



BALASORE ALLOYS LIMITED

BOARD OF DIRECTORS

Mr Pramod Mittal, *Chairman*
 Mr V K Mittal
 Mr Mahesh Trivedi
 Mr S Mohapatra
 Mr S K Pal
 Dr A K Bhattacharyya
 Prof S K Majumdar
 Mr K P Khandelwal
 Mr R N Pandey
 Mr R K Jena, *Managing Director*
 Mr C R Pradhan, *Director - Operations*

GENERAL MANAGER & COMPANY SECRETARY

Mr Trilochan Sharma

BANKERS

State Bank of India
 State Bank of Hyderabad
 Allahabad Bank

AUDITORS

M/s S R Batliboi & Co
 Chartered Accountants
 22, Camac Street, 3rd Floor, Block "C",
 Kolkata - 700 016, India
 Tel.No + 91-33-22811224 (6 Lines)

REGISTRARS & TRANSFER AGENT

MCS Limited
 Unit : Balasore Alloys Ltd.
 77/2A, Hazra Road,
 Kolkata - 700 029, India
 Tel No. + 91-33-24541892/1893
 Fax No. + 91-33-24541961
 E-mail : mcskol@rediffmail.com

REGISTERED OFFICE & WORKS

Balgopalpur - 756 020
 Dist. Balasore, Orissa, India
 Tel. Nos. +91-6782-275781-85
 Fax No. +91-6782-275724
 E-mail: ispatalloys@yahoo.co.in
 investorshelpline@balasorealloys.com
 Website : www.balasorealloys.com

INTERNAL AUDITORS

M/s Das & Prasad
 Chartered Accountants
 Diamond Chambers,
 4, Chowringhee Lane,
 8th Floor, Room No. 8F, Block - 3rd,
 Kolkata - 700 016, India
 Tel. No. +91-33-2252-1911 (3 Lines)

MINES OFFICE

(I) Chrome Ore

Plot No. 1003, (Opp. PWD IB),
 Dhabalgiri, Post Sobra,
 Jajpur Road - 755 019, Dt. Jajpur
 Tele Fax No. + 91-6726224384

(II) Manganese Ore

(a) Ward No. 5, At & PO Katangi,
 Dt. Balaghat (M.P.) - 481 445

(b) Joda, Dist. Keonjhar
 Orissa - 758 035

ADMINISTRATIVE OFFICE

Park Plaza, 71, Park Street, 1st Floor,
 Kolkata - 700 016
 Phone No. +91-33-22178192
 Fax No. +91-33-22292278
 E-mail: ispatalloys@yahoo.co.in
 investorshelpline@balasorealloys.com
 Website : www.balasorealloys.com

**BALASORE ALLOYS LIMITED**

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From the Managing Director's Desk



Dear Shareholder,

The year 2008-09 has been a tumultuous one with exceptional buoyancy in the first half and unprecedented global economic crisis in the second. During the first two quarters your Company could achieve very high productivity and profitability but the real strength of your Company came to the forefront during the third and fourth quarters which saw majority of the Ferro Alloys producers across the globe shutting down their units or drastically reducing their scale of operations.

Your Company took several proactive measures which helped to sustain full scale operation against all odds and emerge as a much stronger entity with a robust business model. The major focus during the third and fourth quarters was cost optimization, marketing acumen & foresight as well as overall operational excellence. Your

Vision

"To be a globally trusted Supplier of Ferro Alloys as well as to Create Sustained Value Addition for all Stakeholders"

Company continued to maintain less than two days inventory during the difficult market scenario as compared to majority of Ferro Alloys producers who were holding more than two months stock and were forced to reduce their scale of operation. The excellent Customer Relationship Management of your Company helped in generating additional revenue through trading activity.

If we look at the financial numbers, the first half of the year 2008-09 showed a positive trend with a PBT of Rs. 5826.51 lacs and PAT of Rs. 3558.13 lacs. However, the global economic meltdown from the beginning of third quarter had a major impact on the profitability of your Company. The adverse impact due to valuation of raw material inventory and depreciation in the value of Indian Rupees against US Dollar resulted in substantial reduction in profitability during the year 2008-09 and your Company closed with a net profit of Rs. 93.59 lacs.

