



Building on Strong Foundations

Impex Ferro Tech Ltd.
Annual Report 2010-11

Cautionary Statement

Certain statement in the Management Discussion and Analysis describing Company's estimates, predictions, expectations may be forward-looking. The actual result may vary materially from those expressed or implied in the statement. The important factors that could influence the Company's operation includes global and domestic demand and supply condition, Tax regimes, Government policies, industrial relation, Economic development within the Country and the countries within which the Company conducts business.

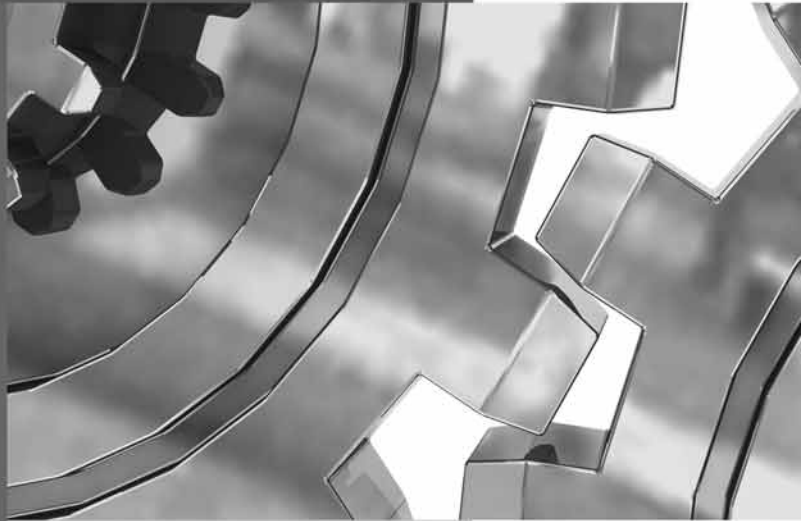
Contents

01	MDA	05	Notice	08	Directors' Report	12	Corporate Governance Report
19	Financial Section	45	Green Initiative in Corporate Governance				

Management discussion and analysis

Economic Environment

After growing at 8% in 2009-2010, the Indian economy picked up further steam and recorded a real GDP growth of 8.6% during the year. The Agricultural sector posted an above-trend growth of 5.4%, Industry and Services grew by 8.1% and 9.6% respectively. After clocking an impressive growth of 8.9% in the first half of the year, the economy showed signs of moderation in the second half especially in capital goods production and investment spending. Persistently high level of inflation in the economy despite good monsoons was a key cause for concern. The country is expected to witness improved growth led by increasing consumption, momentum in the savings and investment rates and vibrant service sector even though the inflation, increasing rate of interest is a challenge which the economy has to address, keeping the growth intact.



Industry Structure and Development

India accounts for around 10% of the world's ferro alloy production. India emerged as a preferred supplier on account of low-cost manpower, ore availability and favourable locations. Besides, ongoing power issues in South Africa and the recent Chinese clampdown have helped India emerge as a favourable ferro-alloys supplier. The Indian industry's 3.25 mtpa capacity covers products like manganese alloys (high-carbon, MC and low-carbon ferro-manganese and silico-manganese), ferro-silicon, chrome alloys (high-carbon, MC and low-carbon ferro-chrome, silico-chrome and charge chrome), noble ferro alloys (ferro-molybdenum, ferro-vanadium, ferro-tungsten, ferro-silicon magnesium, ferro-boron and ferro-titanium). The demand for ferro-alloys is driven by steel production, which in turn depends on growth from the infrastructure, housing, automobile and consumer durable industries.



Demand Drivers of Ferro Alloys:

- Crude steel production
- Alloy and special steel production
- Stainless steel production

The Company manufactures manganese based alloys i.e. Ferro Manganese and Silico Manganese.

Rapid growth in Iron and Steel sectors in recent year's both at domestic and international level pushed up the capacity and production of Ferro Alloys in the line of development in core sector.

