Alloys Limited**

Dear Sirs,

1. We have examined the financial information of Indian Metals & Ferro Alloys Limited ('the company'), as attached to this report stamped and initialed by us for identification and as approved by the Board of Directors of the Company, which has been prepared in accordance with Part II of Schedule II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications, and in accordance with your advice to carry out work in connection with listing of its fully paid up Equity shares.
2. We have examined the accounts of the Company for the financial year ended 31st March, 2005, 31st March, 2006, 31<sup>st</sup> March, 2007, 31<sup>st</sup> March, 2008 and half year ended 30<sup>th</sup> September, 2008 being the last date to which the accounts of the Company have been made up and audited for presentation to the members of the Company.
3. In accordance with the requirements of Paragraph B (1) of Part II of Schedule II the Act, the SEBI Guidelines for the purpose of Information Memorandum as aforesaid, we report that:

- a. The restated profit and loss of the Company for the year ended 31st March, 2005, 31st March, 2006, 31st March, 2007, 31<sup>st</sup> March, 2008 and half year ended 30<sup>th</sup> September, 2008 are as set out in Annexure I to this report to be read together with notes appearing in Annexure V to this report.
  - b. The restated assets and liabilities of the Company as at 31st March, 2005, 31st March, 2006, 31st March, 2007, 31<sup>st</sup> March, 2008 and half year ended 30<sup>th</sup> September, 2008 are as set out in Annexure II to this report to be read together with notes appearing in Annexure V to this report.
  - c. The restated cash flows for the financial year ended 31st March, 2005, 31st March, 2006, 31st March, 2007, 31<sup>st</sup> March, 2008 and half year ended 30<sup>th</sup> September, 2008 are as set out in Annexure III to this report to be read together with notes appearing in Annexure V to this report.
  - d. We have examined the following financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Information Memorandum:
    - i. The rates of dividend for equity shares for financial years covered under this report are as follows:
 

2004 - 05	25%
2005 - 06	Nil
2006 - 07	25%
2007 - 08	80%
    - ii. Accounting ratios as appearing in Annexure IV to this report
    - iii. Capitalisation statement as at 30<sup>th</sup> September, 2008 as appearing in Annexure VI to this report
    - iv. Statement of Tax shelter as appearing in Annexure VII to this report.
4. In our opinion the above financial information of the Company and notes attached to this report, after making adjustments and re-grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines subject to an amount of Rs. 11.39 crores withheld by sundry debtors, the effect of which on the current year's accounts cannot be ascertained pending settlement thereof.
  5. This report is intended solely for your information and or inclusion in the Information Memorandum in connection with the listing of the equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For RAGHU NATH RAI & CO.  
 CHARTERED ACCOUNTANTS

(Surya Kumar Pani)  
 Partner  
 Membership No.: 065893

Bhubaneswar, 5th January, 2009

**Annexure-I STATEMENT OF PROFIT & LOSS, AS RESTATED**

(Rs. in lacs)

<b>Particulars</b>	30-09-2008	31-03-2008	31-03-2007	31-03-2006	31-03-2005
<b>INCOME</b>					
Gross sales	66972	75969	59352	46856	28923
Less:Excise Duty	1046	2982	3938	3515	2450
Net sales	65926	72987	55414	43341	26472
Other Income	872	2757	1711	949	610
Inter Unit Transfers	9387	14113	13022	14623	775
Closing Stock	19547	13316	6194	6938	2749
	95732	103173	76341	65851	30607
	=====	=====	=====	=====	=====
<b>EXPENDITURE</b>					
Opening Stock	13316	6194	6938	4596	1560
Mfg. & Other expenses	37090	58143	49245	46981	21320
Administrative Expenses	1922	4825	3069	2635	982
Selling Expenses	2261	4034	3048	2248	600
Interest & Financial Expenses	3017	4397	4761	5353	1039
Depreciation	1838	4054	4168	5557	325
	59444	81647	71229	67370	25825
Less: Earlier years adjustments	10	233	13	269	37
	59454	81414	71216	67101	25788
	=====	=====	=====	=====	=====
<b>PROFIT/(LOSS) BEFORE EXTRA-ORDY ITEMS &amp; TAX</b>	36278	21759	5124	(1250)	4818
Compensation against derating	-	-	-	(742)	-
<b>PROFIT(LOSS)BEFORE TAX</b>	36278	21759	5124	(1992)	4818
Provision for taxation :					
Current Tax/Current Tax ( MAT )	9392	2620	677	-	1761
Deferred Tax	3055	7931	2458	(4005)	26
Fringe Benefit Tax	36	71	49	71	-
MAT credit available for set up	(1616)	-	-	-	-
Earlier years adjustments	26	658	(58)	84	26
<b>PROFIT AFTER TAXATION</b>	25385	10480	1999	1858	3005
Balance Brought Forward	4360	875	-	2712	1548
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	29745	11355	1999	4570	4554
	=====	=====	=====	=====	=====
<b>APPROPRIATIONS</b>					
Proposed Dividend	-	1705	533	-	300
Tax on Dividend	-	290	91	-	42
Deficit on Amalgamation	-	-	-	4570	-
General Reserve	-	5000	500	-	1500
Balance Carried Forward	29745	4360	875	-	2712
	29745	11355	1999	4570	4554
	=====	=====	=====	=====	=====

**Annexure-II STATEMENT OF ASSETS & LIABILITIES, AS RESTATED**

Particulars	30-09-2008	31-03-2008	31-03-2007	31-03-2006	31-03-2005
<b>A. Fixed Assets</b>					
Gross Block (incl. CWIP but excl. Goodwill)	60626	58539	54090	53160	6653
Less: Accumulated Depreciation	19647	17810	13789	9662	4190
Net Block	40979	40730	40302	43498	2463
<b>B. Investments</b>	12357	4507	1507	1507	2474
<b>C. Current Assets, Loans and Advances</b>					
Inventories	35218	21737	13884	15841	6116
Sundry Debtors	1658	2917	2635	4189	1430
Cash and Bank Balances	2949	4213	7852	3071	633
Loans and Advances	43347	15452	7860	5529	8872
Total	83172	44319	32230	28630	17051
<b>D. Liabilities &amp; Provisions</b>					
Secured Loans	50018	51309	59323	61270	2316
Unsecured Loans	288	1858	2507	2862	7820
Current Liabilities & Provisions	41243	19871	12107	13234	5072
Total	91549	73037	73936	77366	15208
<b>E. Deferred Tax Assets/(Liabilities)</b>	2688	5743	13675	16133	(173)
<b>F. Net Worth (A+B+C-D+E)</b>	<b>47647</b>	<b>22262</b>	<b>13777</b>	<b>12402</b>	<b>6606</b>
<b>G. Represented by:</b>					
1. Equity Share Capital	2132	2131	2131	1548	1201
2. Share Capital suspense	-	-	-	583	-
3. Forfeited Shares	-	1	1	1	-
4. Reserves & Surplus	45515	20129	11645	10269	5405
<b>H. Net Worth (1+2+3+4)</b>	<b>47647</b>	<b>22262</b>	<b>13777</b>	<b>12402</b>	<b>6606</b>

**Annexure-III CASHFLOW STATEMENT, AS RESTATED**

	30-09-2008	2007-08	2006-07	2005-06	2004-05
<b>A Cashflow from operating activities</b>					
Net profit before tax and extraordinary items	36278	21759	5124	(1250)	4818
Adjustment for:					
Depreciation	1838	4054	4168	5557	325
(Profit)/Loss on sale & discard of assets (net)	2	(7)	(0)	(4)	23
Interest and financial	3017	4397	4761	5353	1039

	expenses					
	Operating profit before working capital changes	41135	30204	14053	9656	6204
	Adjustment for:					
	Trade and other receivables	(1258)	(6521)	(1380)	3947	(564)
	Inventories	(13480)	(7854)	1957	(2922)	(1332)
	Trade payables	(4906)	3723	(839)	(1829)	(1926)
	Cash generated from operations	21491	19552	13791	8852	2383
	Direct taxes paid	(5024)	(2002)	(975)	(1798)	(1720)
	<b>NET CASH BEFORE EXTRAORDINARY ITEMS</b>	<b>16467</b>	<b>17549</b>	<b>12816</b>	<b>7053</b>	<b>663</b>
	Extraordinary item (compensation against reduction of derating)	-	-	-	(742)	-
	<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>16467</b>	<b>17549</b>	<b>12816</b>	<b>6312</b>	<b>663</b>
<b>B</b>	<b>CASHFLOW FROM INVESTING ACTIVITIES</b>					
	Purchase of fixed assets (net)	(2087)	(4493)	(988)	(972)	(693)
	Sale of fixed assets	-	17	17	9	15
	Sale/(Purchase) of investment	(7850)	(3000)	-	(5)	-
	<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(9937)</b>	<b>(7476)</b>	<b>(972)</b>	<b>(968)</b>	<b>(678)</b>
<b>C</b>	<b>CASHFLOW FROM FINANCING ACTIVITIES</b>					
	Interest and Financial charges paid	(10091)	(1378)	(900)	(1338)	(678)
	Repayment of loans (net)	(10061)	(10463)	(5260)	(5273)	(343)
	Cash credit (net)	14166	(1766)	(797)	1194	226
	Proceeds from/(Repayment of) long term borrowings	720	519	(106)	62	202
	Dividend paid (including dividend tax)	-	(624)	-	(342)	(271)
	<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(5266)</b>	<b>(13712)</b>	<b>(7064)</b>	<b>(5698)</b>	<b>(864)</b>
	<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(1264)</b>	<b>(3639)</b>	<b>4781</b>	<b>(354)</b>	<b>(880)</b>
	<b>CASH &amp; CASH EQUIVALENTS - OPENING BAL</b>	<b>4213</b>	<b>7852</b>	<b>3071</b>	<b>3425</b>	<b>1513</b>
	<b>CASH &amp; CASH EQUIVALENTS - CLOSING BAL</b>	<b>2949</b>	<b>4213</b>	<b>7852</b>	<b>3071</b>	<b>633</b>



**Annexure-IV SPECIFIED RATIOS**

Sl. No.	Particulars	30-09-2008	31-03-2008	31-03-2007	31-03-2006	31-03-2005
<b>1.</b>	<b>Earnings per share</b>					
	Net Profit after tax (Rs. lacs)	25385	10480	1999	1858	3005
	Weighted average number of equity shares outstanding at end of the year (Nos.)	21314765	21314765	21314765	13091621	12006510
	Add:Equity shares to be issued pursuant to the Scheme	-	-	-	5833996	-
	Weighted average equity shares outstanding for basic & diluted EPS	21314765	21314765	21314765	18925617	12006510
	Earning per share:					
	Basic & Diluted (in Rupees)	119.10	49.17	9.38	9.82	25.03
	Basic & Diluted before extraordinary items (in Rupees)	119.10	49.17	9.38	13.74	25.03
<b>2.</b>	<b>Return on Net Worth</b>					
	Net Profit after tax (Rs. lacs)	25385	10480	1999	1858	3005
	Net Worth (Rs. lacs)	47647	22262	13777	12402	6606
	Return on Net Worth (in %)	53.28	47.04	14.51	14.98	45.50
<b>3.</b>	<b>Net Asset Value</b>					
	Net Worth (Rs. lacs)	47647	22262	13777	12402	6606
	Total number of Equity Shares outstanding at the end of the year (Nos.)	21314765	21314765	21314765	21314765	12006510
	Net Asset Value per share (in Rupees)	223.53	104.44	64.64	58.19	55.02

**ANNEXURE V****SIGNIFICANT ACCOUNTING POLICIES****1. ACCOUNTING CONVENTION**

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

## **2. REVENUE RECOGNITION**

- (a) Gross sales represents invoiced value of goods sold net of sales tax but inclusive of excise duty.
- (b) Inter unit transfers are treated as income and correspondingly included in expenditure.

## **3. FIXED ASSETS**

- (a) Freehold and leasehold lands are not depreciated.
- (b) Expenses on construction of approach roads are treated as revenue.
- (c) Depreciation is charged on Plant & Machinery and Buildings of third furnace at Therubali on straight line method and for all other categories of assets, on the reducing balance method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.
- (d) Full depreciation is charged on R & D assets in the year of installation.
- (e) Depreciation for the half year ended 30<sup>th</sup> September, 2008 is considered based on last year.

## **4. INVESTMENTS**

The investments made by the Company are reflected at book value with note on market value wherever available.

## **5. INVENTORIES**

Inventories are valued as under, after providing for obsolescence:

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

## **6. DEBTORS AND ADVANCES**

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

## **7. FOREIGN CURRENCY TRANSLATION**

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

## **8. RETIREMENT BENEFITS**

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

## **9. BORROWING COSTS**

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

## **10. FINANCIAL DERIVATIVES**

In respect of financial derivatives premium paid, losses restatement and gains/losses on settlement are charged to the profit and loss account, except in cases where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

## **11. DEFERRED TAX**

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

## **12. IMPAIRMENT OF ASSETS**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

## **13. MINING DEVELOPMENT EXPENSES**

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

#### **14. APPORTIONMENT OF COMMON EXPENSES**

Common expenses applicable to group companies are shared on predetermined basis.

#### **15. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

#### **NOTES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED** **30<sup>TH</sup> SEPTEMBER, 2008**

1. The Arbitral Tribunal has delivered an award on 23<sup>rd</sup> March 2008 in respect of various disputes between the Company and GRIDCO which was pending before it for adjudication. The Hon'ble Tribunal held, inter alia, that the Government Order dated 8<sup>th</sup> December 1998 constitutes a binding settlement between the parties and disallowed the counterclaim of Rs 183.97 crores raised by GRIDCO. Further, the Arbitral Tribunal has directed that GRIDCO should:

- (i) Pay the Company a sum of Rs.0.57 crore.
- (ii) Pay a sum of Rs.0.30 crore to the Company towards cost.
- (iii) Pay the Company interest @ 10% per annum on Rs.0.57 crore from 16<sup>th</sup> May 2006 till the date of award and in case GRIDCO does not pay the award amount including costs within three months from the date of award then the unpaid amount shall carry interest @ 15% per annum from the date of award till payment or realisation.