After the economic downturn in 2008-09, the future of Ferro Chrome industry appears to be quite promising with a growing demand of Stainless Steel at global level which has been driven by growth

**BALASORE ALLOYS LIMITED**

in Infrastructure and related sectors with corresponding increase in Ferro Chrome demand. Your Company is well organized to utilize every opportunity since it has achieved significant improvement in all operational parameters & optimized the productivity levels with the existing infrastructure. We are also looking at new horizons and with a vision to be a leader in the Ferro Alloys industry, your Company has planned for strategic investment in the area of Capacity Enhancement, Captive Power Generation & various developmental activities in mining operations. The lender of your Company has approved & implemented the second restructuring package under CDR mechanism.

Your Company continues to accord high priority to meet the requirement of various stakeholders like customers, suppliers, bankers, employees & society. The highly skilled & motivated workforce has been the backbone of your Company and they have demonstrated their resilience under most challenging circumstances. Your Company has also maintained a very congenial relationship in the periphery and the society at large which has generated lot of goodwill and support.

I trust that the year ahead will be marked with overall development and growth, while adding value for all stakeholders. I am confident that all of you will continue to support us in our journey of excellence to reach newer heights.

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Thanking you,

R K Jena
Managing Director



BALASORE ALLOYS LIMITED

Regd. Office : Balgopalpur - 756 020

Dist. Balasore, Orissa.

NOTICE

NOTICE is hereby given that the Twenty-First Annual General Meeting of the Members of Balasore Alloys Limited will be held at the Registered Office of the Company at Balgopalpur - 756 020, Dist. Balasore, Orissa, on **Friday, 18th September, 2009 at 9.30 A.M.** to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and Profit & Loss Account of the Company for the financial year ended 31st March, 2009 together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr M Trivedi, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr S Mohapatra, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company for the period commencing from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED that Mr R N Pandey, who, pursuant to Section 260 of the Companies Act, 1956 holds the office of Additional Director of the Company upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to retire by rotation."

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

"RESOLVED that Mr C R Pradhan, who, pursuant to Section 260 of the Companies Act, 1956 holds the office of Additional Director of the Company upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

7. To consider, and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

"RESOLVED that pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof, for the time being in force and subject to the such statutory approvals as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Mr C R Pradhan as Whole Time Director, designated as Director - Operations, of the Company for a period of 3 years w.e.f. 29th May, 2009 on the terms and conditions, including remuneration, as set out in the Agreement dated 30th May, 2009 entered into between the Company and Mr C R Pradhan, which agreement be and is hereby also approved."

"RESOLVED FURTHER that the remuneration as contained in the said agreement be paid to Mr C R Pradhan as minimum remuneration."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Mr C R Pradhan from time to time and the terms of the aforesaid Agreement shall be suitably modified to give effect to such alteration and/or variation."

RESOLVED FURTHER that Mr C R Pradhan is entitled to such annual increments as may be decided by the Board on the basis of his performance, such increment shall become effective from 1st April every year."

