



Indsil Hydro Power and Manganese Limited
27th Annual Report 2016-17

Focused Strategy
STEADY GROWTH

01-05



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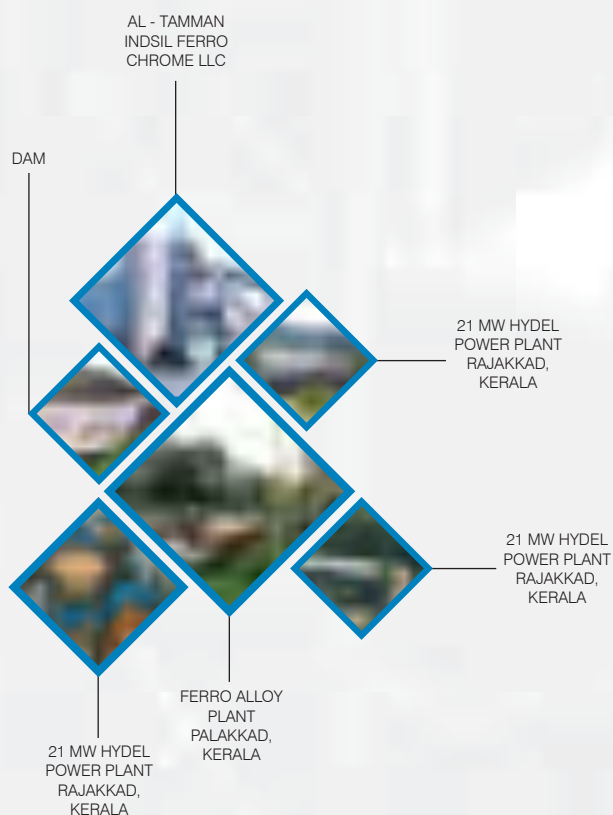
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CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri B. Balchand

Non - Executive Chairman

Sri S.N. Varadarajan

Executive Vice - Chairman

Sri Vinod Narsiman

Managing Director

Sri S. Inderchand

Smt. D. Pushpa Varadarajan

Sri K.S. Mahadevan

Sri K. Ramakrishnan

Dr. A.K. Sreedharan

Dr. T.C.P. Nambiar (till 13th November, 2017)

Sri K. Annamalai (w.e.f 13th November, 2017)

Sri V. Dharmaraj (w.e.f 13th November, 2017)

Sri S. Mahadevan

Company Secretary

Sri R. Murali

Chief Financial Officer

STATUTORY AUDITORS

M/s. Raja & Raman
Chartered Accountants
1055/11, Gowtham Centre
1st Floor, Avinashi Road,
Coimbatore 641 018
Phone: 0422 2246591
Email: rajaandraman@gmail.com

INTERNAL AUDITOR

Smt. K.R. Divya
Chartered Accountant
No. 37, P.M.Samy Colony, 1st Street,
R.S.Puram, Coimbatore 641 002
Mobile: 95974 00200
Email: divyaramankr@yahoo.co.in

SECRETARIAL AUDITOR

KSR & Co Company Secretaries LLP
Indus Chambers, Ground Floor
No. 101 Govt. Arts College Road
Coimbatore 641 018
Phone: 0422 2305676, 2302868
Email: rirs@eth.net

REGISTRARS & SHARE TRANSFER AGENTS (PHYSICAL & DEMAT)

S.K.D.C Consultants Limited
"Kanapathy Towers"
3rd Floor, 1391/A-1
Sathy Road, Ganapathy,
Coimbatore 641 006
Phone: 0422 4958995, 2539835/6
E-mail: info@skdc-consultants.com

BANKERS

- ◇ State Bank Of India
- ◇ Export Import Bank Of India
- ◇ IDBI Bank Limited
- ◇ Yes Bank Limited
- ◇ RBL Bank Limited
- ◇ The Federal Bank Limited

REGD. & CORPORATE OFFICE

"Indsil House", T.V. Samy
Road (West), R.S.Puram,
Coimbatore 641 002

WORKS SMELTER UNIT

VI-679 Pallatheri, Elapully, Palakkad 678 007, Kerala

RAJAKKAD HYDRO ELECTRIC POWER PLANT

VIII/351 Rajakkad, Idukki District - 685 566, Kerala

SUBSIDIARY COMPANY

Sree Mahalakshmi Smelters Pvt Ltd
"Indsil House", T.V.Samy Road (West),
R.S. Puram, Coimbatore 641 002
Phone: 0422 4522922/3
Email : indsilho@indsil.com