In view of the above GRIDCO has to pay about Rs.0.98 crore to the Company. Further, in case GRIDCO does not pay this amount within three months from the date of award then interest @ 15% per annum shall be charged from 23<sup>rd</sup> March 2008.

GRIDCO has filed a petition before the District Judge, Bhubaneswar for setting aside the Award dated 23<sup>rd</sup> March, 2008 and the said Court has, as an interim measure, passed an order staying the operation of the Award. The Company is in the process of filing the objection to the said petition as well as for vacation of the interim order.

2. In the arbitration proceedings relating to Tata Steel reneging on a conversion contract with the Company, an interim order was passed in January 2003 upholding all issues in the Company's favour without however quantifying the amount to be paid as damages by Tata Steel. The matter is now pending before the Hon'ble High Court of Kolkata.
3. Sundry Debtors include withheld amount of Rs 1.50 crores by GRIDCO (formerly OSEB) and Rs 9.89 crores by Tata Steel pending settlement of their disputes as detailed in Note 1 and Note 2 herein above.

4. As per the order of the Hon'ble Orissa High Court, with effect from 1<sup>st</sup> April 2005 the company has been paying Electricity Duty at 6 paise per unit while depositing 14 paise per unit in a 'no lien' account with State Bank of India. Differential amount of Rs. 26.66 crores up to 31<sup>st</sup> March 2005 has been fully provided for in the accounts in that year and no further provision against the amount claimed by the Govt. of Orissa (Rs. 43.59 crores up to 30<sup>th</sup> October 2004 which includes interest @ 18% per annum) is considered necessary since the Company has paid Electricity Duty at higher rates on provisional basis well before the due date which has been wrongly appropriated towards interest and thereafter towards principal.
5. Provisions for Income Tax liability for the assessments completed which are pending under appeals and for the current year have been made to the extent considered necessary by the management.
6. The Company has been providing employee benefits as per Accounting Standard – 15 based on the actuarial valuation under the projected unit credit method. The required details as per the revised guidelines are being worked out by the Actuary which is not material.

7. **SEGMENT REPORTING**

The Company operates mainly in one segment.

8. **RELATED PARTY DISCLOSURES**

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

- (a) List of related parties

***Subsidiaries***

1. Indian Metals & Carbide Limited
2. Utkal Power Limited

***Associates***

1. B Panda & Company Private Limited
2. Madhuban Investment Private Limited
3. Barabati Investment & Trading Company Private Limited
4. K B Investment Private Limited
5. Paramita Investment & Trading Company Private Limited
6. Panda Investment Limited
7. Utkal Charitable Trust
8. Indian Metals Public Charitable Trust
9. Utkal Manufacturing & Services Limited
10. Utkal Housing and Infrastructure Development Limited
11. Utkal Coal Limited

***Key Management Personnel and Relatives***

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

Transactions with related parties (as on 31.03.2008)

(Rs. in Lacs)

Nature of transactions	Subsidiaries	Associates	Key Management Personnel & Relatives
1. Purchase of raw materials and stores	23.72 (44.11)		
2. Services rendered	100.55 (14.44)		
3. Services received	2.64 (2.64)	8788.64 (6299.64)	9.60 (7.33)
4. Managerial remuneration			1270.99 (420.61)
5. Advance for purchases	3.30 (7.49)		
6. Advance received against services	---	---	---
7. Outstanding balances as on 31.03.2008			
Advances and Loans	119.21 (18.66)	1254.40 (793.94)	
Creditors	17.50 (20.80)	Nil (Nil)	1064.33 (270.79)
8. Amount written off	Nil (Nil)	Nil (Nil)	Nil (Nil)

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

9. **EARNINGS PER SHARE**

		As at 30.09.2008	Year 07 - 08
(a)	Number of Equity shares of Rs. 10/- each	21314765	21314765
(b)	Profit after taxation (Rs. in Lakhs)	25385.00	10479.77
(c)	Basic and diluted Earnings per Share (in rupees)	119.10	49.17

10. **DEFERRED TAX CALCULATION**

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

(Rs. in Lacs)

		As at 30.09.2008	As at 31.03.08
(a)	Deferred tax liabilities:		
	Difference between book and tax depreciation	2425	2601
		2425	2601
(b)	Deferred tax assets:		
	Electricity Duty	906	906
	Unpaid gratuity and leave encashment	102	101
	Carry forward Depreciation	826	1479
	Other items	3279	5858
		5113	8344
	Deferred tax asset (net)	2688	5743

11. The title deeds of the land situated at Company's plant sites at Therubali are held by the Company's Bankers as security.
12. The Small Scale Industrial undertakings to whom amounts are outstanding as at 30<sup>th</sup> September, 2008 for more than 30 days are as follows:

Associated Jute Industries, Arvind Footwear (P) Ltd., Bharat Engineering Works, Diamond Chain Corporation, JM Shoe Industries, K L Engineering Works, Lohia Mine-Chem Pvt. Ltd., Pradeep Rubber Industries, Pauls Engineering Enterprise, Royal Rubber & Plastic Products, Sunderam Industries Ltd, Sheetal Udyog, Sriram Chemical Complex, Sadashiva Chemicals Pvt. Ltd., Sarco Equipment Pvt. Ltd., Sandhya Engineering Concern, Traders & Transporters, Vikas Iron & Steel Co., Bhilai Auxiliary Industries, Eastern Mech Industries, Hydrax International, Metsa Engineering Co., Trelco, Tuffleak Engineers, Tareni Electricals, Alfa Transformers Pvt. Ltd., Arudra Engineers Pvt. Ltd., Andhra Data Forms Pvt., Ltd., Anco Engineers Concern, Bharat Engineering Works, Advanced Filtration Solutions, Agravanshi Minerals Pvt. Ltd., Chemflow Industries (I) Pvt Ltd., Continental Rubber Products, Diamond Plastic & Rubber Industries, Das Tarpaulin, Eastern Mechanical Industries, Eskay Machinery Pvt. Ltd., Fairtech Engineers, Gupta Rubber Industries, Hydrax International, India Jute Udyog, J.J. Wire netting Industries, Konark Ceramics Pvt. Ltd., Konark Alum Industries, Kalimata Moulding Works, Laxmi Gas Pvt. Ltd., Laxmi Enterprise, Monolithics (India), Metsa Engg. Co., Naveen Engineering Co., North Street Cooling Towers Pvt. Ltd., Orissa Air Products Ltd., Premur Impex Ltd., Puja Minerals Pvt. Ltd., Pauls Techno Engineers, P R Minerals Pvt. Ltd., Rubbertech, Ritika Engineering Pvt. Ltd., Rajasthan Super Limes, Super Engg. Corporation, Shakti Pack Pvt. Ltd., Sarala Engineering Works Pvt. Ltd., S S Industrial Complex, Trelco, Transtech INC, U Tech Industries, Utkal Chemicals, Utkal Metal Wares, Wiremesh Industries, Eastern Mechanical Industries, Utkal Industrial & Safety Products, Keonjhar Hume Pipe Industries, Royal Pneumatic Products, Rajsthan Heavy Engineering Works, Nilachal Cotton Industries, Borewell Equipment Co Pvt. Ltd., Rockwell Engineering Co, Orissa Diesel Engines Pvt. Ltd., UMC Engineering Pvt. Ltd., Poiner Automation Services.

The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid/payable under this Act have not been given.

13. Contingent liabilities not provided for as at 30<sup>th</sup> September 2008 as estimated by the Company :-

(Rs. in lakhs)

**As at 30.09.2008**

(a)		Guarantees issued by Banks (Margin money against above Rs.248.71 lakhs - previous year Rs.35.75 lakhs)	<b>393.82</b>
(b)	(i)	Claims against Company not acknowledged as debts	<b>4202.67</b>
	(ii)	For suits filed against the Company in earlier years but not acknowledged as debts	<b>106.49</b>
(c)		For capital contracts pending execution (Advance paid Rs.4491.00 lakhs - previous year Rs.2859.19 lakhs )	<b>10958.00</b>
(d)		Government Claims:	
	(i)	Income Tax Demand not accepted by the Company (deposits made under protest - previous year Rs. 611.14 lakhs)	<b>---</b>
	(ii)	Sales tax demand not accepted by the Company (deposits made under protest Rs.52.95 lakhs - previous year Rs.183.46 lakhs)	<b>113.29</b>

	(iii)	Penalty for road tax (deposit made under protest Rs. Nil lakhs - previous year Rs.11.65 lakhs)	<b>11.65</b>
	(iv)	Provisional duty bonds to customs authority pending final debonding of 100% EOU	<b>Amount not quantifiable</b>

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

## SECURED LOANS

( Rs. in lakhs )  
As at 30.09.2008

(a)	From a consortium of Financial Institution (IDBI, IFCI, ICICI) led by IDBI secured by pari passu first charge on present and future fixed assets of Choudwar Division.  Add : Accumulated interest accrued but not due	23433  <u>9648</u> <b>33081</b>
(b)	From a consortium of seven Banks led by Indian Overseas Bank and secured by pari passu first charge on present and future fixed assets of Choudwar Division.  Add : Accumulated interest accrued but not due	-  <u>-</u> -
(c)	From State Bank of India secured by exclusive charge on 30 MW captive power plant (CPP) assets, pari passu first charge on the plot no.43 on which CPP has been erected and second charge on current assets in addition to the personal guarantees of two Directors.	1681
(d)	From Indian Overseas Bank and State Bank of India secured by hypothecation of entire stocks and book debts; and fixed assets of Therubali Division (excluding stocks, book debts and all fixed assets of Choudwar Division and property situated at 44, Chowringhee Road, Kolkata, aircrafts, vehicles, office equipments of Therubali Division) on pari passu basis in addition to the personal guarantees of two Directors.	2143
(e)	From State Bank of India secured against hypothecation of entire stocks and book debts; and land and building, plant and machinery, etc., at Therubali plant on pari passu basis in addition to the personal guarantees of three Directors.	13113
		<b>50018</b>

The secured loans from Financial Institutions/Banks are being repaid as per re-payment schedule agreed.



## ANNEXURE - VI

### CAPITALISATION STATEMENT

As on 30<sup>th</sup> September, 2008

(Rs. in Lakhs)

<b>A.</b>	<b>Borrowings:</b>	
	Secured Loans	50018
	Unsecured Loans	288
	Total Debt	50306
<b>B.</b>	<b>Shareholders Fund:</b>	
	Equity Share Capital	
	Reserves and Surplus	2132
	Total	45515
	Total	47647
	Debt – Equity Rate(A/B)	<b>1.06</b>

## ANNEXURE – VII

### TAX SHELTER STATEMENT

(Rs. in Lacs)

	For the year ended on 31 <sup>st</sup> March				
	30.09.08	2008	2007	2006	2005
Net profit/(Loss) before tax	36278.00	21759.48	5124.15	(1,991.79)	4818.38
Effective Income Tax Rate (in %)	33.99	33.99	33.66	33.66	36.5925
Notional Tax Liability	9392.58	2555.66 ( MAT )	676.55 ( MAT )	----	1763.17
Less :					
A. Permanent difference	(10)	(33.36)	(43.92)	(17.42)	----
B. Timing Difference :					
Depreciation	(1359.15)	(3,218.18)	(3,380.17)	(4,704.43)	(1.92)
Others	7585.00	(1,992.44)	(3,797.06)	(3,768.04)	7.85
Net adjustments	6215.85	(5,243.98)	(7,221.15)	(8,489.89)	5.93
Tax saving thereon	(2112.76)	1782.43	2430.64	2187.26	2.17
Total Tax on adjusted profit	7776.48	Nil	Nil	Nil	1761.00

## GROUP COMPANIES FINANCIAL AND OTHER INFORMATION

### Promoter Group Companies

In addition to our promoter, Dr B Panda, the following companies shall form part of our promoter group.

#### B PANDA & COMPANY PRIVATE LTD (BPCo.)

Date of incorporation : 20<sup>th</sup> February, 1965

Principal business: Holding investments in Group Companies  
Dealing in shares and debt instruments

Board of Directors of BPCo.

