



Indsil Hydro Power and Manganese Limited

28th Annual Report 2017-18

Focused Strategy
STEADY GROWTH

01 - 05



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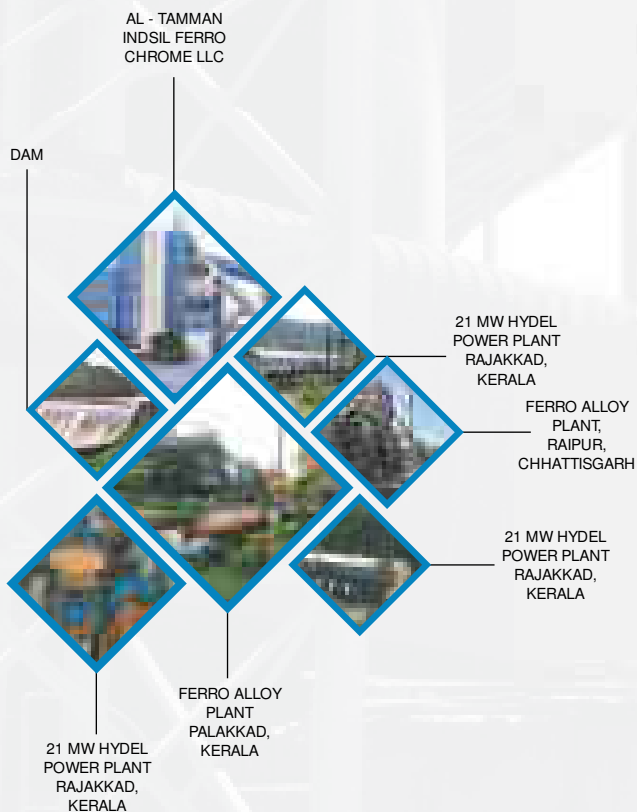
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CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri B. Balchand

Non - Executive Chairman

Sri S.N. Varadarajan

Vice - Chairman

Sri Vinod Narsiman

Managing Director

Sri S. Inderchand

Smt. D. Pushpa Varadarajan

Sri K.S. Mahadevan

Dr. A.K. Sreedharan

Sri K. Annamalai

Sri V. Dharmaraj

Smt R. Saroja (w.e.f. 29th May, 2018)

Sri. K. Ramakrishnan

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, PM.Samy Colony, 1st Street,
R.S.Puram, Coimbatore 641 002
Mobile: 95974 00200
Email: divyaramankr@yahoo.co.in

SECRETARIAL AUDITOR

MDS & Associates
Company Secretaries in Practice
Surya "35 Mayflower Avenue
Sowripalayam Road, Coimbatore 641 028
Phone: 0422 2316755
Email: mds@mdsassociates.in

COST AUDITOR

Sri B Venkateswar
Cost Accountant
31/3 - E, Sri Ramakrishna Nagar
Kavundampalayam, Coimbatore 641 030
Mobile : 94437 73321
Email: bvenkateswar20@ymail.com

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
- ◇ Axis Bank Limited
- ◇ Karnataka Bank Limited
- ◇ ICICI Bank Limited

REGD. & CORPORATE OFFICE

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

WORKS SMELTER UNIT

VI-679 Pallatheri, Elapully, Palakkad 678 007, Kerala
Unit II – Merakamudidam Mandalam, Garbham 535 102, Vizianagaram Dist (A.P)
Unit III – Sector "C", Plot 114-122 Urla Industrial Area, Raipur 493 221, Chhattisgarh

RAJAKKAD HYDRO ELECTRIC POWER PLANT

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

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,
Andhra Pradesh and Oman

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



ASSET



CAPACITY



LOCATION

LCSM Smelter Captive Hydro Power Plant	14,000 TPY* 21 MW*	Palakkad, Kerala Rajakkad, Kerala
LCSM Smelter	12,600 TPY	Vizianagaram, Garbham, Andhra Pradesh
LCSM Smelter Captive Thermal Power Plant	18,500 TPY 12 MW	Raipur, Chhattisgarh
Ferro Chrome Smelter	75,000 TPY	Sohar Free Zone, Sultanate of Oman
Captive Chrome Mines	Undetermined	Zyami, Oman

* MW : MegaWatt TPY : Tonnes Per Year

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
- ◇ The Group is equipped with technology to produce Ultra Low Carbon Silico Manganese & Ferro Chrome which allows value addition in terms of realizations and as recently seen, ensures efficient capacity utilization even during zero market events.



MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

Greetings and good wishes !

The Financial Year 2017-18 had been quite an eventful one for your Company. A major milestone has been achieved in terms of the merger process of your Company along with its Sister Company Indsil Energy and Electrochemicals Pvt Ltd. ,

The merger has created one entity having a 50% stake in the Oman Company, Al-Tamman Indsil Ferrochrome LLC (ATIFC). The merger also brings in enormous advantages of risk diversification and it also brings in a wide variety of product mixes to the Company's manufacturing portfolio.

As I had pointed out last year, your Company's investments over the past few years in terms of the ferro chrome smelter in Oman and the Manganese smelter in Andhra Pradesh have started bearing fruit.

On a consolidated basis, your Company has achieved a sales turnover of ₹ 746 Crores vis-a-vis ₹ 224 Crores for the previous year. A considerable part of the jump in sales attributed to the merger has brought in additional 23.38% stake in ATIFC belonging to Indsil Energy and Electrochemicals Pvt Ltd. ,

On EBITDA terms, your Company earned EBITDA of ₹ 105 Crores on a consolidated basis vis-à-vis ₹ 23 Crores. The growth in EBITDA is attributed in two factors viz.