By Order of the Board

Kolkata
24th July, 2009

Trilochan Sharma
General Manager & Company Secretary

**BALASORE ALLOYS LIMITED****NOTICE - (Contd.)****NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THIS MEETING.**
2. The Explanatory Statement, pursuant to section 173(2) of the Companies Act, 1956, in respect of business at item Nos. 5, 6 and 7 above is annexed hereto.
3. In accordance with the provisions of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Register of the Company will remain closed from Wednesday, 16th September, 2009 to Friday, 18th September, 2009 (both days inclusive).
4. Members, who have multiple accounts in identical names or joint accounts in the same order in more than one folio, are requested to send all the Share Certificate(s) to the Registrars and Transfer Agent of the Company for consolidation of all such shareholdings into one folio to facilitate better service.
5. All requests for transfer of Equity Shares and allied matters along with the relevant transfer deeds, share certificates and copy of PAN Card should preferably be sent directly to the Company's Registrars and Transfer Agent, M/s MCS Limited, Unit- Balasore Alloys Ltd, and those Members who are holding shares in dematerialized form may send their advise on transfer and allied matters through their Depository Participants (DP) to the Depository.
6. Members are requested to notify immediately of any change in address to:
 - a) Their respective DPs in respect of holding of shares in dematerialized form.
 - b) The Registrars & Transfer Agent, M/s MCS Limited, Unit - Balasore Alloys Ltd, 77/2A, Hazra Road, Kolkata - 700 029 in respect of shares held in physical form.
7. Members are requested to intimate to the Company queries, if any, regarding the audited accounts / notice at least ten days before the Annual General Meeting to enable the Management to keep the information ready at the Meeting.
8. In accordance with Clause 49 of the Listing Agreement, the brief profile regarding each of the Directors seeking re-appointment / appointment in respect of business under Item Nos. 2, 3, 5, 6 and 7 of this Notice for the forthcoming Annual General Meeting is annexed hereto.
9. Section 109A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the Company. Therefore, Shareholders having physical holdings and willing to avail of this facility may make nomination in the prescribed Form 2B. In case shares are held in dematerialized form, the shareholders would have to approach their respective DP for registering their nomination. The prescribed nomination form can be obtained from the Company's Registrars and Transfer Agent. The members may take advantage of this facility, if they so desired.
10. **Members may note that the shares of the Company are to be compulsorily traded in dematerialized form and hence, those members who are still holding their share certificates in physical form are requested to get the same dematerialized.**
11. **Members/Proxies are requested to bring their copy of Annual Report to the Meeting and the attendance slip sent herewith, duly filled in with correct Folio No.(s) (in case of physical shareholding) and correct Client ID and DPID numbers (in case of shares held in demat form) for easy and quick identification of attendance at the time of the meeting.**

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.5**

The Board of Directors of the Company, at its meeting held on 30th January, 2009, appointed Mr R N Pandey as Additional Director of the Company with effect from that date. In terms of Section 260 of the Companies Act, 1956 (the 'Act') read with Article 141 of the Articles of Association of the Company, Mr R N Pandey will hold office of Additional Director upto the date of this Annual General Meeting. The Company has received a notice in writing with the requisite deposit from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr R N Pandey for appointment as a Director of the Company. Pursuant to Section 264 of the Companies Act, 1956, Mr R N Pandey has consented to act as a Director, if appointed.

The Board recommends the resolution for your approval in the interests of the Company.

None of the Directors, other than Mr R N Pandey, is concerned or interested in this resolution.

**ANNEXURE TO NOTICE - (Contd.)****Item No.6 & 7**

Mr C R Pradhan is a Mechanical Engineer with 40 years of experience in the field of Erection, Commissioning, Operations & Maintenance of Coal & Gas based Power Projects.

Mr Pradhan was awarded Gold & Silver Medals by Govt. of India (Ministry of Power) for his outstanding performance in Operation & Maintenance of Singrauli & Rihand Super Thermal Power Stations.

He is being associated with the Company for the past two years and had held key position in the Company. He has benefited the Company from his rich and varied experience in the field of Erection, Commissioning, Operations & Maintenance of Coal & Gas based Power Projects and continues to do so.

During his career, he was associated with various reputed organization like NTPC, Bhilai Electric Supply Company, BHEL and Orissa State Electricity Board over a period of 40 years. It is believed that Mr C R Pradhan's induction on the Board will be of immense benefit to the Company.

The Board of Directors at their meeting held on 29th May, 2009 appointed Mr Pradhan as a Whole Time Director designated as Director - Operations and approved the remuneration payable to him, as recommended by the Remuneration Committee, at a basic salary of Rs. 60,000/- per month, alongwith perquisites and allowances upto a maximum of 125% of his annual salary as aforesaid, subject to the approval of the shareholders at the General Meeting and other requisite approvals in this regard as may be necessary.

