

# Annual Reports Library

12th



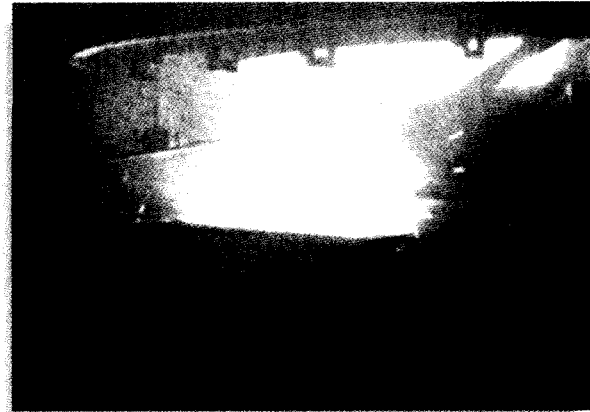
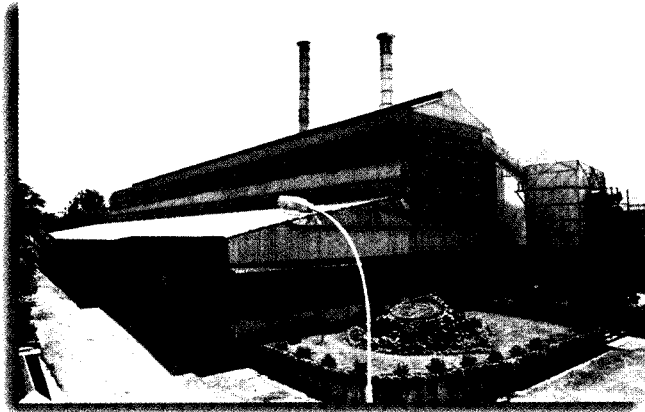
**INDSIL**

Indsil Electrosmelts Limited

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## Smelter

- Product - Low carbon silico manganese
- Proprietary process and technology
- Capacity of 12,000 metric tonnes per year



Report  Junction.com

## Power Generation

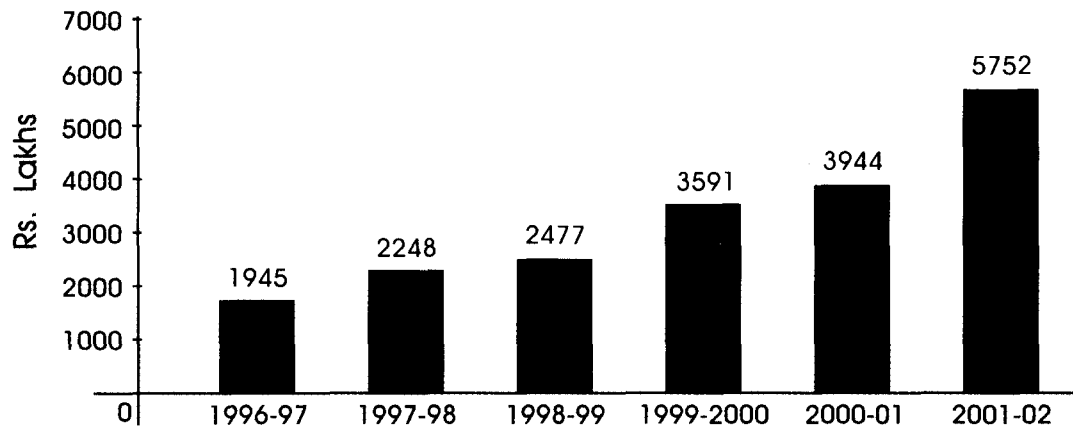


- 21 MW hydro electric power station.
- One of India's most competitive power plants built at a cost of Rs. 2.3 Cr / MW of capacity
- State-of-the-art technology

