

**T E N T H
A N N U A L
R E P O R T
2004 -2005**

Report  junction.com



IMPEX FERRO TECH LIMITED

**BOARD OF DIRECTORS**

MR. V. K. PATNI - Chairman
 MR. S. K. PATNI - Managing Director
 MR. V. K. JAIN - Wholetime Director
 MR. N. K. JAIN
 MR. V. M. LODHA
 MR. C. S. DUGAR
 MR. P. N. KHANDELWAL

COMPANY SECRETARY

MR. P. K. AGARWAL

Report  Junction.com

AUDITORS

S. JAYKISHAN
 Chartered Accountants

BANKERS

STATE BANK OF INDIA
 PUNJAB NATIONAL BANK
 BANK OF BARODA

REGISTERED OFFICE

35, CHITTARANJAN AVENUE
 4TH FLOOR
 KOLKATA - 700 012

WORKS

KADAVITA DENDUA ROAD
 POST - KALYANESHWARI
 P. S. : KULTI, DIST : BURDWAN
 WEST BENGAL - 713 369

REGISTRARS & SHARE TRANSFER AGENT

MAHESHWARI DATAMATICS PVT. LTD.
 6, MANGOE LANE, 2ND FLOOR
 KOLKATA - 700 001, WEST BENGAL

CONTENTS

NOTICE	2
DIRECTORS' REPORT	3 - 12
AUDITORS' REPORT	13 - 15
BALANCE SHEET	16
PROFIT & LOSS ACCOUNT	17
CASH FLOW STATEMENT	18
SCHEDULES TO ACCOUNTS	19 - 26
BALANCE SHEET ABSTRACT	27

**NOTICE**

Notice is hereby given that the 10th Annual General Meeting of the Members of Impex Ferro Tech Limited will be held at Aikatan, EZCC, IA-290, Sector-III, Saltlake, Kolkata - 700 097 on Wednesday, August 10, 2005 at 10.30 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended at 31st March, 2005, and the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. C. S. Dugar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. V. M. Lodha, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to authorise the Board to fix their remuneration. The retiring Auditors, M/s. S. Jaykishan, Chartered Accountants, being eligible offers themselves for re-appointment.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered office of the Company not less than forty-eight hours before the commencement of the meeting.
3. The Share Transfer Books and Register of Members of the Company will remain closed from 3rd August, 2005 to 10th August, 2005 (both day inclusive).
4. As required under Clause 49 of the Listing Agreement executed with the Stock Exchanges, brief profile of Directors seeking re-appointment are given in Corporate Governance Report.
5. Members desirous of obtaining any information concerning the accounts and operation of the Company are requested to send their queries to the Company at least one week before the meeting, so that the same could be complied in advance.
6. Members are requested to notify immediately any change in their address to the Depository Participant with whom they maintain the demat account for shares held in electronic mode and to the Company's Registrars and Transfer Agent for shares held in physical mode.
7. Members/proxies should bring their attendance slip sent herewith, duly filled in, for attending the meeting.

Registered Office :
 35, Chittaranjan Avenue
 4th Floor, Kolkata - 700 012
 Date : 5th July, 2005

By Order of the Board
 PRADIP KUMAR AGARWAL
 Company Secretary



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 10th Annual Report of the Company and the Audited Accounts for the year ended 31st March, 2005

(Rs in Lacs)

WORKING RESULTS	31.03.2005	31.03.2004
Profit before Depreciation & Tax	823.27	474.21
Less : Depreciation	167.25	130.18
Profit before Tax	656.02	344.03
Less : Provision for Tax		
Current Tax	53.45	
Deferred Tax	145.86	
Profit after Tax	456.71	241.83
Less : Income Tax of Earlier Years	5.38	—
Surplus from last year	788.32	546.49
Balance available for appropriation	1239.65	788.32

OPERATIONAL REVIEW

Your Company has completed another year of all round growth in its business operation. The 4th furnace installed by the Company has started commercial production since September, 2004. The Company has achieved a turnover of Rs 14075 lacs against Rs 7200 lacs in previous year and profit before tax of Rs 656.02 lacs against Rs. 344.03 lacs in previous year.

DIVIDEND

The Company has witnessed growth in terms of profitability and turnover in the current year. However, the Directors of your Company do not recommended any dividend to conserve the resources to meet the Company's financial requirement towards normal capital expenditure, to strengthen the working capital base and to meet the funding requirement for future capacity expansion plan.

CORPORATE GOVERNANCE

A report on Corporate Governance as prescribed by the Listing Agreement forms a part of the Annual Report, 2005. A certificate from the Auditors of the Company is annexed to this Report.

PARTICULARS OF EMPLOYEES

The Company had no employee during the year ended 31st March, 2005 who was in receipt of remuneration in excess of the limit specified under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby confirm that :

- in preparation of the annual accounts, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- the Director have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

Particulars of conservation of energy, technology absorption and foreign exchange earning and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are given in the annexure forming part of this report.