The proposed remuneration shall be the minimum remuneration payable to Mr Pradhan during any year during the currency of his tenure but shall not, however, exceed the limits prescribed under Paragraph 1(B) of Section-II, Part-II of Schedule XIII of the Act.

The salient features of the terms and conditions of the appointment and remuneration payable to Mr C R Pradhan are as under:

(a) Salary Rs. 60,000/- (Rupees Sixty thousand) per month in the scale of Rs. 50,000/- to Rs. 2,00,000/-. The annual increment shall be effective from 1st April each year and shall be decided by the Board on the basis of his performance.

(b) Perquisites, Benefits and Allowances:

- (i) In addition to the salary, Mr C R Pradhan shall also be entitled to perquisites, benefits and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and such perquisites, benefits and allowances will be subject to a maximum of 125% of his annual salary.
- (ii) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per the IncomeTax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost. Provision for use of company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- (iii) He shall not be entitled to any sum of money on account of Provident Fund and Superannuation or Annuity Fund and the Company shall not contribute any sum towards the aforesaid funds on his account.

(c) Other terms and Conditions:

- I. The Company shall also pay the above remuneration as minimum remuneration notwithstanding the fact that the Company has no profit or its profits are inadequate during any year.
- II. The terms and conditions of the appointment and/or agreement are subject to the provisions of Sections 198 and 309 of the Companies Act, 1956 and may be altered or varied from time to time by the Board as it may, in its discretion, deem fit within the maximum amount payable in accordance with the Schedule XIII of the Companies Act, 1956 or any amendment made hereafter in this regard.

The Resolutions set out in Item No.6 & 7 of the accompanying Notice is intended to obtain the consent of the shareholders relating to appointment and remuneration payable to Mr C R Pradhan.

The Board recommends the resolutions as set out in the accompanying Notice for your approval in the interests of the Company. Mr C R Pradhan may be deemed to be concerned or interested in the Resolution. No other Director has any concern or interest therein.

This may also be treated as compliance under the provisions of Section 302 of the Companies Act, 1956.

By Order of the Board

Kolkata
24th July, 2009

Trilochan Sharma
General Manager & Company Secretary



BALASORE ALLOYS LIMITED

ANNEXURE TO NOTICE - (Contd.)

DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE 21ST ANNUAL GENERAL MEETING.

(Pursuant to Clause 49 of the Listing Agreement)

| Name of Director | Mr M Trivedi | Mr S Mohapatra | Mr R N Pandey | Mr C R Pradhan |
|---|---|---|---|--|
| Date of Birth | 01.12.1940 | 06.01.1936 | 01.10.1948. | 28.06.1943 |
| Date of Appointment | 15.01.1992 | 27.06.2001 | 30.01.2009 | 29.05.2009 |
| Qualifications | M.A (Eng.) | B.Sc. - Tech (Hons), I.I.T. Kharagpur - Applied Geology & Geo-physics. | B.Sc - Engineering (Mechanical) Institute of Technology, Banaras Hindu University. | B.Sc - Engineering (Mechanical) |
| Expertise in specific functional areas | Having rich experience in managing large projects & steel plants. | Retired Ex-Director of Mining & Geology Government of India, having rich experience of mining & exploration | Having rich experience and expertise in the areas of production, despatch, maintenance, operations and projects. Associated with SAIL for more than 37 years & holding key positions, including Executive Director - Safety and Executive Director - Centre for Engineering & Technology. | Having rich experience and expertise, inter-alia, in the areas of Project Planning & Execution and Setting-up of Thermal Power Plant. During his career, he was associated with various reputed organization like NTPC, Bhilai Electric Supply Company, BHEL and Orissa State Electricity Board over a period of 40 years. |
| List of Companies in which outside Directorship held | Director Gontermann-Peipers (India) Limited | Director Industrial Development Corporation of Orissa Ltd. Lloyds Metal & Engineering Ltd | Director Gontermann-Peipers (India) Limited | Nil |
| Chairman/Member of the committees of the Board of the Companies on which he is a Director | Audit Committee Gontermann-Peipers (India) Limited - Chairman Share Transfer & Investors' Grievance Committee Gontermann-Peipers (India) Limited - Chairman Remuneration Committee Gontermann-Peipers (India) Limited - Chairman Finance Committee Gontermann-Peipers (India) Limited - Chairman | Nil | Audit Committee Gontermann-Peipers (India) Limited - Member Remuneration Committee Gontermann-Peipers (India) Limited - Member Share Transfer Committee Gontermann-Peipers (India) Limited - Member | Nil |
| Details of shareholding (Both own or held by/ for other persons on a beneficial basis), if any, in the Company. | 252 shares held in his name | Nil | Nil | Nil |