JOINT VENTURE

Al-Tamman Indsil Ferro Chrome LLC
CR.No.1090488, P.O. Box 592,
Al Hamriya, Postal Code 131,
Sultanate of Oman

WHOLLY OWNED SUBSIDIARY

Indsil Hydro Global FZE
SAIF Lounge, P.O. Box 9049
Sharjah Airport International
Free Zone (SAIF) UAE

OUR STRATEGY IS AIMED AT CONSISTENTLY DRIVING VALUE CREATION FOR OUR SHAREHOLDERS BY STEADY GROWTH, GEOGRAPHICAL DIVERSIFICATION, PRODUCT DIVERSIFICATION AND PURSUING BEST POSSIBLE VERTICAL INTEGRATION FOR OPPORTUNITIES.

INDSIL IS THE PIONEER AND INDIA'S LARGEST PRODUCER

OF LOW CARBON SILICO MANGANESE

Indsil Hydro Power and Manganese Limited (Indsil) is a part of prestigious Indsil Group that manufactures Low Carbon Silico Manganese (LCSM) and Ferro Chrome – key ingredients used in the Stainless Steel Industry.

Headquartered in Coimbatore (India), Indsil has LCSM Smelters in India integrated with captive hydel and thermal power. Besides, it also has a Ferro Chrome Smelter in Oman integrated with captive chrome mines.

WE PURSUE TO BE THE PREFERRED SUPPLIER FOR OUR PRODUCTS AND SOLUTIONS BY CONTINUOUSLY DELIVERING SUPERIOR VALUE TO OUR CUSTOMERS, WORLDWIDE. THE GROUP REMAINS WELL PLACED FOR FURTHER VALUE ACCRETIVE OPPORTUNITIES





45,100 TPY
Consolidated LCSM
Smelter Capacity

75,000 TPY
Ferro Chrome Smelter
Capacity

33 MW
Consolidated Thermal and
Hydro Power Capacity

900+
Employees spread across
Kerala, Chhattisgarh and Oman

GEOGRAPHICALLY DIVERSIFIED, HIGH QUALITY ASSET PROFILE IS ONE OF THE BIGGEST STRENGTHS OF THE GROUP.



GROUP COMPANY



ASSET



CAPACITY



LOCATION

Indsil Hydro Power and Manganese Limited	LCSM Smelter Captive Hydro Power Plant	14,000 TPY* 21 MW*	Palakkad, Kerala Rajakkad, Kerala
Indsil Energy and Electrochemicals Private Limited**	LCSM Smelter Captive Thermal Power Plant	18,500 TPY 12 MW	Raipur, Chhattisgarh
Sree Mahalakshmi Smelters Private Limited	LCSM Smelter	12,600 TPY	Vizianagaram, Garbham, Andhra Pradesh
Al Tamman Indsil Ferro Chrome LLC (ATIFC)***	Ferro Chrome Smelter	75,000 TPY	Sohar, Sultanate of Oman
Al Tamman Indsil Ferro Chrome LLC	Captive Chrome Mines	Undetermined	Zyami, Oman

* MW: MegaWatt; TPY: Tonnes Per Year

** Indsil Energy and Electrochemicals Private Limited is proposed to be merged with Indsil Hydro Power and Manganese Limited

*** ATIFC is a 50:50 Joint Venture between Indsil Group and the Muscat Overseas Group set up to add value to the natural chrome ore resources available in the Sultanate of Oman by producing ferro chrome, a key ingredient for manufacturing stainless steel

OUR CONSISTENT FOCUS ON VALUE-ACCRETIVE GROWTH WILL ALLOW US TO BUILD A PLATFORM FOR A SUSTAINABLE GROWTH.

CONSIDER THE FOLLOWING FACTS:

- ◇ Indsil is the only Industry player in Asia having a Renewable Energy Captive Power asset
- ◇ ATIFC has a Ferro Chrome complex with captive chrome mines
- ◇ The Group is equipped with technology to produce Ultra Low Carbon Silico Manganese which allows value addition in terms of realizations and as recently seen, ensures efficient capacity utilization even during zero market events
- ◇ First mover advantage in Oman with significant entry barriers (presently)



MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

Greetings and good wishes to all the shareholders.