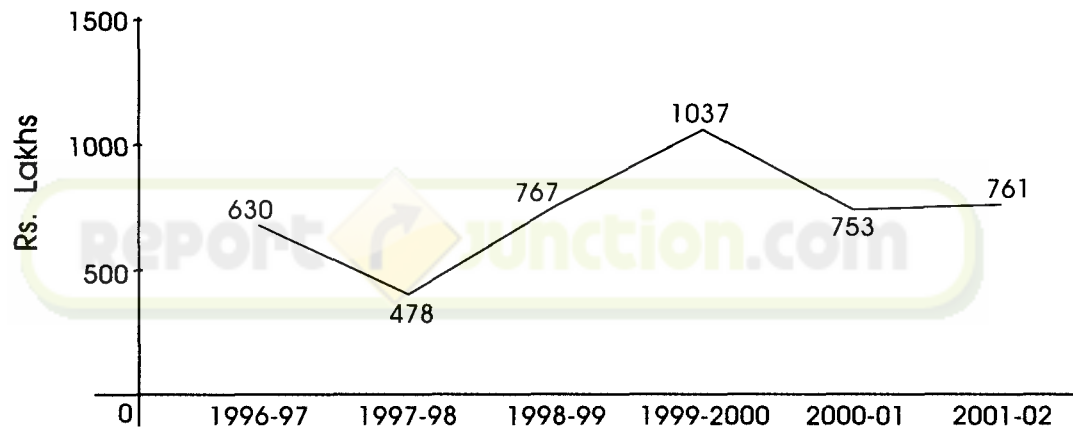


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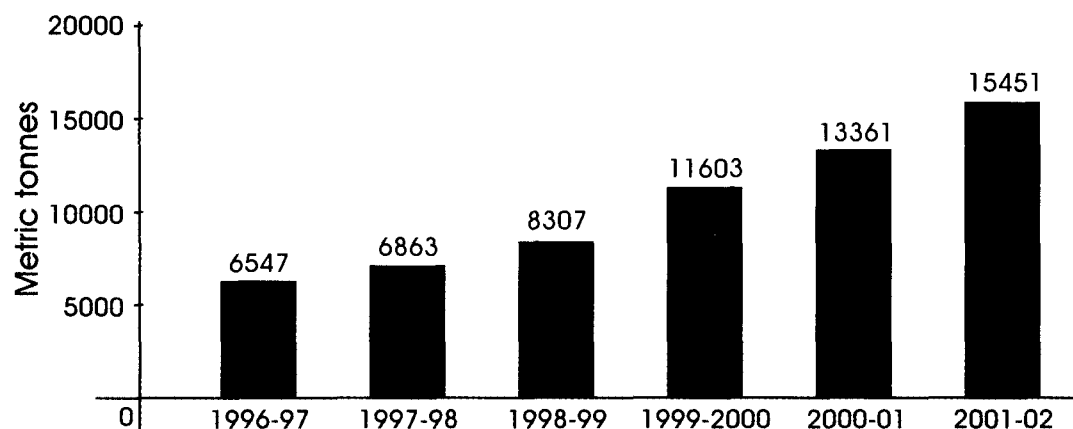
## NET SALES



## OPERATING PROFIT



## FERRO ALLOYS PRODUCTION



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## INDSIL ELECTROSMELTS LIMITED

12<sup>TH</sup> ANNUAL REPORT FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2002

### BOARD OF DIRECTORS

SRI.S.N.VARADARAJAN  
CHAIRMAN & MANAGING DIRECTOR

SRI.VINOD NARSIMAN  
CHIEF EXECUTIVE OFFICER

SRI S. INDERCHAND

SRI B. BALCHAND

SMT. D. PUSHPA VARADARAJAN

DR. S. RAMA IYER

SRI K.S. MAHADEVAN

SRI M.K. RAVINDRANATHAN, IAS (RETD.  
NOMINEE OF KSIDC

DR. A.K. SREEDHARAN

SMT. P.S. PREMA  
NOMINEE OF IDBI

### COMPANY SECRETARY

SRI S. MAHADEVAN

### AUDITORS

M/S. K.S.G. SUBRAMANYAM & CO.,  
CHARTERED ACCOUNTANTS  
COIMBATORE

### DEPOSITORY SERVICES (RTA)

SKDC CONSULTANTS LTD.  
No.11, Street No.1  
S.N. Layout, West Power House Road, Tatabad  
COIMBATORE 641 012  
Phone : 0422 - 499856, 494704, 495962  
E-mail : info@skdc\_consultants.com

### BANKERS

STATE BANK OF INDIA  
STATE BANK OF TRAVANCORE  
THE FEDERAL BANK LIMITED  
IDBI BANK LIMITED  
INDUSIND BANK LIMITED  
THE SOUTH INDIAN BANK LIMITED  
CITI BANK

### REGISTERED & ADMN. OFFICE

49 AVANASHI ROAD  
COIMBATORE 641 037

### WORKS

**SMELTER UNIT**  
VI-679 PALLATHERI  
ELAPULLY  
PALAKKAD 678 007  
KERALA

**HYDRO ELECTRIC POWER PLANT**  
VIII/351 RAJAKKAD  
IDUKKI DISTRICT - 685 566  
KERALA

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## NOTICE OF THE 12TH ANNUAL GENERAL MEETING.