Sl No	Name of the Director
1.	Dr B Panda
2.	Mr Baijayant Panda
3.	Mrs Paramita Mahapatra

Shareholding pattern of BPCo. as on 31<sup>st</sup> March, 2008

Face value per share: Rs.100

Category	No. of shares held	% of shareholding
Promoter Holding	1870	100.00
Non Promoter Holding	-	-
Total	1870	100.00

Financial Information (in Rupees) for Financial Year ended 31<sup>st</sup> March, 2008

Particulars	2007-08	2006-07	2005-06
Sales/Other Income	42,13,066	1,06,45,627	40,03,945
Profit After Tax	29,99,733	74,40,714	29,03,574
Share Capital	7,51,300	7,51,300	7,51,300
Net Reserves	2,26,62,166	1,96,62,433	1,22,21,719
Book value per share	12,521	10,918	6937
Earning per share	1,604	3,980	1553

#### BARABATI INVESTMENT & TRADING CO PVT LTD (Barabati)

Date of incorporation : 21<sup>st</sup> June, 1984

Principal business: Holding investments in Group Companies  
Dealing in shares and debt instruments

Board of Directors of Barabati

Sl No	Name of the Director
1.	Dr B Panda
2.	Mr Baijayant Panda
3.	Mrs Paramita Mahapatra

Shareholding pattern of Barabati as on 31<sup>st</sup> March, 2008  
Face value per share: Rs.100

Category	No. of shares held	% of shareholding
Promoter Holding	2428	99.92
Non Promoter Holding	2	0.08
Total	2430	100.00

Financial Information (in Rupees) for Financial Year ended 31<sup>st</sup> March, 2008

Particulars	2007-08	2006-07	2005-06
Sales/Other Income	64,36,888	7,24,558	58,60,995
Profit After Tax	63,15,359	6,33,520	58,05,270
Share Capital	2,43,000	2,43,000	2,43,000
Net Reserves	2,18,94,508	1,55,79,149	1,49,45,629
Book value per share	9,110	6,511	6250
Earning per share	2,599	261	2389

### **K B INVESTMENTS PRIVATE LIMITED (KB)**

Date of incorporation : 5<sup>th</sup> February, 1983

Principal business: Holding investments in Group Companies  
Dealing in shares and debt instruments

Board of Directors of KB:

Sl No	Name of the Director
1.	Dr B Panda
2.	Mr Baijayant Panda
3.	Mrs Paramita Mahapatra

Shareholding pattern of KB as on 31<sup>st</sup> March, 2008  
Face value per share: Rs.100

Category	No. of shares held	% of shareholding
Promoter Holding	2421	99.59
Non Promoter Holding	10	0.41
Total	2431	100.00

Financial Information (in Rupees) for Financial Year ended 31<sup>st</sup> March, 2008

Particulars	2007-08	2006-07	2005-06
Sales/Other Income	62,20,902	7,25,660	55,63,779
Profit After Tax	60,91,706	6,34,411	55,09,269
Share Capital	2,43,100	2,43,100	2,43,100
Net Reserves	2,26,57,200	1,65,65,494	1,59,31,083
Book value per share	9,420	6,915	6653
Earning per share	2,506	261	2266

**MADHUBAN INVESTMENTS PRIVATE LTD (Madhuban)**Date of incorporation : 5<sup>th</sup> February, 1983Principal business: Holding investments in Group Companies  
Dealing in shares and debt instruments

Board of Directors of Madhuban:

Sl No	Name of the Director
1.	Dr BPanda
2.	Mr Baijayant Panda
3.	Mrs Paramita Mahapatra

Shareholding pattern of Madhuban as on 31<sup>st</sup> March, 2008

Face value per share: Rs.100

Category	No. of shares held	% of shareholding
Promoter Holding	2413	99.59
Non Promoter Holding	10	0.41
Total	2423	100.00

Financial Information (in Rupees) for Financial Year ended 31<sup>st</sup> March, 2008

Particulars	2007-08	2006-07	2005-06
Sales/Other Income	63,75,446	11,61,382	54,69,028
Profit After Tax	60,00,387	10,09,783	53,79,775
Share Capital	2,42,300	2,42,300	2,42,300
Net Reserves	2,26,98,117	1,66,97,730	1,56,87,947
Book value per share	9,468	6,992	6575
Earning per share	2,476	417	2220

**PARAMITA INVESTMENT & TRADING CO PVT LTD (Paramita)**Date of incorporation : 21<sup>st</sup> June, 1984Principal business: Holding investments in Group Companies  
Dealing in shares and debt instruments

Board of Directors of Paramita:

Sl No	Name of the Director
1.	Dr B Panda
2.	Mr Baijayant Panda
3.	Mrs Paramita Mahapatra

Shareholding pattern of Paramita as on 31<sup>st</sup> March, 2008  
Paid-up value per share: Rs.100

Category	No. of shares held	% of shareholding
Promoter Holding	2428	99.92
Non Promoter Holding	2	0.08
Total	2430	100.00

Financial Information (in Rupees) for the Financial Year ended 31<sup>st</sup> March, 2008

Particulars	2007-08	2006-07	2005-06
Sales/Other Income	67,66,318	9,98,938	58,95,427
Profit After Tax	66,10,628	8,72,070	58,41,256
Share Capital	2,43,000	2,43,000	2,43,000
Net Reserves	2,43,47,946	1,77,37,318	1,68,65,248
Book value per share	10,120	7,400	7040
Earning per share	2,720	359	2404

### **INDMET COMMODITIES PRIVATE LIMITED(Indmet)**

Date of incorporation : 8<sup>th</sup> June, 1993

Principal business: Trading in metals, acting as agents for imports & exports,  
Investment in shares etc.

Board of Directors of Indmet

Sl No	Name of the Director
1.	Mrs Shaifalika Panda
2.	Mr M K B P Mahapatra
3.	Mr D K Mohanty
4.	Mr G Kalyanasundaram

Shareholding pattern of Indmet as on 31<sup>st</sup> March, 2008  
Paid-up value per share: Rs.10

Category	No. of shares held	% of shareholding
Promoter Holding	78000	100.00
Non Promoter Holding	-	-
Total	78000	100.00

Financial Information (in Rupees) for the Financial Year ended 31<sup>st</sup> March, 2008

Particulars	2007-08	2006-07	2005-06
Sales/Other Income	37,23,024	4,03,723	36,02,554
Profit After Tax	32,45,070	1,70,266	29,69,449
Share Capital	7,80,000	7,80,000	7,80,000
Net Reserves	1,18,73,600	86,28,530	84,58,265
Book value per share	162.23	121	118
Earning per share	41.60	2	38

**KALINGA AIRWAYS PRIVATE LIMITED (KAPL)**

Date of incorporation : 17<sup>th</sup> March, 1995

Principal business: To carry on the business of airties, omnibus, cab, air taxi services, air cargo operations, charter flying, executive flying, retainer services for flying, joyrides, agricultural air freight, aerial spraying, food dropping, flying training and other flying activities.

Board of Directors of KAPL:

Sl No	Name of the Director
1.	Mr T S Rao
2.	Mr P C Mohapatra

Shareholding pattern of KAPL as on 31<sup>st</sup> March, 2008

Paid-up value per share: Rs.10/-

Category	No. of shares held	% of shareholding
Promoter Holding	9850	98.50
Non Promoter Holding	150	1.50
Total	10000	100.00

Financial Information (in Rupees) for the Financial Year ended 31<sup>st</sup> March, 2008

Particulars	2007-08	2006-07	2005-06
Sales/Other Income	-	-	-
Profit After Tax	-	-	-
Share Capital	100000	100000	100000
Net Reserves	-	-	-
Book value per share	10	10	10
Earning per share	-	-	-

**UTKAL MANUFACTURING & SERVICES LIMITED (UMSL)**

Date of incorporation : 7<sup>th</sup> November, 1991

Principal business: Logistics, Transport and Manufacturing of Ferro Alloys

Board of Directors of UMSL:

Sl No	Name of the Director
1.	Mrs Paramita Mahapatra, Managing Director
2.	Mr C R Ray
3.	Mr T C Hota
4.	Mr B D Sahoo
5.	Mr Prem Khandelwal
6.	Mr V K Agrawal
7.	Mr D K Mohanty

Shareholding Pattern of UMSL as on 31<sup>st</sup> March, 2007  
Paid-up value per share: Rs.10

Category	No. of shares held	% of shareholding
Promoter Holding	8,06,400	99.88
Non Promoter Holding	950	0.12
Total	8,07,350	100.00

Financial Information (in Rupees) for Financial Year ended 31<sup>st</sup> March, 2007

Particulars	2006-07	2005-06	2004-05
Sales/Other Income	83,35,17,068	41,07,59,536	27,00,98,975
Profit After Tax	13,84,55,801	7,09,28,443	3,54,53,332
Share Capital	80,73,500	80,73,500	80,73,500
Net Reserves	35,08,03,799	21,23,47,998	14,14,19,555
Book value per share	445	273	185
Earning per share	171	88	44

### **UTKAL COAL LIMITED (UCL)**

Date of incorporation : 2<sup>nd</sup> May, 1995

Principal business: To undertake business of coal mining. To supply at all times coal mined by it from the captive coal mining block exclusively to and only to ICCL at all times for the purpose for which Captive Coal Block is allocated.

Board of Directors of UCL:

Sl No	Name of the Director
1.	Mr Subhrakant Panda
2.	Mr J K Misra
3.	Mr D K Sahni
4.	Mr M M Nawaz
5.	Mr G L Tandon
6.	Mr Prem Khandelwal
7.	Mr Arvind Misra

Shareholding Pattern of UCL as on 31<sup>st</sup> March, 2008  
Paid-up value per share: Rs.10

Category	No. of shares held	% of shareholding
Promoter Holding	49,940	99.88
Non Promoter Holding	60	0.12
Total	50,000	100.00

Financial Information (in Rupees) for Financial Year ended 31<sup>st</sup> March, 2008

Particulars	2007-08	2006-07	2005-06
Sales/Other Income	-	-	-
Profit After Tax	-	-	-
Share Capital	500000	500000	500000
Net Reserves	-	-	-
Book value per share	10	10	10
Earning per share	-	-	-

**UTKAL HOUSING & INFRASTRUCTURE DEVELOPMENT LTD. (UHIDL)**

Date of incorporation : 20<sup>th</sup> September, 2006  
 Principal business : To carry on the business of Builders, land developers, contractors, etc. or any other real estate services.

Board of Directors of UHIDL:

Sl No	Name of the Director
1.	Mrs Paramita Mahapatra
2.	Mr Prem Khandelwal
3.	Mr. Bibhu Prasad Rath

Shareholding Pattern of UHIDL as on 31<sup>st</sup> March, 2008

Paid-up value per share: Rs.10

Category	No. of shares held	% of shareholding
Promoter Holding	50000	100%
Non Promoter Holding	-	-
Total	50000	100%

Financial Information (in Rupees) for Financial Year ended 31<sup>st</sup> March, 2008

Particulars	2007-08	2006-07
Sales/Other Income	-	-
Profit After Tax	-	-
Share Capital	50000	50000
Net Reserves	-	-
Book value per share	10	10
Earning per share	-	-

None of the above Companies, viz. BPCo., Barabati, KB, Madhuban, Paramita, Indmet, KAL, UMSL, UCL and UHIDL are listed.



**SECTION XIII**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

**A Industry structure and developments:**

Your Company is engaged in the production of ferro alloys (viz. Ferro Silicon & High Carbon Ferro Chrome) which is backed up by a 108 MW coal-based captive power plant and captive chromite mines. Ferro Silicon is an essential input in the manufacturing process of steel wherein it is used primarily as an additive for deoxidation and also as an alloying agent. High Carbon Ferro Chrome, on the other hand, is used in the manufacture of stainless steel. In fact, it is the addition of chromium which imparts the non-corrosive property to stainless steel. Therefore, the fortunes of both products are linked to that of the steel industry and also closely mirrors the cyclicity thereof. Demand for High Carbon Ferro Chrome in particular is also influenced by availability/price of stainless steel scrap and nickel. Realisation of ferro silicon sold in the domestic market is influenced by imports besides output of small producers who rely on various subsidies to be competitive. Your Company is the only 'fully integrated' producer in the country with a captive power plant and its own chrome ore mines which makes it globally competitive and somewhat more resilient to the commodity cycle.

**B Opportunities and Threats:**

**(i) Ferro Silicon :**

Demand for Ferro Silicon and its price are closely linked to the fortunes of the steel industry and, with the steel industry showing robust growth during the year under review, realizations have improved. The Company also follows a strategy of entering into long term arrangements for most of its output with large buyers so as to reduce price volatility while still retaining the ability to benefit from a price increase by selling the remaining tonnage in the open market. The Company has been supplying ferro silicon to SAIL on a long term basis for more than a decade. This is not only a matter of pride but the Company has also benefited by way of predictability of demand & realizations.

The biggest threat comes from unfairly priced imports which are dumped into the country. Although the Company has taken steps to protect its interest by appealing to the Designated Authority for Anti-dumping and has also been successful in the past in getting such duties imposed on producers based in certain countries, unscrupulous traders / importers were managing to circumvent these to some extent. However, with the expiry of anti-dumping duty and the non-initiation of Sunset Review (which the Company has challenged in the Hon'ble Delhi High Court), the threat from imports has increased. As a result of low entry barriers arising out of indigenous technology, the Company also faces a threat from new units coming up in the North-East region which are based on cheap power and various other subsidies. However, history bears testimony to the fact that promises of cheap power and various subsidies generally do not last long and many units set up in the past on this premise end up operating intermittently. Furthermore, your Company is constantly trying to improve operational efficiencies to counter such threats.

**(ii) Ferro Chrome :**

The demand for Ferro Chrome is cyclical in nature as a result of which there is substantial volatility of prices. Consequently, the fortunes of your Company are dependent to a large extent on the prevailing prices in the international market which is influenced / set by large

producers. However, your Company has followed the strategy of entering into long-term contracts with large buyers as a hedge against the vagaries of the market. Such arrangements with companies like Posco has benefited the Company to a great deal by way of committed demand on “Producer Price” basis. At the same time, some tonnage is kept aside for spot sales in the domestic/international market so as to benefit from any rise in prices. So far as threats are concerned, this comes about primarily by way of decline in demand and prices as was the case not too long ago. Further, as mentioned above, the dominance of large producers in South Africa, Kazakhstan, etc leaves little leeway to the Company to determine prices. However, being an integrated player resulting in low cost of production, your Company is well positioned to face such threats.

The Far East (viz. China, Japan, Korea and Taiwan) is the hub of stainless steel production / consumption in addition to the relatively mature markets of North America and Europe. China is by far the rising star given its robust economic growth and continuing focus on infrastructure leading to strong demand for steel / stainless steel. Your Company has tied up with Glencore International AG, the world leader in ferro chrome business, to make its presence felt in the Chinese market and is gradually stepping up shipments to the region. Further, in addition to renewing the prestigious long term contract with Posco, the Company is also exploring the possibility of entering into another long term contract so as to diversify its customer base.

**C Segment-wise or product-wise performance:**

The Company is operating in just one segment, viz. Ferro Alloys. However, the Company is having two product lines i.e. Ferro Silicon and Ferro Chrome. Product-wise performance for six months period ended 30<sup>th</sup> September, 2008 is as set out below:

<b>Sl. No.</b>	<b>Particulars</b>	<b>Ferro Silicon</b>	<b>Ferro Chrome</b>
1.	Production (tonnes)	6,517	75,056 *
2.	Sales (tonnes)	6,067	65,353
3.	Revenue (Rs in crores)	45	625

\* Includes 16,490 tonnes on conversion basis

**D Future Outlook:**

The price of ferro chrome in the international market has witnessed further increase during the year under review based on a combination of strong demand, tight supply and sharp rise in various input costs. While there are concerns that the emergence of China as the largest stainless steel producer in the world would lead to better bargaining power, the unprecedented electricity crisis in South Africa on other hand will have far reaching consequences as it caters to more than 40% of the global demand of ferro chrome.