In the ferro alloy industry, your Company has earned a rare distinction of creating a unique mix of assets and investments over the years of its evolution. Your Company is the only one in the industry having a captive hydroelectric power plant and it is also the only Company in the industry to have created a multinational status for itself by way of its investment in Oman. Over the very recent past, your Company has made significant efforts in trying to diversify its asset base across regions and across products thereby reducing dependence on monsoon performance and the performance of its core product – low carbon silico manganese.

The investments made to achieve this diversified mix of regions, asset and products were in the form of an acquisition in Andhra Pradesh and in the form of a Joint Venture investment in the Sultanate of Oman. While the past 3 years have been quite tough for your Company both in terms of monsoon performance and the steel/stainless steel industry's dipping fortunes, the investments made by your Company in its recent ventures has started paying off quite handsomely and it is also satisfying to note that the global steel and alloys industries are also showing good signs of turnaround and a rebound in the recent past.

Patience will finally be rewarded. All the investments made over the past few years will yield rich fruits and dividends to your Company in the immediate future, both by way of financial benefits from its Oman Chrome Joint Venture as well as its Andhra Pradesh smelting facility. Also, on the cards is a merger between a closely held Company belonging to the group with its plant operations in Raipur, Chhattisgarh. That Company also has a sizeable interest in the Oman Joint Venture. A merger between that Company and your Company would ensure that 50% of the Oman Joint Venture comes under one umbrella and on a consolidated basis, your Company foresees a handsome expansion of EBIDTA and bottom lines as an immediate consequence. Added to that, any risk of future monsoon failure would be well mitigated once the merger goes through because the merged Company would then have manganese assets across regions like Chhattisgarh, Andhra Pradesh and Kerala, a thermal power asset in Chhattisgarh as well as ferro chrome assets in the Sultanate of Oman. In terms of value, the dependence on hydro-electric power and monsoons would come down to below 20%. Therefore, the short and medium term future looks bright and we hope that the momentum that has come will yield fortuitous results.

With best wishes,

Vinod Narsiman
Managing Director

OVER THE VERY
RECENT PAST, YOUR
COMPANY HAS
MADE SIGNIFICANT
EFFORTS IN TRYING
TO DIVERSIFY ITS
ASSET BASE ACROSS
REGIONS AND
ACROSS PRODUCTS
THEREBY REDUCING
DEPENDENCE
ON MONSOON
PERFORMANCE AND
THE PERFORMANCE
OF ITS CORE PRODUCT,
LOW CARBON SILICO
MANGANESE

Notice of the 27th Annual General Meeting

NOTICE is hereby given that the 27th Annual General Meeting of the Shareholders of the Company will be held on Thursday, the 21st December, 2017 at 10.15 AM at "The Indian Chamber of Commerce & Industry, Coimbatore", Chamber Towers, 8/732, Avanashi Road, Coimbatore – 641 018 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company along with Consolidated Financial Statements for the financial year ended 31st March, 2017, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on the equity shares of the Company for the year ended 31st March, 2017
3. To appoint a Director in the place of Sri S.Inderchand (DIN: 00035907) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Smt D.Pushpa Varadarajan (DIN: 00035787) who retires by rotation and being eligible offers herself for re-appointment.
5. To re-appoint the Auditors and to fix their remuneration and in this regard, pass the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014 (including any statutory enactments or modifications thereof for the time being in force) M/s.Raja & Raman, (Firm Registration No. 003382S), Coimbatore, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for a period of five years from the conclusion of this Annual General Meeting till the conclusion of 32nd Annual General Meeting of the Company, subject to ratification by the Members at every Annual General Meeting, if so required under the Act, on such remuneration including out of pocket expenses and other expenses as may be mutually agreed by and between the Board of Directors and the said Auditors."

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Sri B.Venkateswar (Membership No. 27622), Cost Accountant, Coimbatore, who was appointed as Cost Auditor by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018, on a remuneration of ₹ 20,000/- (Rupees Twenty Thousand only) plus applicable service tax and re-imbursement of travelling and out of pocket expenses incurred by him for the purpose of audit be and are hereby ratified and confirmed."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to all such acts, and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To consider and if thought fit, to pass the following resolution as a special resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to continue the employment of Sri S.N.Varadarajan (DIN: 00035693), who has attained the age of 70 (seventy) years, as Executive Vice-Chairman of the Company, for the remaining period of his tenure i.e., upto 16th November, 2019 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and Board of Directors for a period of 2 (two) years with effect from 17th November, 2017."