NOTICE is hereby given that the 12th Annual General Meeting of the Company will be held at Chamber Towers, 8/732 Avanashi Road, Coimbatore 641 018 on Monday, the 23<sup>rd</sup> December 2002 at 10.15 A.M. to transact the following business :

Members are requested to make it convenient to attend the meeting.

### AGENDA

#### ORDINARY BUSINESS

1. To consider and adopt the Profit & Loss Account for the period ended 30<sup>th</sup> June, 2002, Balance Sheet as at that date, Auditors' report thereon, Directors' Report and the Cash Flow Statement for the period ended 30<sup>th</sup> June, 2002.
2. To appoint a Director in the place of Sri. B. Balchand who retires by rotation and being eligible for re-election offers himself for reappointment.
3. To appoint a Director in the place of Dr. S. Rama Iyer who retires by rotation and being eligible for re-election offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors of the Company. The retiring Auditors M/s.K.S.G. Subramanyam & Co., Chartered Accountants are eligible for reappointment.

#### 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 in accordance with Schedule XIII read with Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof, for the time being in force) and as per the Remuneration Committee's recommendation and approval of the Board of Directors of the Company, the consent of the Company be and is hereby given to the re-appointment of Sri Vinod Narsiman as Chief Executive Officer of the Company for a period of five years with effect from 06-11-2002 on the same remuneration, terms and conditions as of now exists as per the following details :

1. Salary : Rs.20,000/- per month. (Rupees: Twenty Thousand only).
2. Perquisites : In addition to the above salary :-
  - a. Company leased residential accommodation on recovery of 10% of the salary.
  - b. Expenditure for medical treatment incurred for self, wife and dependent children not exceeding one month's salary per annum or 3 month's salary over a period of 3 years.
  - c. Leave travel concession for self, wife and dependent children once in an year in accordance with the rules of the Company.
  - d. Fees of clubs of choice, however not exceeding 2 numbers, over and above admission fees payable.
  - e. Personal accident insurance premium not exceeding Rs.6000/- per annum.
  - f. Company's contribution to Provident Fund as per rules of the Company and as laid down under Income Tax Rules, 1962.
  - g. Contribution of Superannuation Fund / Annuity as per rules of the Company.
  - h. Gratuity as per rules of the Company, but not exceeding half a month's salary for each completed year of service.
  - i. Encashment of leave at the end of the tenure as per the rules of the Company.
  - j. Any other perquisites as may be allowed by the Board of Directors of the Company within the permissible limits.

The above is subject to the fact that the aggregate of the salary, commission, and perquisites payable shall not exceed the prescribed ceiling on the net profits of the Company calculated in accordance with Section 198 and Section 309 of the Companies Act, 1956.

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- II. a. The Chief Executive Officer shall be entitled to reimbursement of all actual expenses including on entertainment and travelling incurred in the course of the Company's business.
- b. The Company shall provide a car with driver and telephone facility at the residence of the Chief Executive Officer. Provisions of car with driver for use of the Company's business and telephone facility at the residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Chief Executive Officer.
- III. In case the Company has no profits or its profits are inadequate in any financial year during the currency of the tenure of Sri.Vinod Narsiman as Chief Executive Officer of the Company, Sri.Vinod Narsiman shall be entitled to receive remuneration as above subject to minimum remuneration specified in para 1. A of Section II of part II of Schedule XIII of the Companies Act, 1956 as amended from time to time provided that the following perquisites shall not be included in the computation of remuneration.
- a. Company's contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- c. Encashment of leave at the end of the tenure.
- IV. Appointment may be terminated by either side at any time by giving 3 month's notice in writing provided that in case termination is desired by the Company payment of 3 month's salary in lieu of notice will be taken as sufficient."
6. 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 the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force); the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder; Listing Agreements with the Stock Exchanges, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors (hereinafter referred to as "the Board"), the consent of the Members of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Ltd, New Delhi".
- "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to forward applications in the manner so required together with such documents, information, etc. and further authorised to execute such papers, declarations, undertakings, etc., and to do all such acts, deeds, things, matters and other things as may be required to give effect to this resolution."
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.
- "RESOLVED THAT subject to the provisions of Sec.78, 100 and other applicable provisions, if any, of the Companies Act, 1956 and Article Nos.4 and 47 of the Articles of Association of the Company and subject to the confirmation by the Hon'ble High Court of Judicature, Madras, the share premium account of the Company as on 30-06-2002 be reduced from Rs.2,24,06,059 to Rs.76,99,811 and that such reduction be effected by adjusting the same against the sum of Rs.1,47,06,248 being the loss incurred by the Company on the sale of the shares held by the Company in Indsil Auto Components Ltd."
- " RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and for removal of any doubts, the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee or any person which the Board may nominate/constitute to exercise its powers including the powers conferred under this resolution) be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to reduction, by way of adjustment of the share premium account including passing of such accounting entries and/or making such other adjustments in the books of account as considered necessary to give effect to the above resolution and to carry out such modifications/alterations as may be ordered by the Hon'ble High Court of Judicature, Madras to implement the aforesaid resolution."
- " RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to file the requisite petition before the Hon'ble High Court of Judicature, Madras for confirmation of the reduction of the share premium account and to sign all the required papers and to do all things necessary for the above purpose."