**E Risks and concerns:**

The anti-dumping duty on Ferro Silicon has not been renewed with the result that there is likely to be stiff competition from imports. Further, new units which have come up in the North-East region are also a cause of concern since they are being offered unprecedented subsidies such as complete waiver of excise duty even as their customers continue to get CENVAT benefit.

As far as Ferro Chrome is concerned, the major risk continues to be a slowdown of the stainless steel industry. As such, any set back in the sector will have negative implications for the Company. Besides, there has also been a sharp increase of various inputs such metallurgical coke. Not only are high prices an issue but availability has also become a matter of concern with China imposing quantitative export restrictions. Finally, a major factor in the past couple of years has been the exchange rate of the South African Rand versus the US Dollar. While a strong Rand has led to prices moving up due to pressure from the South African producers who have more than 40% share of the world market, a softening of the Rand vis-à-vis the US Dollar could prove detrimental for prices. However, your Company is well positioned to meet such challenges by virtue of its access to captive chrome ore and power.

**F Internal control systems and their adequacy:**

Your Company has instituted adequate internal control systems commensurate with its size and scale of operations. The Audit Committee periodically reviews such systems with the help of the internal and statutory auditors and reports to the Board on its adequacy.

**G Discussion on financial performance with respect to operational performance:**

During the six months period ended 30<sup>th</sup> September, 2008 the gross sales of your Company was at Rs.669.72 crores including export earnings of Rs.597.45 crores which resulted in profit before interest, depreciation, extra ordinary items and taxes of Rs.411.43 crores while profit after interest, depreciation and taxes was Rs.253.85 crores.

**H Human Resources/Industrial Relations:**

Industrial relations during the year under review were cordial and peaceful. Your Directors wish to place on record the excellent cooperation and contribution made by the employees at all levels to the growth and development of the Company. The Company as on 30<sup>th</sup> September 2008 had 1787 employees on its roll.

**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations, predictions and assumptions may be 'forward looking' within the meaning of applicable Securities Laws and Regulations. Actual results may differ materially from those expressed herein. Important factors that could influence the Company's operations include global and domestic economic conditions affecting demand, supply, price conditions, change in Government's regulations, tax regimes, other statutes and other factors such as litigation and industrial relations.

**SECTION XIV**  
**OUTSTANDING LITIGATIONS**

As per the Scheme, all legal proceedings of whatsoever nature by or against ICCL pending and/ or arising at the Appointed date and relating to the business as and from the Effective date shall be continued and enforced by or against IMFA in the manner and to the same extent as would or might have been continued and enforced by or against ICCL.

Except as described below, in relation to the Company and the persons named as Promoters or Promoter Group, to the best of knowledge of the Company, there are no outstanding material litigations against or any disputes, tax liabilities, non payment of statutory dues, over dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues towards instrument holders like fixed deposits and arrears of cumulative preference shares issued by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) or part 1 of Schedule XIII of the Companies Act,1956),no disciplinary action has been taken by SEBI/Stock Exchanges against the Company, its Directors, its promoters, and the companies/firms promoted by the Promoters.

**OUTSTANDING LITIGATIONS AGAINST THE COMPANY**

1. The Arbitral Tribunal has delivered an award on 23<sup>rd</sup> March 2008 in respect of various disputes between the Company and GRIDCO which was pending before it for adjudication. The Hon'ble Tribunal held, inter alia, that the Government Order dated 8<sup>th</sup> December 1998 constitutes a binding settlement between the parties and disallowed the counterclaim of Rs 183.97 crores raised by GRIDCO. Further, the Arbitral Tribunal has directed that GRIDCO should:

- (i) Pay the Company a sum of Rs.0.57 crore.
- (ii) Pay a sum of Rs.0.30 crore to the Company towards cost.
- (iii) Pay the Company interest @ 10% per annum on Rs.0.57 crore from 16<sup>th</sup> May 2006 till the date of award and in case GRIDCO does not pay the award amount including costs within three months from the date of award then the unpaid amount shall carry interest @ 15% per annum from the date of award till payment or realisation.

In view of the above GRIDCO has to pay about Rs.0.98 crore to the Company. Further, in case GRIDCO does not pay this amount within three months from the date of award then interest @ 15% per annum shall be charged from 23<sup>rd</sup> March 2008.

GRIDCO has filed a petition before the District Judge, Bhubaneswar for setting aside the Award dated 23<sup>rd</sup> March, 2008 and the said Court has, as an interim measure, passed an order staying the operation of the Award. The Company is in the process of filing the objection to the said petition as well as for vacation of the interim order.

2. There is a claim of Rs. 195.78 Crores by the erstwhile ICCL on Tata Steel and a counter claim of Rs.121.50 Crores by Tata Steel on erstwhile ICCL in respect of the conversion contract which was reneged by Tata Steel. The arbitration proceedings initiated consequent upon Tata Steel's reneging on the conversion contract were concluded with a split award between the two arbitrators. Hence the matter was referred to an Umpire. The arguments in the arbitration proceedings before

the Umpire have concluded. The Company has received the interim award in January 2003 from the Umpire upholding all issues in the Company's favour without quantification of the damages payable to the Company which is to be determined by the appointment of a Chartered Accountant or other expert. Further the Umpire has dismissed the counter claims made by Tata Steel on the Company except for rendition of accounts in relation to material. Tata Steel filed a petition before the Hon'ble High Court of Kolkata praying to set aside the interim award of the Umpire and the Company has prayed to the said Hon'ble High Court to make the interim award of the Umpire as the rule of the Hon'ble High Court. The matter is pending for decision by the said Hon'ble High Court.

3. The Company has been calculating and paying electricity duty on a provisional basis at the rate of 12 Paise per unit. However, the Government of Orissa has been demanding such duty at the rate of 20 Paise per unit. The difference upto 31<sup>st</sup> March, 2005 aggregating to Rs.26.66 crores has been fully provided for in the accounts but has not been paid to the Government. The Company has been advised that as per the classification it is liable for payment of duty at the rate of 6 Paise per unit and, accordingly the Company made representation in this regard to the Government of Orissa. Surprisingly, the Company received a notice dated 10<sup>th</sup> December, 2004 from the Superintending Engineer (Project)-cum-Electrical Inspector (Generation) demanding a sum of Rs.43.59 crores up to 30<sup>th</sup> October, 2004 towards electricity duty worked out at 20 Paise per unit inclusive of interest at the rate of 18% per annum after appropriating the provisional payments made by the Company towards interest and thereafter towards principal. The Company challenged the said demand and refuted liability to pay interest and filed a petition before the Hon'ble High Court of Orissa challenging the notice issued by the said authority. The Hon'ble High Court directed payment of electricity duty at 6 Paise per unit to the Government of Orissa and to keep the additional amount of 14 Paise per unit in a separate 'no lien account' till the case is further heard and decided. Accordingly, the Company is paying electricity duty at 6 Paise per unit effective 1<sup>st</sup> April, 2005 and maintaining the balance 14 Paise per unit in a 'no lien account' with State Bank of India. In as much as the Company has paid the electricity duty at higher rates on provisional basis well before the due date, the question of payment of interest does not arise and hence no additional provision has been considered necessary.

The Company has not defaulted in meeting any of its statutory or institutional dues. However, ICCL, the principal borrower, could not repay the outstandings due to the Secured Lenders owing to reasons beyond its control and the Secured Lenders have approved an SSP for arrangement with the Secured Lenders and Amalgamation of ICCL with IMFA. No proceedings have been initiated against the Company, for any of the offences specified in Paragraph 1 of Part I of Schedule XIII of the Companies Act, 1956.

There are no pending proceedings initiated for economic offences against the Company. No disciplinary action/ investigation has been taken by the SEBI against the Company.

**Sales Tax cases pending before Appellate Authorities (As on 31.12.2008):**

**PENDING CASES BEFORE VARIOUS AUTHORITY**

**SALES TAX**

<b>Case Reference</b>	<b>Period</b>	<b>Pending before whom</b>	<b>Present status</b>	<b>Amount involved</b>	<b>Amount deposited</b>	<b>Issue involved</b>
[1]	[2]	[3]	[4]	[5]	[6]	[7]
<b>APPEALS</b>						
<b>CST</b>	Sept 94/ Oct – 1994	Sales Tax Tribunal	Pending	110000	110000	Demand of penalty for non payment of admitted tax on due date.
<b>OST THV UNIT</b>	1999-00	Sales Tax Tribunal	Pending	223150	125000	Demand of tax on canteen subsidy
	2000-01	Sales Tax Tribunal	Pending	207500	110000	Demand of tax on canteen subsidy
	2002-03	Sales Tax Tribunal	Pending	266455	266455	Disallowance of set off claim.
	2003-04	Sales Tax Tribunal	Pending	249226	200000	Disallowance of set off claim.
	2004-05	Sales Tax Tribunal	Pending	104608	80000	Disallowance of set off claim.
<b>CDR UNIT</b>	1994-95	Sales Tax Tribunal	Pending	718941	300000	Against disallowance of sales tax exemption for sale of rejects under IPR 89 policy

<b><u>MINING UNIT</u></b>						
CU-II-JR-2/04-05	2002-03	Addl. Commissioner, of Sales Tax.	Pending	704328	NIL	Demand of differential tax on sale of Chrome Ore.
<b>ENTRY TAX</b>						
<b>CDR UNIT</b>						
	2000-01	Sales Tax Tribunal	Pending	1861113	1861113	Refund claim of excess entry tax paid on purchase of coal from MCL.
	2001-02	Sales Tax Tribunal	Pending	1694764	1694764	Refund claim of excess entry tax paid on purchase of coal from MCL.
	2002-03	Sales Tax Tribunal	Pending	2050496	2050496	Refund claim of excess entry tax paid on purchase of coal from MCL.
	2003-04	Sales Tax Tribunal	Pending	2094768	2094768	Refund claim of excess entry tax paid on purchase of coal from MCL.
	2004-05	Asst. Commissioner of Sales Tax	Pending	2102406	2102406	Refund claim of excess entry tax paid on purchase of coal from MCL.
	01-04-05 to 01-08-06	Addl. Commissioner of Sales Tax	Pending	8041697	3600000	Demand of entry tax on Coal & Coke treating as fuel instead of Raw Material.
<b>THV. UNIT</b>						
	2002-03	Sales Tax Tribunal	Pending	795339	535281	Demand of entry tax on imported Goods.
	2003-04	Sales Tax Tribunal	Pending	37845	37845	Demand of entry tax on Hydrated Lime.
<b><u>WRIT PETITIONS</u></b>						
W.P.(C) No.1087/2008		Orissa High Court	Pending			Legality and validity of imposition of Entry Tax on goods imported from outside the Country.
TREV No.289/2008		Orissa High Court	Pending	24880	NIL	Levy of Sales Tax on Aircraft hire charges for the year 1990-91 as confirmed by Sales Tax Tribunal against appeal filed by State of Orissa.
TREV No.290/2008		Orissa High Court	Pending	77390	NIL	Levy of Sales Tax on Aircraft hire charges for the year 1991-92 as confirmed by Sales Tax Tribunal against appeal filed by State of Orissa.

**DETAILS OF CENTRAL EXCISE & CUSTOMS CASES PENDING  
BEFORE VARIOUS AUTHORITIES**

SL. NO.	CASE REFERENCE	PERIOD	AUTHORITY BEFORE WHOM PENDING	PRESENT STATUS	DEMAND INVOLVED (RS.)	PAYMENT ALREADY MADE (RS.)	ISSUE INVOLVED
A.	<b>CHOUDWAR UNIT</b>						
I.	<u>CENTRAL EXCISE CASES</u>						
1	WP(C) NO.10865/2006 - ICCL VS. UOI & OTHERS	APRIL 1993 TO JANUARY 2002	ORISSA HIGH COURT	PENDING	3875901	1800000	SHORT SHIPMENT OF CHARGE CHROME CLEARED FROM FACTORY FOR EXPORT
II.	<u>CUSTOMS CASES</u>						
1	(APPEAL NO.C/APPL 200/06) - COMMISSIONER, CE&C, BBSR-I VS. ICCL	MARCH 2002 AND MAY 2002	CESTAT, KOLKATA	PENDING	229692  (DUTY)	--	SHORT WAREHOUSING OF IMPORTED COKE
2	(APPEAL NO.CDM 59/05) - COMMISSIONER, CE&C, BBSR-I VS. ICCL	01-04-90	CESTAT, KOLKATA	PENDING	219934  (DUTY)	--	DENIAL OF EXEMPTION BENEFIT ON SPARES IMPORTED FOR CPP
3	(APPEAL NO.CDM 17/05) - COMMISSIONER, CE&C, BBSR-I VS. ICCL	1.10.2001 TO 24.06.2002	CESTAT, KOLKATA	PENDING	54341  (DUTY)	--	DENIAL OF EXEMPTION BENEFIT ON CPP SPARES IMPORTED DURING OCTOBER 2001 TO 24.06.2002
B.	<u>THERUBALI UNIT</u>						
	<u>CUSTOMS CASES</u>						
1	REVISION FILED AGAINST O-I-A NO.45/B-1/2007 DT. 08.11.2007 PASSED BY COMMISSIONER (APPEALS), BBSR	15.4.2006 TO 21.4.2006	REV. AUTHORITY, CENTRAL GOVT.	PENDING	202358  (Duty 102358 + Penalty 100000)	--	SHORT SHIPMENT OF CHARGE CHROME CLEARED FROM FACTORY.
2	DEPT. FILED APPEAL IN CESTAT (SZB) BANGALORE VIDE APPEAL NO.C-386/2008 DATED 02/04/2008 AGAINST ORDER IN APPEAL NO.05/2008(V) CH DATED 14.03.2008 PASSED BY COMMISSIONER(A), VISAKHAPATNAM	13.07.2001 TO 22.06.2004	CESTAT(SZB) BANGALORE	PENDING	5,35,54,473	-	DISPUTE RELATING TO SHORT LEVY OF DUTY DUE TO CLASSIFICATION OF COKING COAL AS "COAL OTHER THAN COKING COAL".