Opportunity & Threats

The fortune of the ferro alloys industry depends on the iron & steel industry which in turn depend upon its user industry i.e. infrastructures and construction, automobiles, consumer durables etc. As per world steel association, the world crude steel production in the first six months of 2011 was 757.8 mmt, 7.6% higher in comparison with the same period of 2010. All major steel-producing regions showed increased production. India is also continuing to grow its internal steel production at greater than world average rates, produced 6.0 mmt for June 2011, an increase of 7.3% over June 2010. According to the estimates of Ministry of steel, India will add around 200mtonnes of capacity during next decade. The steel demand in developed countries is also growing with the emphasis of the government in social spending. The growth prospect and accelerating demand of iron and steel is expected to provide good opportunity to the ferro alloys industry to add capacity to meet the rising domestic demand and growing export opportunity.

One of the major threats to the industry is the cost and availability of electrical energy which is one of the major inputs in production of ferro alloys. The costs of power in India is very high in comparison to China, South Africa, Russia and CIS countries and also varies from state to state in India resulting in imbalance in viability. The other possible threats are availability of raw material, competition from other market players, lower cost imports and fluctuation in demand.

India is the seventh highest producer of manganese ore in the world. Major reserves of Manganese ore are located in Orissa, MP, Jharkhand, Maharashtra, Karnataka and Goa.

The power generation cost in India is not high. The element of cross subsidisation to agriculture, low power load factor and transmission and distribution loads led to increase the power cost. To mitigate the increasing power cost in long term, the ferro alloys industry are now setting up captive power generation project to feed the uninterrupted power supply at a much less rates than the rate charged by the state electricity boards.

The availability of all inputs within the country and the Company's current linkage with domestic and overseas mine operators for Manganese Ore supply and power plant of 30 MW to feed the power requirement of its manufacturing facilities, the Company is confident of maintaining cost competitiveness and prevail over the competition in the market.

The worlds steel demand is projected to grow by 6%. Demand in many emerging and developing economies will continue to increase steadily, supported by infrastructure investments, industrialisation and further urbanisation.

Outlook

The worlds steel demand is projected to grow by 6%. Demand in many emerging and developing economies will continue to increase steadily, supported by infrastructure investments, industrialisation and further urbanisation.

The Iron and Steel Industry in India is one of the fastest growing sectors. The industry expected to see capacity addition to meet the growing demand mainly driven by massive infrastructure needs, expansion of industrial production, activities in automobiles industry, real estate industry, transportation system, aircraft industry and ship building industry amongst other. In the line with the overall high growth trend in iron and steel sector the demand for Ferro alloys is expected to remain buoyant.





Risks and concerns

In the normal course of business the Company is exposed to external risks such as regional demand and supply imbalances, volatile swings in market demand, competition from other market players, risk arising from supply chain glitches, internal risk like variation in raw material prices, financial risk of adverse variation in interest rate and fluctuation in foreign exchange rates, technology risk of being equipped with updated technologies. All the key function and division heads are independently responsible to monitor the risk associated in their respective areas.

Internal Control

The Company has a proper adequate internal control system commensurate with the size and nature of its business to ensure optimum use of resources and compliance with applicable legislations. The internal control system of the Company are monitored and evaluated by the Internal Auditors. The Audit committee regularly reviews the observations and suggestions of the internal auditors and takes necessary corrective actions.

Segment-wise Performance

The Company operates in Iron and Steel industry comprising of industry intermediates like Ferro Manganese, Silico Manganese and Iron & Steel products. The key financial of the segments are given in notes no. B (15) of Schedule 19 to the Annual Accounts for the year 2010-11.

Industrial Relation and Human Resources

Human resources are the strength of the Company. Your Company has a team of qualified and dedicated personnel who have contributed to the growth of the Company. The industrial climate of your company continues to remain harmonious. The Company continues to retain and attract best talent in the industry. As on 31st March 2011, the company's human resource strength stood at 196.