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8. 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 31 and other applicable provisions, if any, of the Companies Act, 1956, the following Article be inserted in the Articles of Association of the Company as Article No.80 A.

80A. The Company shall have the power to hold Board or Committee meetings through the means of video or tele-conferencing, and also allow Directors to participate in the Board or Committee meetings through the means of video or tele-conferencing, subject to the applicable provisions, if any, of the Companies Act and any other regulatory provisions, if any, and all relevant articles dealing with Board or Committee meetings shall be read *mutatis mutandis* and all such Board or Committee meetings held as above shall be considered to have been properly convened and held and the Directors who participate in such Board or Committee meetings through video or tele-conferencing facilities shall be considered as Directors who have attended such Board or Committee meetings."

By Order of the Board.

Place : Coimbatore  
Date : 28.10.2002

**S.N. VARADARAJAN**  
Chairman & Managing Director





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## NOTES FOR MEMBERS' ATTENTION:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy form should be lodged at the Registered Office of the Company atleast 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 16.12.2002 to 23.12.2002. (Both days inclusive)
3. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business set out in the Notice and the relevant details in respect of reappointment of Directors retiring by rotation, pursuant to Clause 49 of the Listing Agreements are annexed hitherto.
4. Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund of the Central Government and no payments shall be made in respect of any such claims by the Fund. Members who have not encashed their Dividend Warrants for the earlier years are requested to make their claim to the Company.
5. Members holding shares in physical form are requested to notify change in their address, if any, to the Registered Office of the Company and Members holding shares in dematerialised form are requested to notify change in their address to their respective Depository Participants.
6. Members are requested to bring their copy of the Annual Report to the meeting.
7. Members who have not yet given their Bank's Name, Address and Account Number are requested to furnish the same to the Registered Office of the Company.
8. The equity shares of the Company are listed on Coimbatore, Mumbai, Chennai, New Delhi and Ahmedabad Stock Exchanges. The Annual Listing fees have been paid upto date to all the exchanges.
9. Members who have multiple accounts in identical names or joint accounts in same order are requested to send all their share certificates to the Registered Office of the Company for consolidation of all such shareholding into one account to facilitate better service.
10. For the convenience of the Members, an attendance slip is annexed to the proxy form. Members are requested to affix their signatures at the space provided and hand over the attendance slip at the place of the meeting.
11. All the documents referred to in the Notice of the Annual General Meeting and the Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours ( 9.30 A.M to 5.30 P.M ) on all working days except Holidays before the date of the Annual General Meeting.
12. Shareholders seeking any information with regard to accounts are requested to write to the Company seven days prior to the meeting so as to enable the management to keep the information ready.
13. Equity shares of the Company have been placed under Compulsory Demat Trading. Members who have not dematerialised their physical holding in the Company are advised to avail the facility of dematerialisation of equity shares of the Company.

## 14. DEMATERIALISATION OF SHARES

Consequent to the direction received from the Governing Board of Mumbai Stock Exchange, trading of equity shares of your Company in dematerialised form has been made compulsory. Your Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and SKDC Consultants Ltd., Coimbatore (for connectivity with NSDL & CDSL) to enable the shareholders to have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL.

The ISIN of the equity shares of your Company is INE867D01018.