### Status of Income-tax Cases As on 31-12-2008

FORUM	CASE REFERENCE		ASSMT. YEAR	PENDING SINCE	PRESENT STATUS	TAX DEMAND	TAX PAID	BRIEF DESCRIPTION
CIT	Waiver petition	ICCL as agent of ABEI	1987-88	01-06-2005	Not disposed off	13,45,448	6,30,621	Filed on 01-06-2005 against levy of interest U/s 220(2) by ACIT-2(1) for the outstanding demand.
CIT	Waiver petition	ICCL as agent of ABEI	1988-89	01-06-2005	Not disposed off	16,19,469	NIL	Filed on 01-06-2005 against levy of interest U/s 220(2) by ACIT-2(1) for the outstanding demand.
OHC	Tax Appeal No. 4/2005	ICCL as agent of ABEI Vs. JCIT	1987-88	10-01-2005	Not yet heard	36,71,150	36,71,150	Filed on 10-01-2005 as against order of ITAT dt 25-08-2005 on rejection of books of accounts of ABEI
OHC	Misc Case No. 3/2005	ICCL as agent of ABEI Vs. JCIT	1987-88	10-01-2005	Not yet heard	NIL	NIL	Filed on 10-01-2005 for expeditious hearing of our above Tax Appeal.
OHC	Tax Appeal No. 5/2005	ICCL as agent of ABEI Vs. JCIT	1988-89	10-01-2005	Not yet heard	25,32,476	25,32,476	Filed on 10-01-2005 as against order of ITAT dt 25-08-2005 on rejection of books of accounts of ABEI.
OHC	Misc Case No. 4/2005	ICCL as agent of ABEI Vs. JCIT	1988-89	10-01-2005	Not yet heard	NIL	NIL	Filed on 10-01-2005 for expeditious hearing of our above Tax Appeal.
OHC	Tax Appeal No. 6/2005	ICCL as agent of ABEI Vs. JCIT	1989-90	10-01-2005	Not yet heard	2,17,789	2,17,789	Filed on 10-01-2005 as against order of ITAT dt 25-08-2005 on rejection of books of accounts of ABEI.
OHC	Misc Case No. 5/2005	ICCL as agent of ABEI Vs. JCIT	1989-90	10-01-2005	Not yet heard	NIL	NIL	Filed on 10-01-2005 for expeditious hearing of our above Tax Appeal.
OHC	SJC 205/96	IMFA Vs. DCIT	1976-77	18-11-1996	Not yet heard	25,27,544	25,27,544	Our RA 265/CAL/96 was rejected by ITAT, Calcutta and we filed appeal before U/s 256(2) on 18-11-1996 on raid matter.
OHC	SJC 206/96	IMFA Vs. DCIT	1977-78	18-11-1996	Not yet heard	6,77,523	6,77,523	Our RA 266/CAL/96 was rejected by ITAT, Calcutta and we filed appeal before U/s 256(2) on 18-11-1996 on raid matter.
OHC	SJC 207/96	IMFA Vs. DCIT	1978-79	18-11-1996	Not yet heard	8,51,690	8,51,690	Our RA 267/CAL/96 was rejected by ITAT, Calcutta and we filed appeal before U/s 256(2) on 18-11-1996 on raid matter.
OHC	Tax Appeal No. 52/2003	IMFA Vs. DCIT	1979-80	18-11-2003	Not yet heard	1,31,272	1,31,272	Filed on 18-11-2003 U/s 260A(1) against ITAT order on raid matter.
OHC	Misc Case No. 28/2003	IMFA Vs. DCIT	1979-80	18-11-2003	Not yet heard	NIL	NIL	Filed on 18-11-2003 for analogous hearing of Tax Appeal No. 52/2003 along with SJC 205, 206 & 207/1996.
SC	CA No. 8923/2003	IMFA Vs. UOI & Ors	1980-81, 1981-82 & 1982-83.	2003	Part heard	6,11,13,954	6,11,13,954	Arising out of order dated 12-12-2002 of OJC 4260/1991 in 72A matter.
ITAT		DCIT Vs. UMSL	2001-02	28-11-2003	Not yet heard	NIL	NIL	During the assessment certain expenses like donation amounting to Rs. 6,40,000 was disallowed.

### Suits (cases) pending against the Company

Case Number	Parties	Amount involved(Rs.)	Pending before
Civil Appeal No.7022/2008*	Rasila Bhupendra Shah & Anr. Vs. Indian Charge Chrome Ltd. & Anr.	Against Merger Order	Supreme Court of India
Civil Suit No.14B/84	Central Coal Fields,Ranchi-vs-IMFA(KT) & another	41,479	Sidhi Court, MP
M.A.No.366/85	Oriental Fire & General Insurance,Cuttack-vs-Gouri Prasad Rath & IMFA	60,000	High Court, Orissa
M.S.No.81/86	Bajrang Iron & Steel Trdg.Corpn, Kolkata-vs-IMFA (KT)	11,29,522	High Court, Kolkata
M.S.No.654/89	Shivmoni & Co.-vs-IMFA	1,37,600	Bhubaneswar Court
Exe.Case 15/92	OSEB-vs-IMFA	6,37,20,605	-do-
Spl. Civil Suit No. 1009/94	Madanlal Sangar & Co.-vs-Verma Construction & Others	16,62,500	Nagpur Court
M.EX No.280/05	Alcast Engg.P.Ltd.-vs-IMFA	5,70,880	City Civil Court, Kol.
F.A.No.297/96	Union of India-vs-IMFA(S.E.Rly.)	8,32,000	High Court, Orissa
P.O.P.No.30/97	Sri Thirumala Enterprises-vs-IMFA	14,06,441	Salem Court
Misc. Case No. 769/98	Abimanyu Behara-vs-IMFA	80,000	Bhubaneswar Court
Ex.Case No.19/98	S.E.Rly.-vs-IMFA	13,13,412	Cuttack Court
M.S.No.246/2000	Debendra Kumar-vs-IMFA	22,83,829	Bhubaneswar Court
M.S.No.63/2001	Global Trdg.& Co. vs. IMFA & others	8,69,674	-do-
Suit No.2126/94	Adhunik Transport Organization -vs- ICCL	1,62,023	High Court, Mumbai
Misc.case No. 405/97	Pralaya Kumar Acharya-vs-ICCL & others	1,00,000	Bhubaneswar Court
Civil Appeal No.7023-24/2008 & 7093/2008	Ajit Nain -vs- ICCL & Others	Against merger order	Supreme Court of India
SLP (C) No. 23909-24905/2007	Grid Corporation of Orissa Ltd. -vs- ICCL & another	Transmission Tariff for the F.Y. 2001-02	Supreme Court of India
SLP (C) No.6185/08	Ajit Nain -vs- AAIFR	Sick Company	Supreme Court of India
Certificate Case No.1/2007	S.E.(P)-cum-Electrical Inspector (Gen.) -vs- IMFA	74,22,60,615	In the Court of Collector, Cuttack
C.S. No.238/2008	Achyutananda Nayak -vs- IMFA	Land dispute	In the Court of Civil Judge,(Sr.Divn) Cuttack
Arbitration Case No. 139/2008	GRIDCO -vs- IMFA	Setting aside the Arbitral award	In the Court of District Judge, Bhubaneswar

\* In terms of order dated 18<sup>th</sup> December 2008 the interim application seeking stay of listing of the shares of the Company has been dismissed by Hon'ble Supreme Court of India on the following conditions :

- (a) The Managing Director of the company, who also holds shares will file an undertaking within two weeks, as a surety, to transfer and deliver to the appellants, such number of shares, on working out the ratio of 1:4 instead of 1:14 in respect of the shares held by them in ICCL, in the event of the appellants success in the cases.

- (b) The Company will purchase the shares (or cause the shares to be purchased) held by the appellants at a value computed on the last traded value of the ICCL shares (appropriate value Rs.21 lacs).

**Suits (cases) by the Company pending**

Case Number	Parties	Amount involved(Rs.)	Pending before
Suit No.880/82	IMFA-vs-Metal Investors Pvt.Ltd.	1,68,729	-do-
M.S.No.237/85	IMFA(KT) -vs- Shivmoni&Co. Kol.	5,24,394	Bhubaneswar Court
M.S.No.240/85	IMFA(KT) -vs- Soor Neogi Commer & Co.Kolkata	3,27,630	-do-
O.S.No.334/89	IMFA -vs- Forest Corporation	3,08,120	Bhubaneswar Court
F.A.No.6/92	IMFA(KT) -vs- Soor Neogi Commer & Co. Patna	1,42,824	High Court,Orissa
F.A.No.7/92	IMFA(KT) -vs- Shivmoni & Co. Patna	20,126	-do-
M.S.No.32/94	IMFA -vs- Beco Engg.Co.Ltd.	99,949	Bhubaneswar Court
E.P.No.2/96	IMFA-vs-ALC International Ltd.	USD2,38,568	Rayagada Court
M.S.No.157/96	IMFA-vs-Tisco	19,14,809	Bhubaneswar Court
F.A.No.291/96	IMFA-vs-Union of India (S.E.Rly)	13,84,837	High Court,Orissa
M.S.No.15/98	IMFA-vs-National Aluminium Co.Ltd.	2,37,170	Bhubaneswar Court
M.S.No.150/99	IMFA-vs-Chiptech&Services&another	33,129	Rayagada Court
OJC No.6250/99	IMFA-State of Orissa(Water Tax)	2,51,377	High Court,Orissa
M.S.No.14/2001	IMFA-vs-Pushpa Construction&Interior	7,86,580	Bhubaneswar Court
T.S.No.34/2001	IMFA-vs-Sanjay Verma & another	8,47,233	Bhubaneswar Court
OJC No.3566/2001	IMFA-vs-State of Orissa (Molasses)	1,95,292	High Court,Orissa
M.S.No.76/2002	IMFA-vs-Mukand Ltd.	30,84,345	Bhubaneswar Court
Ex.Pet.No.13/2003	IMFA-vs-Orissa Forest Corporation	5,23,656	Transferred to Bhubaneswar Court
Suit No.1020/2003	IMFA-vs-Eastern Media Ltd.& Others	2,00,00,000	Transferred to Cuttack Court
E.P.No.14/2003	IMFA-vs-Bellarpur Industries Ltd.	1,39,012	Transferred to Kolkata Court
M.S.No.221/2006	IMFA -vs- Nilamadhav Swain & another	40,503	Bhubaneswar Court
M.S. No.115/2007 III	IMFA -vs- Alok Prasad & another	61,056	Bhubaneswar Court
M.S.No.116/2007 III	IMFA -vs- Girish Kumar Chowdhury & another	61,056	Bhubaneswar Court
M.S. No.146/2007 III	IMFA -vs- Anadi Kumar Sethy & another	27,200	Bhubaneswar Court
C.P.No.45/1995	ICCL -vs- Indana Spices (Appeal stage)	2,52,07,703	High Court,Delhi
OJC No.1222/2001	ICCL-State of Orissa (Molasses)	4,65,882	High Court,Orissa
Award Case No.35/2001	ICCL -vs- Tisco	195,81,70,850	High Court,Kolkata
WP(C) 5413/2005	ICCL -vs- State of Orissa (Elec.Duty)	43,59,24,067	High Court,Orissa
M.A.No.401/1997	ICCL -vs- GRIDCO & another	Transmission Tariff for the F.Y. 1997-98	High Court of Orissa
M.A.No.112/2000	ICCL -vs- GRIDCO & another	Transmission Tariff for the F.Y. 1999-00	High Court of Orissa
M.A.No.214/2001	ICCL -vs- GRIDCO & another	Transmission Tariff for the F.Y. 2000-01	High Court of Orissa

## OUTSTANDING LITIGATIONS OF THE DIRECTORS OF THE COMPANY

Case Number	Parties	Amount involved(Rs.)	Pending before
M.S.No.30/197/2001	Pushpa Construction -vs- Baijayant Panda	4,02,604	FTC-III, Bhubaneswar
Civil Suit 483/2003	Baijayant Panda-vs-Eastern Media Ltd & Others	1,00,00,000	Cuttack Court
Civil Suit (OS) No.2515/2007	Baijayant Panda – vs – Dibakar Nayak	Rs.20,05,000/-	High Court, Delhi

### **SECTION XV GOVERNMENT APPROVALS**

Pursuant to the Scheme, all the permissions, approvals, licenses etc. granted by the Government and Government agencies in connection with or relating to ICCL business have been transferred to and vested in and/or deemed to be transferred to and vested in the Company.

### **SECTION XVI REGULATORY AND STATUTORY DISCLOSURES**

#### **Authority for Listing**

The Hon'ble High Court of Orissa at Cuttack had sanctioned the Composite Scheme of Arrangement & Amalgamation between ICCL and IMFA and their Respective Shareholders & Creditors ("Scheme") on 13th October, 2006. The Scheme has become effective 17<sup>th</sup> October, 2006 on filing of the certified copy of the Court Order with the Registrar of Companies, Orissa at Cuttack.

With effect from the Appointed Date, the 1<sup>st</sup> April, 2005, the entire business and whole of the undertakings of ICCL without further act or deed be transferred to and to be vested in IMFA pursuant to the provisions of Sections 391 to 394 and pursuant to the Orders of the Orissa High Court or any other appropriate authority sanctioning the Scheme, but subject to the charges affecting the same as on the Effective Date be transferred and/or deemed to be transferred and vested in IMFA so as to become the properties and assets of IMFA.

In accordance with the said Scheme, the Equity Shares of the Company, subject to applicable regulations, are to be listed and admitted to trading on BSE. Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of BSE and also subject to such other terms and conditions as may be prescribed by BSE at the time of the application by the Company seeking listing.

The Company has obtained relaxation of SEBI from the applicability of Rule 19(2)(b) of the Securities Contract Regulation (Rules), 1957 for listing its Equity Shares.

In the meantime, two shareholders of erstwhile ICCL filed an appeal before Hon'ble High Court of Orissa challenging the Composite Scheme of Arrangement & Amalgamation sanctioned by the Hon'ble High Court of Orissa which was dismissed by the Division Bench of said Court on 22<sup>nd</sup> August, 2007. Thereafter, they filed a Special Leave Petition before the Hon'ble Supreme Court of India which has vide its order dated 18<sup>th</sup> December, 2008 dismissed the interim application seeking stay on listing the shares of the Company.