BALASORE ALLOYS LIMITED
DIRECTORS' REPORT

Your Directors submits their 21st Report on the business and operations of the Company together with Audited Accounts for the financial year ended 31st March, 2009.

STATE OF COMPANY'S AFFAIRS - FINANCIAL RESULTS

| | (Rs. in Lacs) | |
|--|--|---|
| | Financial year ended 31st March, 2009 | 15 months period ended 31st March, 2008 |
| 1. Sales/Income from operations | 65689.46 | 55039.57 |
| Less: Excise Duty | 1816.03 | 1953.95 |
| | 63873.43 | 53085.62 |
| 2. Other Income | 1123.62 | 1186.51 |
| 3. Total Income (1+2) | 64997.05 | 54272.13 |
| 4. Total Expenditure | 58283.89 | 44094.23 |
| 5. Profit before Interest & Finance charges and Depreciation (3-4) | 6713.16 | 10177.90 |
| 6. Interest & Finance Charges | 4457.79 | 3162.58 |
| 7. Depreciation | 1185.39 | 1836.74 |
| 8. Profit before Prior Period Items & Taxes (5-6-7) | 1069.98 | 5178.58 |
| 9. Prior Period Items (Net) | 361.83 | 61.75 |
| 10. Profit before Taxes (8-9) | 708.15 | 5116.83 |
| 11. Provision for Taxes | | |
| – Current Tax | 99.97 | (35.07) |
| – Deferred Tax Charge | 514.59 | 1822.79 |
| 12. Profit after Taxes (10-11) | 93.59 | 3329.11 |
| Add: Balance brought forward from previous year | 9485.71 | 6299.59 |
| Less: Adjustment towards additional Employee benefit (Liability) | — | 142.99 |
| Amount carried to next year | 9579.30 | 9485.71 |

TRANSFER TO RESERVE

Reserve and surplus of the Company stood at Rs.20806.03 lacs at the end of the financial year ended 31st March, 2009 as against Rs.22866.99 lacs at the end of the previous 15 months period ended on 31st March, 2008. The reduction is on account of additional depreciation on revalued assets, which has been appropriated from General Reserve.

FINANCIAL REVIEW

The financial results of your Company have been adversely affected due to global economic meltdown and recession in the industry worldwide. Unprecedented crash in Ferro Alloys prices and prices of raw materials such as Chrome Ore Lumps, Coal and Coke adversely impacted the valuation of inventories by Rs.1666.06 lacs. Further, significant depreciation in the value of Indian Rupee against US Dollar owing to abnormal financial conditions prevailing globally resulted in lowering the profits for the year by Rs.6075.59 lacs.

Nonetheless, your Company earned net profit of Rs.93.59 lacs for the financial year ended 31st March, 2009 as against Rs. 3329.11 lacs during the previous fifteen months period ended 31st March, 2008. Profit Before Tax (PBT) is recorded at Rs. 708.15 lacs for the financial year ended 31st March, 2009 as against Rs.5116.83 lacs registered in the previous fifteen month period ended 31st March, 2008. Turnover for the financial year ended 31st March, 2009 increased by 50.40% (annualised) to Rs.63873.43 lacs as against Rs.53085.62 lacs during the 15 months period ended 31st March, 2008. Export Turnover for the financial year ended 31st March, 2009 increased by 52.64% (annualised) to Rs.49474.53 lacs as against Rs.40514.75 lacs during the previous fifteen month period.