The Depository System (DS) envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, long settlement cycles, mutilation of share certificates, etc., Simultaneously, DS offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc.,



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In order to maintain your shareholding in the electronic form by joining the DS, you will have to open an account with a DEPOSITORY PARTICIPANT (DP), who are agents of NSDL or CDSL and lodge your share certificates through the DP with the Share Department of the Company for dematerialisation. The DP will then ensure that the physical share certificates are cancelled and after verification by the Company, an equivalent number of shares will be credited to your account with the DP in the electronic form. You are also permitted under the DS to reconvert your electronic shareholding into the physical form of share certificates by a process of rematerialisation. It may be noted that the DP would charge the investors for its services, which may vary from one DP to another.

It is reiterated that requests for dematerialisation and rematerialisation are to be made only to the DP with whom you have opened an account AND NOT DIRECTLY TO THE COMPANY.

By Order of the Board.

Place : Coimbatore  
Date : 28.10.2002

**S.N. VARADARAJAN**  
Chairman & Managing Director



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## EXPLANATORY STATEMENTS :

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statements set out all material facts relating to the business mentioned under Item Nos. 5 to 8 of the accompanying Notice dated 28<sup>th</sup> October, 2002.

### ITEM NO.5

Sri.Vinod Narsiman is B.E. (Mechanical) and M.B.A. (Finance) from the University of Michigan, Ann Arbor, USA. Considering his techno-financial expertise and experience, he was appointed as Executive Director of the Company for a period of 5 years from 06-11-97 ( redesignated as Chief Executive Officer w.e.f. 26-07-2002) and his term of office expires on 05-11-2002. The Remuneration Committee of the Company at its meeting held on 28-10-2002 recommended to reappoint Sri Vinod Narsiman as Chief Executive Officer of the Company for a further period of 5 years on the same remuneration, terms and conditions as of now exists. The remuneration and perquisites payable to Sri Vinod Narsiman are in line with the requirements of Schedule XIII of the Companies Act, 1956.

None of the Directors other than Sri S.N. Varadarajan, Chairman & Managing Director, Smt. D. Pushpa Varadarajan, Director and Sri Vinod Narsiman, Chief Executive Officer are interested in this resolution.

The Board of Directors recommend the resolution and the same is placed before you for approval.

The foregoing material facts may also be treated as an abstract of the terms of Sri Vinod Narsiman's reappointment as Chief Executive Officer for the purpose of Section 302 of the Companies Act, 1956.

### ITEM NO. 6

Voluntary delisting of equity shares on the exchanges other than the Regional Stock Exchange i.e Coimbatore Stock Exchange in the case of your Company shall be permitted by such exchanges on the request of the Company.

The shareholders of the Company, at the 10<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September, 2000, had passed a special resolution, for delisting of the Company's equity shares from Ahmedabad, Cochin and Delhi Stock Exchanges. The Stock Exchange of Cochin alone delisted the Company's equity shares with effect from 1-3-2002.

The shareholders' permission is sought for passing a special resolution again in order that the Company may continue its efforts for delisting of its equity shares from the exchanges of Ahmedabad and Delhi, based on the fact that the number of transactions put through in the exchanges of Ahmedabad and Delhi were practically nil or negligible. Further, the expenses incurred by the Company due to listing in such exchanges are increasing day by day.

None of the Directors are interested in the said resolution.

The Board of Directors recommend the resolution and the same is placed before you for your approval.

### ITEM NO.7

The Company is in the process of restructuring its operations with the view to increase its productivity. With its technological expertise, it is planning to establish manufacturing facilities in various states to meet the growing demand for its products.

It is therefore, necessary to reflect the correct operational and financial performance. The management is concentrating in its existing business of manufacture of silico manganese and related activities and decided to divest its investments in Indsil Auto Components Ltd. which is engaged in a non-core area of activity. As a result of its divestment, the Company had to incur a loss of Rs. 1,47,06,248.

An amount of Rs.2,24,06,059 is standing to the credit of share premium account as on 30-6-2002 and in accordance with Section 78 read with Section 100 of the Companies Act, 1956, the Audit Committee at the instance of the Board of Directors had examined the proposal for a re-structuring and recommended application/utilisation of the share premium account for set off of loss on sale of shares in Indsil Auto Components Ltd. subject to the approval of the shareholders and confirmation by the Hon'ble High Court of Judicature, Madras.

The Board of Directors had, while accepting and approving the recommendations of the Audit Committee, suggested that an amount of Rs.1,47,06,248 incurred on account of loss on sale of shares be and is hereby set off against the balance in the share premium account of Rs.2,24,06,059 as on 30-6-2002. That is to say that the effect of the resolution is to reduce the share premium account and effect such reduction by adjusting the loss on sale of shares against the credit standing in such account.