## **Eligibility Criterion**

There being no Initial Public Offering or Rights Issue, the eligibility criteria in terms of Clause 2.2.1 of SEBI (DIP) Guidelines, 2000 does not become applicable. SEBI has relaxed the applicability of provisions of Regulation 19(2)(b) of Securities Contract (Regulations) Rules, 1957. The Company has submitted this Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirement for public issues, as applicable, to BSE for making the said Information Memorandum available to public through their websites viz. [www.bseindia.in](http://www.bseindia.in).

The Company has published an advertisement in the newspapers viz. Business Standard (English) All edition and Jansatta (Hindi) All edition containing the details required as per clause 8.3.5.4 of SEBI (DIP) Guidelines, 2000. The Company has made the said Information Memorandum available on its website viz. [www.imfa.in](http://www.imfa.in). IMFA also undertakes that all material information about itself shall be disclosed to BSE on a continuous basis so as to make the same available to the public, in addition to any requirements, if any, specified in the Listing Agreement for disclosures about its subsidiaries.

## **Prohibition by SEBI**

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

## **Caution**

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of Clause 8.3.5.4 of SEBI (DIP) Guidelines, 2000 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

## **Disclaimer Clause of BSE**

A copy of this Information Memorandum will be submitted to BSE as instructed by them vide their letter No.DCS/SJK/RCG/AJ/2006/513235 dated 11<sup>th</sup> May, 2006 which had approved the Scheme of Arrangement under clause 24 (f) of the Listing Agreement. Under the Scheme, the Equity Shares of IMFA, including the new equity shares to be issued pursuant to the Scheme shall, subject to the execution of the listing agreement and payment of the appropriate fee, be listed and/or admitted to trading on all the Stock Exchanges where the shares of ICCL were listed. Shares of erstwhile ICCL were listed in BSE and hence it is the intention of the Board of Directors of the Company to seek listing in BSE. Hence BSE's name is appearing in this Information Memorandum as the Stock Exchanges on which the Company's securities are proposed to be listed. BSE does not in any manner:

warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or  
warrant that this Company's securities will be listed or will continue to be listed on the BSE; or  
take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company; and

It should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by BSE. Every person who acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

### **Filing**

Copies of this Information Memorandum have been filed with the BSE

### **Listing**

Applications have been made to BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the shares. The Company is taking appropriate steps for the completion of necessary formalities for listing and commencement of trading at BSE.

### **Allotment of Shares**

The Company has executed Agreements with NSDL and CDSL for admitting its securities in demat form. On 4<sup>th</sup> December, 2006 the Company made allotment of the equity shares to those shareholders whose names appeared in the register of members on November 27th, 2006, i.e., the Record Date, fixed for the purpose in consultation with the BSE

### **Demat Credit**

Such shares have been allotted in demat form to those shareholders who have provided necessary details to the Company and/ or who were holding their shares in ICCL in demat form, as on the Record Date.

### **Dispatch of Share Certificate**

Upon allotment of Shares to eligible shareholders pursuant to the Scheme, the Company has despatched share certificates to the shareholders who were holding shares in ICCL, in physical form, as on Record Date.

### **Expert Opinions**

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

### **Stock Market Data for equity Share Capital**

The Company's Equity shares were previously listed on the Bhubaneswar, Kolkata and Mumbai Stock Exchanges. However, the shares were delisted from Bhubaneswar Stock Exchange effective

from 17<sup>th</sup> January, 2005; BSE effective from 15<sup>th</sup> March, 2005 and Kolkata Stock Exchange effective from 4<sup>th</sup> April, 2005. pursuant to the cash offer made by the Acquirer vide Letter of Offer dated 28<sup>th</sup> May, 2002 under the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto. The company is seeking for approval of listing of its shares through this Information Memorandum pursuant to the Scheme.

### **Previous rights and public issues**

The Company made a public offering of 1,61,700 Equity Shares of Rs.10/- each and 20,000 Redeemable Cumulative Preference Shares of Rs.100 each for subscription in cash through a prospectus dated 4<sup>th</sup> December 1963.

### **Commission and brokerage on previous issues**

Brokerage at 1% of the nominal value of the Equity and Preference Shares offered to the public by the prospectus dated 4<sup>th</sup> December, 1963.

### **Companies under the Same Management**

There are no companies under the same management within the meaning of erstwhile Section 370(1B) of the Companies Act, 1956.

### **Outstanding Debentures or Bonds or Redeemable Preference Shares**

There are no outstanding debentures or bonds or redeemable preference shares issued by us as of the date of this Information Memorandum.

### **Redressal of Investors Grievances**

All investors' grievances would be redressed within 7 days of receipt by the Company. Investors can contact the Compliance Officer or the Secretarial Department of the Company in case of any share transfer related problem. The addresses and contact numbers are given elsewhere in this Information Memorandum. For quicker response, investors are requested to mention their contact numbers and email addresses while communicating their grievances. Similar arrangements are in place for group companies also.

### **Changes in auditors during last three years**

There is no change in auditors during last three years.

### **Capitalisation of Reserves or Profits during last five years**

The Company has not capitalised Reserves or Profits during last five years.

### **Revaluation of Assets during last five years**

IMFA has revalued its assets by Rs.16844.92 lakhs as on 1<sup>st</sup> April, 2005. Pursuant to the Scheme, IMFA has recorded the assets including deferred tax assets and liabilities of ICCL vested in it at their respective fair values after giving effect to the arrangement. Excess remaining after adjusting the aforesaid entries has been credited to the General Reserve.

## **Disclosure on negative net worth/winding up/sick/BIFR/disassociation/strike off from ROC**

ICCL, prior to its merger with IMFA pursuant to the Scheme, had a negative net worth as of 31<sup>st</sup> March, 2005. ICCL had not made a reference to BIFR based on legal opinion that ICCL fell outside the purview of Sick Industrial Companies (Special Provisions) Act, 1985.

### **Capital Issues by Group Companies:**

None of the Group Companies (except ICCL which has been merged with the Company) has made any public issue. ICCL made an issue of 4,57,49,969 Equity shares of Rs.10 each out of which 97,49,969 Equity Shares of Rs.10 each were reserved for firm allotment to IMFA, the Promoters; 8,70,00,000 Equity shares of Rs.10 each were reserved for firm allotment for consideration other than cash to IMFA and 6,50,00,000 Equity Shares of Rs.10 each were reserved for allotment to Foreign Collaborators/Associates of Elkem A/S, Norway. and the Balance 2,08,00,000 Equity Shares of Rs.10/-for cash at par were offered for issue to public through a prospectus dated 9<sup>th</sup> March, 1988. Against the above issue of 2,08,00,000, the Company allotted 2,27,52,500 Equity Shares on 6<sup>th</sup> September,1988. ICCL made a rights offer for issue of 1,16,33,638 Equity Shares of Rs.10 each for cash at par to the shareholders on Rights basis. 1,16,33,638 Shares were allotted on Rights basis on 11<sup>th</sup> June, 1991. The Company's Shares were listed with Ahmedabad, Bhubaneswar, Calcutta, Delhi, Madras & Mumbai Stock Exchanges. The Shares were delisted from Ahmedabad, Bhubaneswar, Calcutta, Delhi & Madras under SEBI(Voluntary Delisting Guidelines),2002. The stocks were continued to be listed with Bombay Stock Exchange.

### **Monthly High & Low price of the Equity shares of ICCL at BSE:**

Month	High (Rs.)	Low (Rs.)
June 2006	11.99	8.46
July 2006	10.46	7.25
August 2006	10.02	8.11
September 2006	10.39	8.10
October 2006	14.33	7.76
November 2006	15.79	11.65

## **SECTION XVII**

### **RIGHTS OF MEMBERS & MISCELLANEOUS**

#### **Rights of Equity Shareholders**

The Shareholders are entitled to receive dividend, as and when declared and bonus and rights shares, as and when issued. Further, the rights of the above and other holders of shares are subject to the provisions of the Companies Act, 1956 the Memorandum and the Articles of Association of the Company and other laws as applicable from time to time.

#### **Ranking of Equity Shares**

All the equity shares of the Company including the new equity shares issued to the Financial Institutions and Banks pursuant to the Scheme and the shareholders of erstwhile ICCL rank pari passu in all respects.

#### **Face Value**

The Face Value of Equity Shares of the Company is Rs.10/-.



**SECTION XVIII**  
**MAIN PROVISIONS OF ARTICLES OF ASSOCIATION**

The main provisions of articles of association of the Company are as follows:

**CERTIFICATES**

Subject to the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modifications or re-enactment thereof, share scrips shall be issued as follows:-

- 1) The certificates of title to shares and duplicates thereof when necessary shall be issued under the Seal of the Company which shall be affixed in the presence of (i) two Directors or a Director and a person acting on behalf of another Director under a duly registered power-of-attorney or two persons acting as attorneys for two Directors as aforesaid; and (ii) the Secretary or some other person appointed by the Board for the purpose, all of whom shall sign such share certificate; provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or Whole Time Director
- 2) Every member shall be entitled free of charge to one certificate for all the shares of each class registered in his name or, if the Board so approves, to several certificates each for one or more of such shares on payment of such fee not exceeding Rs.2/- for each additional certificate or without payment of any fee, as the Board may determine provided that no fee shall be charged in respect of the issue of one or more additional share certificates where such issue is necessary in order to comply with the requirements of any recognized Stock Exchange relating to the allotment of shares. Unless the conditions of issue otherwise provide, the Company shall, either within three months after the date of allotment, and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or of renunciation or in case of issue of bonus shares) or within two months of receipt of the application for registration of the transfer of any of its shares, as the case may be, complete and have ready for delivery the certificates of such shares. Every certificate of shares shall specify the name of the person in whose favour the certificate is issued, the shares to which it relates and the amount paid up thereon. Particulars of every certificate issued shall be entered in the Register maintained in the form set out in the Act, or in a form as near thereto as circumstances admit, against the name of the person to whom it has been issued, indicating the date of issue. In respect of any share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint-holders shall be sufficient delivery to all such holders.
- 3) If any certificate of any share or shares be surrendered to the Company for sub-division or consolidation or if any certificate be defaced, torn or old, decrepit or worn-out, or its pages on the reversed side for recording transfers have all been used, then upon surrender of the same to the Company, the Board may order the certificate to be cancelled and may issue a new certificate in lieu thereof; and if any certificate be lost or destroyed, then upon proof thereof to the satisfaction of the Board, and upon such indemnity as the Board thinks fit being given, a new certificate in lieu thereof shall be given to the party entitled to the shares to which such lot or destroyed certificate shall relate. Where a certificate has been issued in place of a certificate which has been defaced, etc., lost or destroyed, it shall state on the face of it and against the stub or counterfoil that it is issued in lieu of a share certificate or is a duplicate issued for the one so defaced, etc., lost or destroyed, as the case may be, and, in the case of a certificate issued in place of one which has been lost or destroyed, the word

“duplicate” shall be punched or stamped in bold letters across the face thereof. Certificates issued under this sub-clause to replace certificates which are old, decrepit or worn out or whose pages are all used shall be issued free, but the Company shall be entitled to charge a fee not exceeding Rs.2/- together with any out-of-pocket expenses incurred by the Company in investigating evidence, as the Board may determine, for the issue of certificates replacing those which have been torn, defaced, lost or destroyed.

- 4) Where a new share certificate has been issued in pursuance of the last preceding paragraph, particulars of every such certificate shall also be entered in a Register of Renewed and Duplicate Certificates indicating against the name of the person to whom the certificate is issued, the number and date of issue of the certificate in lieu of which the new certificate is issued and the necessary changes indicated in the Register by suitable cross-references in the “Remarks” column. All entries made in the Register of Renewed and Duplicate Certificates shall be authenticated by the Secretary or such other person as may be appointed by the Board for purposes of sealing and signing the share certificates under paragraph (1) hereof.
- 5) When shares are held in a Depository(ies) the certificates may be dematerialized/rematerialized as per the extant Bye laws/Business Rules of the Depository(ies).
- 6) Fees as decided by the Board from time to time shall be charged by the Company for issue of each new certificate consequent upon its rematerialisation.

## **CALLS**

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorizing such call was passed.

Not less than fourteen days’ notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the share for which the call shall have been made or the installment shall be due shall pay interest for the same at the prevailing bank rate, or at such higher rate, if any, as the Directors may determine at the time of making the call, from the day appointed for the payment thereof to the date of the actual payment.

The Board shall be at liberty to waive payment of any such interest either wholly or in part.

If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the amount of the share or by way of premium every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

On the trial or hearing of any action or suit brought by the Company against any shareholder or his representatives or recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register as a holder or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board Meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

The Board may, if it thinks fit, receive from any member willing to advance the same all or any part of the money due upon the shares held by him beyond the sums actually called for, and upon the money so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 6 per cent per annum as the member paying such sum in advance and the Board agree upon. Money so paid in excess of the amount of calls shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving to such member not less than three months notice in writing.

A call may be revoked or postponed at the discretion of the Board.

## **FORFEITURE AND LIEN**

If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same the Board may, at any time thereafter during such time as the call or instalment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the shares in respect of which such call made or instalment is payable will be liable to be forfeited.

If the requirements of any such notice as aforesaid be not complied with any share in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividend declared in respect of the forfeited shares and not actually paid before the forfeiture.

When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.

The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise, disposed of, annual, the forfeiture thereof upon such conditions as it thinks fit.

A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall, notwithstanding remain liable to pay, and shall forthwith pay to the Company, all calls, or instalments, interest and expenses, owing upon or in respect of such share at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so. Provided that the Liability of a person whose shares have been forfeited shall cease after and when the Company shall have received payment in full of all such moneys in respect of the share.

A duly verified declaration in writing that the declarant is a Director, Manager or Secretary of the Company, and the certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any given for the shares on the sale or disposition thereof shall constitute a good title to such shares; and the person to whom any such share is sold shall be registered as the holder of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

The provisions of Articles 22 to 29 hereof shall apply in the case of non-payment of any sum which by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

The Company shall have a first and paramount lien upon every share not being fully paid up registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at fixed time in respect of such share whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 12 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise agreed the registration of a transfer of a share shall operate as a waiver of the Company's lien, if any, on such share.