- a) The merger process bringing an additional stake in ATIFC.
- b) Improvement in performance parameters in both ATIFC and the Andhra Pradesh smelter.

The monsoon in 2017-18 was much better than that of previous two years. However, it was still below the Company's expectations.

Markets for Manganese have been volatile recently. It has now become a very difficult task to predict a sustained movement of the markets on the upside or downside. However, the key note that I would like to make here is that your Company has gradually been reducing its dependence on fortunes linked to the manganese industry in India. With all recent investments starting to bear fruit, I do hope that the year 2018-19 would be a rewarding one for all stake holders.

With best wishes,

Vinod Narsiman
Managing Director

The merger has created one entity having a 50% stake in the Oman Company, Al-Tamman Indsil Ferrochrome LLC (ATIFC). The merger also brings in enormous advantages of risk diversification and it also brings in a wide variety of product mixes to the Company's manufacturing portfolio.

As I had pointed out last year, your Company's investments over the past few years in terms of the ferro chrome smelter in Oman or the Manganese smelter in Andhra Pradesh have started bearing fruit.



Notice of the 28th Annual General Meeting

NOTICE is hereby given that the 28th Annual General Meeting of the Shareholders of the Company will be held on Thursday, the 27th September, 2018 at 10.15 A.M at "ARDRA", Kaanchan Building, No. 9, North Huzur Road Coimbatore – 641 018 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone & Consolidated Audited Financial Statements including Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of changes in Equity for the financial year ended 31st March, 2018, the Balance Sheet as at that date 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, 2018.
3. To appoint a Director in the place of Sri B Balchand (DIN: 00035878) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri S N Varadarajan (DIN: 00035693) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. RATIFICATION OF THE REMUNERATION PAYABLE TO THE COST AUDITOR FOR THE FINANCIAL YEAR 2018-19

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 other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and 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 of Company by the Board of Directors of the

Company, on the recommendation of the Audit Committee, to conduct audit of the cost records of the Company for the financial year 2018-19 on a remuneration of ₹20,000/- (Rupees Twenty Thousand Only) plus applicable taxes and re-imbursement of travelling and out of pocket expenses incurred by him for the purpose of Audit be and is hereby ratified and confirmed."

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

6. APPROVAL FOR REVISION OF THE REMUNERATION PAYABLE TO SRI VINOD NARSIMAN, MANAGING DIRECTOR OF THE COMPANY

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) and the Articles of Association of the Company, the consent of the Company be and is hereby accorded for the payment of the revised remuneration to Sri Vinod Narsiman, Managing Director (DIN: 00035746) of the Company for a period of 3 (three) years with effect from 1st June, 2018 on the following terms and conditions as recommended by the Nomination Committee and approved by the Audit Committee and Board of Directors at their respective meetings: -

Terms of Remuneration:

- i. Salary in the range of ₹1,80,000/- 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:
5% of the net profits in each year computed in accordance with Section 197 & 198 of the Companies Act, 2013.



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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.”

7. APPOINTMENT OF SRI K RAMAKRISHNAN AS A DIRECTOR OF THE COMPANY

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

“RESOLVED THAT pursuant to the provisions of Section 161 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and the Articles of Association of the Company, Sri K Ramakrishnan (DIN: 02797842), who was appointed as an Additional Director of the Company by the Board of Directors to hold office with effect from 30th May, 2018 and in respect of whom the Company has received a notice from a member signifying his intention to propose Sri K Ramakrishnan as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. APPOINTMENT OF SRI K S MAHADEVAN AS A DIRECTOR OF THE COMPANY

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

“RESOLVED THAT pursuant to the provisions of Section 161 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and the Articles of Association of the Company,



Sri K S Mahadevan (DIN: 00043314), who was appointed as an Additional Director of the Company by the Board of Directors to hold office with effect from 29th May, 2018 and in respect of whom the Company has received a notice from a member signifying his intention to propose Sri K S Mahadevan as a candidate for the office of Director (Non-Executive) of the Company be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

9. APPOINTMENT OF SMT R SAROJA AS AN INDEPENDENT DIRECTOR OF THE COMPANY

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 161, Schedule IV and other applicable provisions of the Companies Act, 2013, and the rules made thereunder and in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), Smt R Saroja (DIN: 08134556) who was appointed by the Board of Directors as an Additional Director of the Company at the Board Meeting held on 29th May, 2018 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing her as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 (five) consecutive years with effect from 29th May, 2018, not liable to retire by rotation."

10. APPOINTMENT OF SRI K RAMAKRISHNAN AS A WHOLE-TIME DIRECTOR OF THE COMPANY AND APPROVAL OF HIS REMUNERATION

To consider and if thought fit, to pass the following resolution as an **ordinary 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 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 appointment of Sri K Ramakrishnan (DIN: 02797842) as a Whole-time Director of the Company for a period of 3 (three) years with effect from 1st June, 2018 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 1st June, 2018.

Terms of re-appointment & remuneration:

- i. Salary of ₹ 70,000/- to ₹ 2,00,000/- per month (as may be decided by the Board of Directors from time to time).
- ii. Commission: Nil
- iii. Perquisites:

In addition to the salary, 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. Gratuity shall be paid as per rules of the Company.

"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 as mentioned above shall be the minimum remuneration payable to Sri K Ramakrishnan, Whole-time Director.

11. CONTINUATION OF THE DIRECTORSHIP OF DR A K SREEDHARAN AS AN INDEPENDENT DIRECTOR OF THE COMPANY

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