Notice

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of the Company will be held on Friday, 16th September, 2011 at 10.30 AM at 'Rotary Sadan', 94/2, Chowringhee Road, Kolkata - 700 020 to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. Prem Narayan Khandelwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Krishna Kumar Chanani, 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 offer themselves for re-appointment.

Special Business :

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

"RESOLVED that Mr. Ankit Patni who was appointed as an Additional Director of the Company by the Board of Directors on 28th March, 2011 to hold office upto the date of ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the Company has received a notice in writing from a member in terms of the provisions of Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED that Mr. Rohit Patni who was appointed as an Additional Director of the Company by the Board of Directors on 28th March, 2011 to hold office upto the date of ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the Company has received a notice

in writing from a member in terms of the provisions of Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Corporate Office :

SKP House
132A, S. P. Mukherjee Road,
Kolkata - 700 026
Date : 12th August, 2011

By Order of the Board of Directors

P. K. Agarwal
Company Secretary

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. Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in relation to the special business in point no. 5 & 6 to be transacted is annexed hereto.
3. Proxies in order to be effective should be completed, stamped, signed and must be deposited at the Corporate Office of the Company not less than forty-eight hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Books will remain closed from 12th September, 2011 to 16th September, 2011 (both days inclusive).
5. Shareholders holding shares in physical form are requested to advise any change of the address immediately to the Company's Registrar and Share Transfer Agents : Maheshwari Datamatics Pvt. Ltd, 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001.
6. Additional information pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting is annexed to the notice.
7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least ten days before the meeting so that the same could be complied in advance.
8. Members/Proxies should bring their attendance slip sent herewith, duly filled in, for attending the meeting.

Notice

9. Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialised at the earliest.

10. IMPORTANT ANNOUNCEMENT TO MEMBERS :

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies and has issued circulars allowing service of notices/documents including Annual Report by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to do the same immediately.

EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Mr. Ankit Patni was appointed as an Additional Director in terms of Section 260 of the Companies Act, 1956 by the Board of Directors at their meeting held on 28th March, 2011.

In terms of the provision of Section 260 of the Companies Act, 1956, Mr. Ankit Patni holds office up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 along with the deposit from a member proposing the candidature of Mr. Ankit Patni as a Director of the Company. Requisite consent pursuant to the provision of Section 264(1) of the Companies Act, 1956 has been filed by Mr. Ankit Patni to act as such Director, if appointed.

The Board of Directors recommend the resolution set out in item no. 5 for your consideration and approval.

None of the directors except Mr. Ankit Patni himself and Mr. Suresh Kumar Patni and Mr. Rohit Patni, being his relatives are concerned or interested in the aforesaid resolution.

Item No. 6

Mr. Rohit Patni was appointed as an Additional Director in terms of Section 260 of the Companies Act, 1956 by the Board of Directors at their meeting held on 28th March, 2011.

In terms of the provision of Section 260 of the Companies Act, 1956, Mr. Rohit Patni holds office up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 along with the deposit from a member proposing the candidature of Mr. Rohit Patni as

a Director of the Company. Requisite consent pursuant to the provision of Section 264(1) of the Companies Act, 1956 has been filed by Mr. Rohit Patni to act as such Director, if appointed.

The Board of Directors recommend the resolution set out in item no-6 for your consideration and approval.

None of the directors except Mr. Rohit Patni himself and Mr. Suresh Kumar Patni and Mr. Ankit Patni, being his relatives are concerned or interested in the aforesaid resolution.