For the purpose of enforcing such lien the Board may sell the share subject thereto in such manner as it thinks fit, but no sale be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sale have been served on such member, his executor or administrator or his committee, *culator bonis* or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for seven days after the date of such notice.

The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to like lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the share at the date of the sale.

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the

application of the purchase money, and after his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Where any share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

## **TRANSFER AND TRANSMISSION**

Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the Letter of allotment of the share. The instrument of transfer of any share shall specify the name, address and occupation(if any) of the transferee, and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation.

Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall, in the case of a partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.

An instrument of transfer of any share shall be in writing in the usual common form approved by the Stock Exchanges in India or as near thereto as circumstances will admit.

Subject to the provisions of Section 111 of the Act, the Board without assigning any reason for such refusal, may, within two months from the date on which the instrument of transfer was delivered to the Company, refuse to register any transfer of, or the transmission by operation of law of the right to, a share of interest of a member of the Company, provided that the registration of a transfer of shares shall not be refused on the ground that the transferor is either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on such shares.

No transfer shall be made to person of unsound mind.

Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the share to be transferred or, if no such certificate is in existence by the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.

If the Board refuses, whether in pursuance of Article 39 or otherwise to register the transfer of, or the transmission by operation of law of the right to, any share, the Company shall, within two months from the date on which the instrument of transfer or the intimation of such

transmission, as the case may be, was lodged with the Company, send to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, notice of the refusal.

Unless the Company in General Meeting shall otherwise determine, no fee shall be charged by the Company for the registration of any transfer, grant of probate, grant of letters of administration, certificate of death or marriage, power-of-attorney or other instrument. The Company may in General Meeting authorise the charging for such registration of a fee not exceeding Rs.2/- and any such fee shall, if the Board so require, be paid before such registration.

The executor or administrator of a deceased member (not being one of several joint-holder) shall be the only person recognized by the Company as having any title to the share registered in the name of such member, and, in case of the death or any one or more of the joint-holders of any registered share, the survivor shall be the only person recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on the share held by him jointly with any other person. Before recognizing any executor or administrator the Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation, as the case may be, from a competent Court in India and having effect in Bhubaneswar. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion, may consider adequate.

Any committee or guardian of a lunatic or minor member or any person becoming entitled to, or transfer, a share in consequence of the death or bankruptcy or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposed to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give), be registered as a member in respect of such share, or may, subject to the regulations as to transfer hereinbefore contained, transfer such share. This Article is hereinafter referred to as "The Transmission Article".

- (1) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (2) If the Person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.
- (3) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.

A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 79 and of Section 206 of Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the share.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the Board may thereafter withhold payment of all dividends, bonuses or other

moneys payable in respect of the share, until the requirements of the notice have been complied with.

## **GENERAL MEETINGS**

In addition to any other meetings, general meetings of the Company shall be held within such intervals as are specified in Section 166(1) of the Act and, subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an “annual general meeting” and shall be specified as such in the notice convening the meeting. Any other meeting of the company shall, except in the case where an Extraordinary General Meeting is convened under the provisions of the next following Article, be called a “general meeting”.

The Board may, whenever it thinks fit, call a general meeting, and it shall, on the requisition of such number of members as hold, at the date of the deposit of the requisition, not less than one-tenth of such of the paid up capital of the Company as at that date carried the right of voting in regard to the matter to be considered at the meeting, forthwith proceed to call an Extraordinary General Meeting and in the case of such requisition the following provisions shall apply:-

- (1) The requisition shall state the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Office. The requisition may consist of several documents in like form each signed by one or more requisitionists.
- (2) Where two or more distinct matters are specified in the requisition, the requisition shall be valid only in respect of those matters in regard to which the requisition has been signed by the member or members herein before specified.
- (3) If the Board does not, within twenty-one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of these matters on a day not later than forty-five days from the date of deposit, the requisitionists or such of them as are enabled so to do by virtue of Section 169(6)(b) of the Act may themselves call the meeting but any meeting so called shall not be commenced after three months from the date of deposit.
- (4) Any meeting called under this Article by the requisitionists shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board but shall be held at the Office.
- (5) Where two or more persons hold any shares jointly a requisition or notice calling a meeting signed by one or some only of them shall for the purposes of this Article have the same force and effect as if it had been signed by all of them.
- (6) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as are in default.

The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.

Save as provided in sub-section (2) of Section 171 of the Act, not less than twenty-one days' notice shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consists of "special business" as hereinafter defined there shall be annexed to the notice a statement complying with Section 173(2) and (3) of the Act.

Notice of every meeting of the Company shall be given to every member of the Company, to the Auditors of the Company and to any person entitled to a share in consequence of the death or insolvency of a member in any member hereinafter authorised for the giving of notices to such persons. Provided that where the notice of a general meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the Office under sub-section(3) of Section 53 of the Act, the statement of material facts referred to in Section 173(2) of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

The accidental omission to give any such notice to or its non-receipt by any member or other person to whom it should be given shall not invalidate the proceedings of the meeting.

## **PROCEEDINGS AT GENERAL MEETINGS**

The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Directors and of the Auditors, to elect Directors in the place of those retiring by rotation to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at the Annual General Meeting and all business transacted at any other general meeting shall be deemed special business.

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided five members present in person shall be a quorum.

Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a Special Resolution as defined in Section 189(2) of the Act.

- (i) The Chairman of the Board shall ordinarily preside as Chairman at every General Meeting of the company except in case of Meeting held under sub-section 6 of Section 169 of the Act.
- (ii) If there be no such Chairman or if at any meeting he shall not be present within 15 minutes after the time appointed for holding such meeting, or is unwilling to act as Chairman of the Meeting, such other Director as may be authorised by him shall preside at the Meeting.
- (iii) In all other cases, members present shall choose one of their member to be the Chairman of the Meeting.

If within half-an-hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or



to such other day and at such time and place as the Board may by notice appoint and if at such adjourned meeting a quorum be not present within half-an-hour from the time appointed for the meeting, those members who are present shall be a quorum and may transact the business of which the meeting was called.

Every question submitted to a meeting shall be decided, in the first instance by show of hands, and in the case of an equality of votes, both on a show of hands, and on a poll the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.

At any general meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman of his own motion, or by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution, not being less than one-tenth of the total voting power in respect of the resolution, or in which an aggregate sum of not less than fifty thousand rupees has been paid up, a declaration by the Chairman that the resolution has or has not been carried, either unanimously, or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of, or against the resolution.

If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case in such manner and at such time, not being later than forty-eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs, and, subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.

The demand of a poll may be withdrawn at any time.

Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed, to scrutinize the votes given on the poll and to report to him thereon.

On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

The Chairman of a general meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

When a Meeting is adjourned for one month or more, notice of the adjourned meeting shall be given as in the case of an original meeting, but

save as aforesaid it shall not be necessary to give any notice of adjournment or of the business to be transacted at an adjourned meeting.

## **VOTES OF MEMBERS**

- (1) Save as hereinafter provided, on a show of hands every member present in person and being a holder of Equity shares shall have one vote and every person present either as a General proxy (as defined in Article 82) on behalf of a holder of Equity Shares, if he is not entitled to vote in his own right or, as a duly authorised representative of a body corporate, being a holder of Equity Shares, shall have one vote.
- (2) Save as hereinafter provided, on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 87 of the Act.
- (3) The holders of Preference Shares shall not be entitled to vote at general meetings of the Company except:
  - (i) on any resolution placed before the Company at a general meeting at the date on which the dividend due or any part thereof remains unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of such meeting whether or not such dividend has been declared by the Company, or
  - (ii) on any resolution placed before the company at a general meeting which directly affects the rights attached to the Preference Shares and for this purpose any resolution for the winding up of the Company or for the repayment or reduction of its share capital shall be deemed to affect the rights attached to such shares.

Where the holder of any Preference Shares has a right to vote on any resolution in accordance with the provisions of this Article his voting right on a poll as such holder shall, subject to any statutory provision for the time being applicable, be in the same proportion as the capital paid upon the Preference Shares bears to the total paid up Equity Share Capital of the Company for the time being as defined in Section 87(2) of the Act.

Provided that no Company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under the provisions of Section 187 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy is tendered.

Where a Company or a body corporate (hereinafter called “member company”) is a member of the company, a person, duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such member Company at a meeting of the Company, shall not, by reason of such appointment, be deemed to be a proxy, and the lodging with the Company at the Office or production at the meeting of a copy of such resolution duly signed by one Director of such member company and by its Managing Agents(if any) and certified by him or them as being a true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member company which he represents, as that member company could exercise if it were an individual member.

Any person entitled under the Transmission Articles to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or *non compos mentis* he may vote whether on a show of hands or at a poll by his committee, *curator bonis* or other legal curator and such last-mentioned persons may give their votes by proxy.

Where there are joint registered holders of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purposes of this Article be deemed joint-holders thereof.

On a poll votes may be given either personally or by proxy, or, in the case of a body corporate, by a representative duly authorised as aforesaid.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his Attorney duly authorised in writing or if such appointor is a body corporate be under its common seal or the hand of its officer or Attorney duly authorised. A proxy who is appointed for a specified meeting only shall be called a Special Proxy. Any other proxy shall be called a General Proxy.

A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him.

The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.

A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity revocation or transfer of the share shall have been received by the Company at the Office before the vote is given : Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Every instrument appointing a Special Proxy shall be retained by the Company and shall, as nearly as circumstances will admit, be in the form or to the effect following:-

**INDIAN METALS AND FERRO ALLOYS LTD.**

I/We.....of..... in the district of..... being a member/members of the above named Company, hereby appoint..... of..... in the district of ....., or

failing him..... of ..... in the district of..... as my/our proxy to vote for me/us and on my/our behalf as indicated below at the (Annual) General Meeting of the Company, to be held on..... the.....day of.....19..... and at any adjournment thereof:-

Agenda Item	Vote
No. 1	
No.2	

Witness:

.....Signed this..... day of..... 19.....  
 .....Signature.....

\* Please state in this column whether “In favour” or “Against”.

.....

No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised any right of lien.

(1) Any objection as to the admission or rejection of a vote, either on a show of hands or on a poll, made in due time shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.

(2) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

**DIRECTORS**

“Until otherwise determined by the Company in General Meeting, the number of Directors shall not be less than three or more than fifteen”.

Not less than two-thirds of the total number of Directors shall be persons whose periods of office are liable to determination by retirement of Directors by rotation.

Up to one-third of the total number of Directors may be filled up by the Board by nomination of technical experts or persons whose appointment the Board consider beneficial to the interests of the Company. Such Directors shall not be required to hold any qualification shares.

The Board shall have power, at any time and from time to time, to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles.

Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.

Unless otherwise determined by the Company in General Meeting the qualification of a Director, other than a Director appointed under Articles 90, 112A, 112B, 112C or 112D hereof, shall be the holding in his own name or jointly with any other person, whether beneficially or as a

trustee or otherwise, of equity shares of the nominal value of Rs.5,000 in the capital of the Company.

Without prejudice to the restrictions imposed by Section 266 of the Act, a Director who is required to hold qualification shares may act as a Director before acquiring such shares but shall, if he is not already qualified, obtain his qualification, and every Director other than a technical Director or a Director appointed by the Central or a State Government shall file with the Registrar a declaration specifying the qualification shares held by him, within two months from his appointment as a Director.

Unless otherwise determined by the Company in general meeting, each Director shall be entitled to receive out of the funds of the Company for his services in attending meetings of the Board or a Committee of the Board, such maximum amount of sitting fees per meeting of the Board or committee of the Board attended by him, as prescribed, pursuant to the first proviso to Section 310 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988 in accordance with the paid-up Share Capital of the Company for the time being. All other, remuneration, if any, payable by the Company to each Director, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid their reasonable traveling and hotel and other expenses incurred in consequence of their attending at Board and Committee meetings or otherwise incurred in the execution of their duties as Directors.

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of residence for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of the Committee of the board then, subject to Sections 198,309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.

The continuing Directors may act notwithstanding any vacancy in their body; but so that if the number falls below the minimum fixed above the Board shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum.

- (1) The office of a Director shall ipso facto become vacant if:-
- (a) he fails to obtain within the time specified in sub-section (1) of Section 270 of the Act, or at any time thereafter ceases to hold, the share qualification, if any, necessary for his appointment; or
  - (b) he is found to be of unsound mind by a Court of competent jurisdiction; or
  - (c) he applies to be adjudicated to insolvent; or
  - (d) he is adjudged an insolvent; or
  - (e) he is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
  - (f) he fails to pay any call in respect of share of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government has, by notification in the Official Gazette, removed the disqualification incurred by such failure; or

- (g) he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous Period of three months, whichever is the longer, without obtaining leave of absence from the Board; or
  - (h) he (whether by himself or by any person for his benefit or on his account), or any firm in which he is a partner, or any private company of which he is a Director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
  - (i) he acts in contravention of Section 299 of the Act; or
  - (j) he becomes disqualified by an order of Court under Section 203 of the Act; or
  - (k) He is removed from office in pursuance of Section 284 of the Act; or
  - (l) Having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or
  - (m) by notice in writing to the Company he resigns his office; or
  - (n) any office or place of profit under the Company or under any subsidiary of the Company is held in contravention of Section 314 of the Act and by operation of that Section he is deemed to vacate office.
- (2) Notwithstanding any matter or thing in sub-clauses (d), (e) and (j) of Clause (1), the disqualification referred to in those sub-clauses shall not take effect:-
- (a) for thirty days from the date of adjudication, sentence or order; or
  - (b) where an appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order, until the expiry of seven days from the date on which such appeal or petition is disposed of; or
  - (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petitions is disposed off.