TERMS OF REMUNERATION:

- i. Salary in the range of ₹ 50,000/- to ₹ 3,00,000/- p.m during the currency of the tenure as may

be decided by the Board of Directors from time to time

ii. Commission:

3 % of the net profits in each year computed in accordance with Section 198 of the Companies Act, 2013.

iii. Perquisites:

- In addition to the salary and commission, Sri S.N.Varadarajan, Executive Vice-Chairman shall also be entitled to interchangeable perquisites, like furnished accommodation and where accommodation is not provided HRA, gas, electricity, water, furnishings, medical reimbursement, LTA for self and family, club fees, medical insurance etc., in accordance with the rules of the Company, such perquisites being restricted to the amount equal to the salary drawn per annum. Personal Accident Insurance Premium not exceeding ₹ 1,00,000/- per annum. Any other perquisites as may be allowed by the Board of Directors of the Company within the permissible limits. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable.
- The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 shall not be included in the computation of perquisites.
- Gratuity payable shall not exceed half month's salary for each completed year of service. Sri S.N.Varadarajan, Executive Vice-Chairman is also entitled to encashment of leave at the end of tenure which shall not be included in the

computation of the ceiling on remuneration or perquisites.

- Sri S.N.Varadarajan, Executive Vice-Chairman shall be entitled to reimbursement of all actual expenses including on entertainment and travelling incurred in the course of Company business.
- The Company shall provide a car with driver and telephone facility at the residence of Sri S.N.Varadarajan, Executive Vice-Chairman. Provision of a Company car with driver for use on Company's business and telephone facility at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to Executive Vice-Chairman.

"RESOLVED FURTHER THAT the remuneration as mentioned above is subject to review at any time during the period of appointment as the Board of Directors may revise from time to time within the overall limits mentioned above."

"FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the remuneration payable to the Sri S.N.Varadarajan, Executive Vice-Chairman shall be subject to the limits mentioned in Section II of Part II of Schedule V of the Companies Act, 2013."

8. To consider and if thought fit, to pass the following resolution as an ordinary resolution

"RESOLVED THAT pursuant to Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the

re-appointment of Sri Vinod Narsiman (DIN: 00035746) as Managing Director of the Company for a further period of 5 (five) years with effect from 6th November, 2017 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and Board of Directors for a period of 3 (three) years with effect from 6th November, 2017.

TERMS OF REMUNERATION:

- i. Salary in the range of ₹ 75,000/- to ₹ 3,00,000/- per month during the currency of the tenure as may be decided by the Board of Directors from time to time.
- ii. Commission:

3% of the net profits in each year computed in accordance with Section 198 of the Companies Act, 2013.
- iii. Perquisites:
 - In addition to the salary and commission, Sri Vinod Narsiman, Managing Director shall also be entitled to interchangeable perquisites, like furnished accommodation and where accommodation is not provided HRA, gas, electricity, water, furnishings, medical reimbursement, LTA for self and family, club fees, medical insurance, Personal Accident Insurance Premium etc., in accordance with the rules of the Company, such perquisites being restricted to the amount equal to the salary drawn per annum. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable.
 - The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 shall not be included in the computation of perquisites.

- Gratuity payable shall not exceed half month's salary for each completed year of service. Sri Vinod Narsiman, Managing Director is also entitled to encashment of leave at the end of tenure which shall not be included in the computation of the ceiling on remuneration or perquisites.
- Sri Vinod Narsiman, Managing Director shall be entitled to reimbursement of all actual expenses incurred during the course of Company's business including on entertainment and travelling incurred in the course of Company business.
- The Company shall provide a car with driver and telephone facility at the residence of Sri Vinod Narsiman, Managing Director. Provision of a Company car with driver for use on Company's business and telephone facility at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to Managing Director.

"RESOLVED FURTHER THAT the remuneration as mentioned above is subject to review at any time during the period of appointment as the Board of Directors may revise from time to time within the overall limits mentioned above."

"FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the remuneration payable to Sri Vinod Narsiman, Managing Director shall be subject to the limits mentioned in Section II of Part II of Schedule V of the Companies Act, 2013."

9. To consider and if thought fit, to pass the following resolution as an ordinary resolution

"RESOLVED THAT pursuant to Sections 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or