Corporate Office :

SKP House
132A, S. P. Mukherjee Road,
Kolkata - 700 026
Date : 12th August, 2011

By Order of the Board of Directors

P. K. Agarwal
Company Secretary

Notice

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE- APPOINTMENT (In pursuance to Clause 49 of the Listing Agreement)

Name of the Director	Mr. Prem Narayan Khandelwal	Mr. Krishna Kumar Chanani	Mr. Ankit Patni	Mr. Rohit Patni
Date of Birth	18.08.1938	08.05.1970	13.01.1985	11.01.1984
Date of Appointment	12.04.2004	27.04.2006	28.03.2011	28.03.2011
Expertise in Specific Functional Area	Finance & Management	Finance & wide Management Experience	Finance & Marketing	Management and Project
Qualification	B.Sc., M.A. (Economics)	B. Com, FCA, C.W.A, C.S	M.B.A from University of Technology, Sydney, CFA from ICFAI University	Engg. (B.E) from PESIT M.B.A. from Cardiff University, U.K
Board membership of other Public Companies as on 31st March, 2011	Sarita Steel & Power Ltd.	Nil	Rohit Ferro-Tech Ltd. SKP Aviation Services Ltd. Ankit Metal & Power Ltd. Impex Metal & Ferro Alloys Ltd. Sarita Steel & Power Ltd.	SKP Power Ventures Ltd. Rohit Ferro-Tech Ltd. SKP Aviation Services Ltd. Ankit Metal & Power Ltd. Impex Metal & Ferro Alloys Ltd. Sarita Steel & Power Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company as on 31st March, 2011	Nil	Chairman - Audit Committee Chairman - Remuneration Committee	Member - Audit Committee	Member - Investors' Grievance Committee
Chairman/Member of the Committee of Directors of other public Companies in which he is a Director as on 31st March, 2011				
a) Audit Committee	Nil	Nil	Nil	Nil
b) Share Transfer cum Investors' Grievance Committee	Nil	Nil	Member - Ankit Metal & Power Ltd.	Nil
c) Remuneration Committee	Nil	Nil	Nil	Nil
Shareholding as on 31st March, 2011	Nil	Nil	Nil	Nil

Directors' Report

Dear Shareholders,

Your Directors are pleased to present the 16th Annual Report of the Company together with the Audited Accounts of the Company for the financial year ended 31st March, 2011.

Financial Highlights

		(₹ in lacs)	
Particulars	31.03.2011	31.03.2010	
Profit before Interest, Depreciation & Tax	2,469.41	2,508.84	
Less : Interest	1,126.50	1,211.80	
Less : Depreciation	293.29	287.47	
Profit Before Tax	1,049.62	1,009.58	
Less : Provision for Tax			
Current Tax 350.00			
Deferred Tax (23.11)	326.89	359.95	
Profit After Tax	722.73	649.63	
Adjustment for Extra-Ordinary Item	(42.93)	(78.80)	
Balance brought forward from Previous year	3,949.00	3,378.16	
Balance transferred to Balance Sheet	4,628.80	3,949.00	

Financial and Operational Review

The Company has achieved a total turnover of ₹ 604.83 crores as against ₹ 556.01 crores in the previous year registering a growth of approx. 9% in its top line. The profit before tax for the year stood at ₹ 1,049.62 lacs as against ₹ 1,009.58 lacs in the previous year registering a growth of 4%. During the year, the Company has produced 31,530.68 MT of Ferro Alloys as compared to 36,831.07 MT. During the year, the Company undertook refurbishment of its old furnaces which coupled with power holidays during the major part of the year and altered product mix to suite the market demand led to reduced output in tonnage terms. However, better product mix coupled with altered business strategy helped the Company achieve comparable operating profit.

Dividend

To conserve the resources for meeting the enhanced working capital requirements, the Directors of your Company do not

recommend any dividend for the financial year 2010-11.

Awards & Achievement

During the year, the Company was awarded by EEPC-ER (Engineering Export Promotion Council, Eastern Region) top export performance certificate in Medium Enterprises segment for its outstanding contribution to engineering exports during the year 2007-08.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance along with the certificate from the Company Secretary in Practice and the Management Discussion & Analysis forms part of this Annual Report.

Directors' Responsibility Statement

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

- in preparation of the Annual Accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- 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 or loss of the Company for that period;
- the Directors 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.

Public Deposits

During the year under review, the Company has not accepted any deposits from the public.