AUDITORS

The Auditors, M/s. S. Jaykishan, Chartered Accountants, retire as auditors of the Company at the ensuing Annual General Meeting and are eligible for re-appointment.

DIRECTORS

Mr. C.S. Dugar and Mr. V. M. Lodha retire by rotation and being eligible, offer themselves for reappointment. Profile of these Directors, as required under Clause 49 of the Listing Agreement are given in Corporate Governance Report.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their appreciation for support and co-operation extended by the customers, suppliers, bankers, investors and government agencies.

Kolkata July 5, 2005

For and on behalf of the Board
V. K. PATNI
Chairman

Report  junction.com

**ANNEXURE TO DIRECTORS' REPORT**

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956

Conservation of Energy

- Close monitoring of operating parameters of high energy consuming equipments in plant.
- Using power factor controller/capacitors to maintain power factor at optimum level.
- Keeping maximum demand under control by scheduling auxiliary load during non peak power consumption levels.

Total energy consumption and energy consumption per unit of production

As per Form - A annexed

Technology Absorption

As per Form - B annexed

Foreign Exchange earning and outgo

Total Foreign Exchange earning : Rs. 2604.98 Lacs
 Total Foreign Exchange outgo : Rs. 948.47 Lacs

FORM - A**Disclosure of particulars with respect to conservation of energy**

	2004-2005	2003-2004
A. Power & Fuel Consumption		
1. Electricity		
Total Unit in Lacs	1381.65	1080.90
Amount Rs. in Lacs	4131.08	2878.15
Rate Per Unit	2.99	2.66
2. Coal & Coke		
Quantity - M. T.	23250.860	17361.334
Total Cost - Rs. in Lacs	1602.70	560.14
Average rate- Rs per M.T.	6893	3226
B. Consumption per unit of production		
1. Electricity (Unit/M.T.)	4116	4154
2. Coal & Coke (Kg/M.T.)	693	667

FORM - B**Disclosure of particulars with respect to technology absorption****Research & Development (R&D)****Specific areas in which R&D proposed to be carried out by the Company**

None

Benefits derived

Not Applicable

Expenditure on R & D

- a) Capital
 b) Recurring
 c) Total
 d) Total R&D expenditure as a percentage of total turnover

Nil
 Nil
 Nil
 Nil

Technology absorption and innovation**Efforts made**

Continuous efforts are being made towards improvements in existing production process.

Benefits

The Company is successful in improving the quality of its products and reducing specific consumption of inputs through efficient furnace operating practices.

Particulars of imported Technology during last 5 years

Nil

For and on behalf of the Board
 V. K. PATNI
 Chairman

Kolkata July 5, 2005



CORPORATE GOVERNANCE REPORT

(As required by Clause 49 of the Listing Agreement of the Stock Exchanges)

Company's Philosophy

The Company is fully committed to the adoption of best Corporate Governance. The Company firmly believes in the values of transparency, professionalism and accountability in all its dealings with customers, dealers, employees and shareholders and with every individual who comes into contact with the Company.

Board of Directors

Composition

The Company has a Non-Executive Chairman and at least one-third numbers of Directors on the Board is comprising of Independent Directors. None of the Directors on the Board are member of more than ten Committees and they do not act as Chairman of more than five Committees across all the Companies of which they are the Director.

The name, category & attendance of the Directors at the Board meetings held during the year and their attendance at the last Annual General Meeting, the number of other Directorships and Committee Membership held are given below :

Sl. No.	Name of the Director	Category of Directorship	No. of Board Meeting Attended	Attendance at last AGM	No. of other Directorships	No. of other Committees Memberships	
						Member	Chairman
1	Mr. V. K. Patni	Non-Executive	8	Yes	7	1	—
2	Mr. S. K. Patni	Executive	9	Yes	16	2	—
3	Mr. V. K. Jain	Executive	7	No	3	—	—
4	Mr. N. K. Jain	Non-Executive	7	Yes	5	—	—
5	Mr. V. M. Lodha	Independent Non-Executive	6	Yes	3	—	1
6	Mr. C. S. Dugar	Independent Non-Executive	7	No	3	1	—
7	Mr. P. N. Khandelwal	Independent Non-Executive	5	No	—	—	—

During the year thirteen Board Meetings were held as under :

01.04.2004, 12.04.2004, 20.04.2004, 03.05.2004, 18.06.2004, 06.09.2004, 28.09.2004, 05.11.2004, 01.12.2004, 27.12.2004, 25.01.2005, 22.02.2005, 03.03.2005.

The Company has a process to make available before the Board all the necessary informations as required under Clause 49.

Particulars of the Directors seeking re-appointment

Mr. C. S. Dugar

Mr. C. S. Dugar, aged 55 years is a Director of the Company since 15.01.2002. He is graduate in commerce and possesses good knowledge of Accounting and Corporate matters. He is a Director of Vikash Metal & Power Limited, Gaurav Agencies Pvt. Ltd. and Glorex Business Pvt. Ltd. He is a member of Audit committee of Vikash Metal & Power Limited.