**BALASORE ALLOYS LIMITED****DIRECTORS' REPORT (Contd.)****DIVIDEND**

The compelling need of the hour is to maintain better liquidity position and conserve existing resources of the Company. As such, your Directors are constrained not to recommend any dividend for the year under review.

OPERATIONS

The production during the period under review was 88,846 MT as against 1,12,446 MT for the previous 15 months period ended 31.03.2008.

The year under review was unprecedentedly volatile for the Ferro Chrome Industry as it started with rising Ferro Chrome (FeCr) prices and Long Term Bench Mark (LTBM) price reaching to historic high. Global turmoil in financial market, dire end-demand and industry de-stocking rapidly ended the Ferro Chrome price climb by the second half of the year. Stainless Steel output reduced dramatically and most of the FeCr producers in the Industry took precautionary steps by way of sharply cutting back output in face of lack of demand and Global FeCr stock reached all time high at 24 weeks consumption. Your Company, however, maintained normalcy in its operations owing to some effective strategic steps like maintaining minimum Finished Goods inventory without reducing output, reduction of Cost of Production by optimising consumption norms through effective usage of captive and low cost raw materials and enhanced focus on export markets.

EXPORT

Export of Ferro Chrome constitutes 77% of the total turnover of the Company. The Company exported 68726 MT valued at Rs.49474.53 lacs during the financial year ended 31st March, 2009 under review as against 81486.10 MT valued at Rs.40514.75 lacs in the previous fifteen month period ended 31st March, 2008, registering a growth of 52.64% (annualised) in export turnover.

While no one is immune to such severe cyclicity of the business and volatility in market conditions, it is heartening to note that your Company has been able to maintain output and stock at normal level throughout the year through its efforts and focus in export market and support of valued customers. Your Company not only exported own production during the downturn market situation, but also explored trading opportunity by buying from the competitors who were carrying big inventories and selling that in export market to earn additional profit for the Company.

FUTURE PROSPECTS

With businesses booming and busting in a matter of months, there could not have been any year more challenging and volatile than the financial year 2008-09 in the history of the Company. After the economic downturn in 2008-09, the future of the Ferro Chrome industry appears to be quite promising. Recent stimulus packages by various governments have focused on development of infrastructure. The growing usage of stainless steel in architecture, building and infrastructure fuels the demand in the long term. Huge destocking of Ferro Chrome throughout the world has led the stainless steel mills in China, India and Korea to start fresh buying. This amplified buying in the tight supply situation has given an upward swing to price which is expected to be stable through this year.

PROJECTS

In the previous year your Board of Directors had approved CAPEX Plans of the Company for setting up captive power plant, capacity enhancement and upgradation of switch yard, capacity enhancement of chrome ore beneficiation plant, upgradation of existing furnaces and setting up of new Ferro Chrome furnace. However, in view of the turbulent economic conditions during the year 2008-09 your Board of Directors has taken a decision to priorities its CAPEX requirements and accordingly your Company has taken up setting up of power plant on its top most priority.

Ferro Chrome is a power intensive industry and power contributes about 45% of the variable cost of production. Your Company at present is totally dependent on the state power supply company, where the quality and consistent supply of power remains a concern area. Considering the present monopolistic situation of power in the state, setting up of captive power plant is the most urgent and need based project of the Company necessary for its long term survival. Substantial progress like acquiring of land, tie-up of the coal linkage and various Government clearances/approvals, has already been made in this regard. The Company is in the process of obtaining necessary approvals from Government Agencies and Financial Institutions and securing financial tie-up for the project.

MINES

The Company is having chromite ore mines located at Sukinda valley, Jajpur, Orissa, manganese ore mines located at Hathoda, Balaghat, Madhya Pradesh and at Joda, Keonjhar district, Orissa.