Save as permitted by Section 314 of the Act, no Director of the Company, no partner or relative of a Director, no firm in which a Director or his relative is a partner, no private Company of which a Director is a Director or member and no Director, managing agent, secretaries and treasurers, or manager of such a private company shall, without the previous consent of the Company accorded by Special Resolution, hold any office or place of profit carrying a total monthly remuneration of five hundred rupees or more, except that of a Managing Director, managing agent, secretaries, manager, legal or technical advisor, banker or trustee for the holders of debentures of the Company. (i) under the Company, or (ii) under any subsidiary of the Company, unless the remuneration received from such subsidiary in respect of such office or place of profit is paid over to the Company or its holding Company.

A Directors of this Company may be or become a Director of any other Company promoted by this Company or in which it may be interested as a member, shareholder or otherwise

and no such Director shall be accountable for any benefits received as a Director or member of such Company.

Subject to the provisions of Section 297 of the Act neither shall a Director be disqualified from contracting with the Company either as a vendor, purchaser or otherwise for goods, materials or services or for under-writing the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director, or a firm in which such Director or relative is a partner with any other partner in such firm or with a private company of which such Director is a member or Director, be avoided nor shall any Director so contracting or being such member or so intended be liable to account to the Company for any profits realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.

Every Director who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, entered into or to be entered into, by or on behalf of the Company, not being a contract or arrangement entered into or to be entered into between the Company and any other Company where any of the Directors of the Company or two or more of them together holds or hold not more than two percent, of the paid up share capital in the other company, shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice, renewed in the last month of each financial year of the Company, that a Director is a Director or a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement so made and, after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm, provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given. Every Director shall be bound to give and from time to time renew a general notice is aforesaid in respect of all bodies corporate of which he is a Director or member and of all firms of which he is a member.

No Director shall, as a Director, take any part in the discussion of, or vote on any contract or arrangement in which he is in anyway, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to (a) any contract of indemnity against any loss which the Directors or any of them may suffer by reason of becoming or being sureties or a surety for the Company; or (b) any contract or arrangement entered into or to be entered into by the Company with a public company, or with a private company which is a subsidiary of a public Company, in which the interest of the Director consists solely in his being a director of such company and the holder of shares not exceeding in number or value the amount requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company, or in his being a member of such Company holding not more than two percent of the paid up share capital of such Company.

At each Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office. An additional Director appointed by the Board under Article 91 hereof shall not be liable to retire by rotation within the meaning of this Article.

The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became

Directors on the same day those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

Save as permitted by Section 163 of the Act, every resolution of a general meeting for the appointment of a Director shall relate to one named individual only.

The Company at the Annual General Meeting at which a Director retires by rotation in manner aforesaid may fill up the vacated office by appointing the retiring Director or some other person thereto.

If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the time and place. If, at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:-

- (a) at the meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the vote and lost; or
- (b) the retiring Director has by notice in writing addressed to the Company or the Board expressed his unwillingness to be re-appointed; or
- (c) he is not qualified or is disqualified for appointment; or
- (d) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any provisions of the Act; or
- (e) the proviso to sub-section (2) of Section 263 or sub-section (3) of Section 280 of the Act is applicable to the case.

The Company in general meeting may from time to time increase or reduce the number of Directors within the limits fixed by Article 88.

The Company may, subject to the provisions of Section 284 of the Act, by ordinary resolution of which Special Notice has been given, removed any Director (other than those appointed under Articles 112A, 112B, 112C or 112D hereof) before the expiration of his period of office and may by ordinary resolution of which Special Notice has been given, appoint another person in his stead, if the Director so removed was appointed by the Company in general meeting or by the Board under Article 110. The person so appointed shall hold office until the date up to which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed the Board may at any time thereafter fill such vacancy under the provisions of Article 110.

If any Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Directors under Article 109.



No person not being a retiring Director shall be eligible for appointment to the office of Director at any general meeting unless he or some member intending to propose him has, not less than fourteen days before the meeting, left at the Office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office as the case may be along with a deposit of five hundred rupees which shall be refunded to such person or as the case may be, to such member, if the person succeeds in getting elected as a Director. The Company shall inform its members of the candidature of a person for the office of Director or the intention of a member to propose such person such as candidate by serving notice on each member at least seven days before the general meeting; but the Company need not serve notices upon the said members if it advertises such candidature or intention at least seven days before the General Meeting in two newspapers circulating in the place where the office is located, of which one is published in English and the other in the regional language of that place.

### **ALTERNATE DIRECTORS**

The Board may appoint any person to act as alternate Director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate Director, shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly; but he shall not require any qualification and shall *ipso facto* vacate office if any when the absent Director returns to the State in which meetings of the Board are ordinarily held or the absent Director vacates office as a Director.

### **NOMINEE DIRECTORS**

So long as the Industrial Development Corporation of Orissa Limited shall be a member of the Company the said Corporation shall have the power to appoint as its nominee a Director to the Board and to remove from such office any person so appointed and upon removal of any such person to appoint any other person in his place. A Director so appointed shall not be required to hold any qualification shares, shall not be liable to retirement by rotation and shall not be subject to removal under Article 109 hereof.

Notwithstanding anything contained in the Act or in these Articles of Association, so long as any monies remain owing by the Company to the Industrial Credit and Investment Corporation of India Limited out of the loan sanctioned by the said Corporation to be made to the Company the said Corporation shall have the right from time to time to appoint as their nominee a Director to the Board and to remove from such office any person so appointed and upon renewal of any such person to appoint any other person in his place. A Director so appointed shall not be required to hold any qualification shares nor shall he be liable to retirement by rotation or be subject to removal under Article 109 hereof.

So long as the Industrial Finance Corporation of India continues to be a member of the Company by virtue of being the holder of any share or shares in the Company which it shall have taken up under the terms of any underwriting agreement between the said Corporation and the Company the said Corporation shall have the power to appoint as their nominee not more than two Directors to the Board and to remove from such office any person so appointed and upon removal of any such person to appoint any other person in his place and such appointment shall be valid notwithstanding anything contained in the Companies Act, 1956, or any other law for the time being in force or in any instrument relating to the Company and nothing in the said Act or in any such law or instrument shall invalidate the effect of the provisions of Section 25(2) of the Industrial Finance Corporation Act, 1948. A Director or Directors so appointed shall therefore, where the terms of the underwriting agreement between the said Corporation and the Company so provide,

not be required to hold any qualification shares, to be subject to any age-limit or restrictions on the number of directorships that he or they may hold, nor to retire by rotation or to be subject to removal under Article 109 hereof.

112E. Directors appointed under Article 112A, 112B, 112C or 112D hereof shall in all other respects be entitled to all the privileges conferred on the generality of other Directors by these Articles and by any Regulations of the Company.

## **POWERS OF THE BOARD**

Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and so: Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in general meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum or in these Articles, or in any regulations, not inconsistent therewith and duly made thereunder, including regulations made by the Company in general meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

## **LOCAL MANAGEMENT**

Subject to the provisions of the Act, the following regulations shall have effect:-

1. The Board may, from time to time, provide for the management of the affairs of the Company outside India( or in any specified locality in India) in such manner as it shall think fit and the provisions contained in the four next following paragraphs shall be without prejudice to the general powers conferred by this paragraph.
2. The Board may, from time to time and at any time, establish any local Directorates or agencies for managing any of the affairs of the Company outside India, or in any specified locality in India, and may appoint any persons to be members of such Local Directorate or any managers or agents and may fix their remuneration and, save as provided in Section 292 of the Act, the Board may, from time to time and at any time, delegate to any person so appointed any of the powers, authorities and discretions from the time being vested in the Board and may authorise the members for the time being of any such Local Directorate or any of them to fill up any vacancies therein and to act notwithstanding vacancies; and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may, at any time, remove any person so appointed and may annul or vary and such delegation.
3. The Board may, at any time and from time to time, by Power-of-Attorney under the Seal, appoint any persons to be the Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those which may be delegated by the

Board under the Act) and for such period and subject to such conditions as the Board may, from time to time, think fit; any such appointment may, if the Board thinks fit, be made in favour of the members or any of the members of any Local Directorate established as aforesaid, or in favour of any Company or of the members, Directors, nominees, or officers of any Company or fit, or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board; and any such Power-of-Attorney may contain such provisions for the protection or convenience of persons dealing with such Attorneys as the Board thinks fit.

4. Any such delegates or Attorneys as aforesaid may be authorised by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
5. The Company may exercise the powers conferred by Section 50 of the Act with regard to having an Official Seal for use abroad, and such powers shall be vested in the Board, and the Company may cause to be kept in any State or country outside India, as may be permitted by the Act, a Foreign Register of Members or Debenture-holders resident in any such State or country and the Board may, from time to time, make such regulations as it may think fit respecting the keeping of any such Foreign Register, such regulations not being inconsistent with the provisions of Sections 157 and 158 of the Act; and the Board may, from time to time, make such provisions as it may think fit relating thereto and may comply with the requirements of any local law and shall, in any case, comply with the provisions of Sections 157 and 158 of the Act.

## **MANAGING DIRECTORS**

Subject to the provisions of Sections 267, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of the Company, either for a fixed term or without any limitation as to the period for which he is to hold such office, and may, from time to time (subject to the provisions of any contract between him and the Company), remove or dismiss him from office and appoint another in his place .

Subject to the provisions of Section 255 of the Act, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, and he shall not be reckoned as a Directors for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation as the other Directors, and he shall, *ipso facto* and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.

Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to the remuneration payable to him as a Director of the Company under these Articles, receive such additional remuneration as may from time to time be sanctioned by the Company.

Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 292 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these

presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit; and the Board may confer such powers, either collaterally with, or to the exclusion on, and in substitution for all or any of the powers of the Board in that behalf; and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

At the date of the adoption of these Articles, Shri Bansi Dhar Panda is the Managing Director of the Company and shall continue to hold such office subject to the provisions of the these Articles and to the terms of an Agreement dated 10<sup>th</sup> November, 1963 entered into by him with the Company as approved by the Central Government. The Board have entrusted to and conferred upon him, subject as aforesaid, the conduct and management of the whole of the business and affairs of the Company, subject to the supervision and control of the Board, and in particular, but without prejudice to the generality of the foregoing, he is entitled to exercise the following powers:-

1. The power to engage, remove, suspend or dismiss any Manager, secretary, expert, clerk or other servant of the Company and also any agent as in his discretion he shall think fit to so engage, remove, suspend or dismiss in the interests of the Company and also the power to determine the powers and duties of all such persons and to fix their salaries or emoluments and also to appoint or engage advocates, attorneys or solicitors to represent the interests of the Company;
2. Subject to the restrictions imposed by Section 293(1), paragraph (a) of the Act, the power to purchase, sell or otherwise acquire or dispose of any property, moveable or immovable, rights or privileges which the Company has authority to acquire or dispose of, at such price and on such terms as he shall think in the best interests of the Company;
3. Subject to the provisions of Section 293(1), paragraph (b) of the Act, the power to institute, conduct, compound refer to arbitration or abandon any legal proceedings by or against the Company;
4. The power to open and operate bank accounts in the name of the Company with such banks and on such terms and conditions as he shall think fit;
5. The power to make and sign all contracts, to draw, endorse, accept negotiate or discount any promissory notes, cheque, bill or exchange, bill of lading, warrant, railway receipt or any negotiable or transferable instruments;
6. The power to exercise the powers to the Board to borrow money otherwise than on debentures, to invest the funds of the Company and to make loans, to the extent that such power may be properly delegated to him by the Board in accordance with the procedure laid down by Section 292(1) of the Act;

**SECTION XIX**  
**DOCUMENTS FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered office of the Company on any working day (i.e. Monday to Friday and not being a bank holiday in Bhubaneswar) between 11:00 a.m. and 1:00 p.m. upto seven days from the date of filing of this Information Memorandum with the Stock Exchange.

1. Memorandum and Articles of Association, as amended till date.
2. Certificate of Incorporation and Certificate of Commencement of Business issued by the Registrar of Companies, Orissa, at Cuttack.
3. Copy of the Composite Scheme of Arrangement between Indian Charge Chrome Limited and Indian Metals & Ferro Alloys Limited and their respective Members and Creditors
4. Copy of Order of the Hon'ble High Court of Orissa at Cuttack, dated 13<sup>th</sup> October, 2006 sanctioning the Composite Scheme of Arrangement & Amalgamation under Section 391-394 of the Companies Act, 1956.
5. Copy of Order of the Hon'ble High Court of Orissa at Cuttack, dated 21st December 2006 granting an interim order of status quo.
6. Copy of Order of the Hon'ble High Court of Orissa at Cuttack, dated 22<sup>nd</sup> August, 2007 vacating the stay.
7. Copy of Order of the Hon'ble Supreme Court of India, dated 18<sup>th</sup> December, 2008 vacating the interim application seeking stay of listing of shares.
8. Letter No.DCS/SJK/RCG/AJ/2006/613235 dated 11<sup>th</sup> May, 2006 from BSE approving the Scheme under under Clause 24(f) of Listing Agreement.
9. Bipartite Agreement between IMFA and NSDL dated 30<sup>th</sup> November, 2006.
10. Bipartite Agreement between IMFA and CDSL dated 30<sup>th</sup> November, 2006.
11. Reports of Statutory Auditors of the Company dated 5<sup>th</sup> January, 2009 prepared as per Indian GAAP and mentioned in this Information Memorandum.
12. Copies of Annual Report of our Company for financial year 2005-06,2006-07 & 2007-08.
13. Certificate of Statutory Auditor to the Statement of Possible Tax Benefits mentioned in this Information Memorandum.
14. Copies of resolutions passed by the Board of Directors in their meeting held on 28<sup>th</sup> October, 2006 in respect of terms and conditions of the appointment of Dr. B. Panda as Executive Chairman; Mr. Baijayant Panda as Vice Chairman; Mr .Subhrakant Panda as Managing Director & Mr. J. K .Misra as Director (Corporate).

**SECTION XX**  
**DECLARATION**

To the best of the knowledge and belief of the Board of Directors of the Company, all statements made in this Information Memorandum are true and correct.

**Signed on behalf of the Board of Directors**  
**For Indian Metals & Ferro Alloys Limited,**

**Subhrakant Panda**  
**Managing Director**

**Place:** New Delhi

**Date:** 6<sup>th</sup> January, 2009