**Mr. V. M. Lodha**

Mr. V. M. Lodha, aged 54 years is a Director of the Company since 20.10.1997. He is a Chartered Accountant and has a good knowledge and experience of Accounts, Finance and Taxation matters. He is a Director of Jai Vijay Metal Udyog Ltd., Kusum Electrical Industries Ltd. and Vikash Metal & Power Limited. He is Chairman of Audit committee of Vikash Metal & Power Limited

Audit Committee

The Company has reconstituted the Audit Committee as per Clause 49 II of the Listing Agreement entered with the Stock Exchanges. The present composition of the Audit Committee and the details of the meeting attended by the members thereof are as follows :

Name of the Director	Designation	Category	No. of Meetings Attended
Mr. V. M. Lodha	Chairman	Independent Non-Executive	4
Mr. C. S. Dugar	Member	Independent Non-Executive	3
Mr. N. K. Jain	Member	Non-Executive	3

The head of the Accounts and Finance department is the permanent invitee to the Audit Committee Meetings. Four meetings of the Audit Committee were held during the year. The dates on which the Audit Committee meetings were held are as follows :

18.04.2004, 10.07.2004, 06.11.2004, 10.02.2005

Term of Reference

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Reviewing with the management, the annual financial statements before submission to the Board for approval.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit.
- Other matters as set out in the listing agreement.

Remuneration of Directors

The Non-Executive Directors are paid remuneration by way of sitting fees @ Rs.1,500 per Board Meeting/Committee Meeting.

Details of the remuneration to the Directors for the year ended 31st March, 2005 :

Name of the Director	Salary	Sitting Fees	Total	Service Contract/Notice Period/Severance Fees
Mr. V. K. Patni	—	4,500	4,500	Retire by Rotation
Mr. S. K. Patni	90,000	—	90,000	Service Contract
Mr. V. K. Jain	1,20,000	—	1,20,000	Service Contract
Mr. N. K. Jain	—	7,500	7,500	Retire by Rotation
Mr. V. M. Lodha	—	4,500	4,500	Retire by Rotation
Mr. C. S. Dugar	—	10,500	10,500	Retire by Rotation
Mr. P. N. Khandelwal	—	3,000	3,000	Retire by Rotation



Investor Grievance cum Share Transfer Committee

The Committee reviews all matters connected with the share transfer. The Committee also looks into redressal of shareholders complaints like transfer of shares, non receipt of share certificate, refund warrant etc. The Committee oversees the performance of the Registrars and Transfer Agent and recommends measures for overall improvement in the quality of investor services. It considers and takes on record the certificate from practicing Company Secretary under Clause 47(c) of the Listing Agreement.

The Composition of the Investor Grievance cum Share Transfer Committee and the details of the meetings attended by the members thereof are as follows :

Name of the Director	Designation	Category	No. of Meetings Attended
Mr. C. S. Dugar	Chairman	Independent Non-Executive	3
Mr. S. K. Patni	Member	Executive	2
Mr. N. K. Jain	Member	Non-Executive	2

Mr. Pradip Kumar Agarwal, Company Secretary of the Company is the Compliance Officer.

Details of the complaints received and redressed during the year are as follows :

Nature of Complaints	Received	Cleared
Non receipt of Refund Warrant	145	141
Other Complaints	10	10

Annual General Meeting held during the last three years

Financial year Ended	Venue	Date	Time
March, 2002	Registered Office	30.09.2002	10.00 AM
March, 2003	-Do-	29.09.2003	10.00 AM
March, 2004	-Do-	17.05.2004	11.00 AM

Other Disclosures

1. There were no material transaction with the related party that require separate disclosure. A comprehensive list of related party transaction as required by the Accounting Standard (AS-18) issued by Institute of Chartered Accountants of India is disclosed in Note No. B-9 of Schedule 17 to the Notes on Accounts in the Annual Report.
2. There was no instance of non-compliances, penalties, strictures by Stock Exchanges / SEBI / Statutory Authorities on any matter related to capital markets during the last three years.
3. There was no material pecuniary transaction with any Non-Executive as well as Independent Director of the Company that requires a separate disclosure.
4. Details on the use of proceeds from Public Issue are laid down in Note No. B-12 of Schedule 17 to the Notes on Accounts in the Annual Report.

Means of Communication

The Company's Quarterly result in the format prescribed by the Stock Exchanges are approved by the Board within the prescribed time limit and sent immediately to stock exchanges where the shares of the Company are listed. The results of the Company are published in newspaper - The Economic Times in English and in AajKal in Vernacular. The data are also uploaded on EDIFAR as required under the Listing Agreement. The financial results can also accessed at the Company's Website : www.impexferrotech.com