

# Towards a **sustainable** future



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## Economic Overview

The global economy is on a recovery path due to concerted policy actions around the world although it is still looking fragile in some regions. The world GDP, as reported by the International Monetary Fund, witnessed a moderate growth of 3.9% in 2011 as compared to a growth of 5.3% in 2010. The growth in the advanced economies slowed to 1.6% in 2011 in comparison to 3.2% in 2010, while the emerging and developing economies grew at 6.2% in 2011 compared to 7.5% in 2010.

Indian economy grew at 6.5% in 2011-12 down from 8.4% in 2010-11. Global factors such as euro zone crisis, geopolitical disturbances and weather extremities contributed to the domestic economic slowdown. Domestic factors like monetary tightening and rising repo rate to control inflation slowed industrial investment and growth. Fortunately, India enjoys the unique advantage of having multiple forces driving its economic growth engine in the form of a favourable demographic profile of population, relatively high savings and investment rates, a large domestic consumption base and the oft-quoted entrepreneurial spirit of its people.



# Industry Structure and Developments

Established over 50 years ago, the Indian ferro-alloys industry is a part of the core sector and is engaged in supplying crucial intermediaries to iron and steel industry. Ferro-alloys are critical additives in the production of iron & steel. Therefore, ferro-alloys industry fortunes are closely linked to steel industry growth. On account of abundant availability of key resources comprising chrome ore and manganese ore, trained and cost-effective manpower and access to key consumption markets both within the country and outside, India has emerged as a significant ferro-alloys manufacturing destination.

## Demand Drivers of Ferro-Alloys

The major demand drivers of ferro-alloys are :

- Crude Steel Production
- Alloy and Special Steel Production
- Stainless Steel Production

The product mix of ferro-alloys consists of Bulk Ferro-Alloys - HC Ferro Manganese, Silico Manganese, Ferro Silicon, HC Ferro Chrome, Charge Chrome, etc. and Noble Ferro Alloys - Ferromolybdenum, Ferro-vanadium, Ferrotungsten, Ferro-silicon magnesium, Ferro-boron and Ferro-titanium. India is the seventh highest producer of manganese ore in the world. According to industry experts, the Indian manganese alloy industry has the potential to meet the challenges despite various constraints and if properly nurtured and the government plays a proactive role, the Indian ferro-alloys industry has the potential to make India the hub for ferro-alloys to the world. Going forward, the demand for ferro-alloys is expected to improve as a result of an increase in infrastructural spending in India and China, strong steel demand from buoyant auto sector in the US and the likely recovery in the euro zone.

## Company Overview

Impex Ferro Tech Ltd., a part of the ₹ 3,800 crores SKP Group, was incorporated in 1995. Today, the Company possesses five sub merged arc furnaces with a cumulative ferro-alloys production capacity of 59,025 TPA and manufactures ferro-manganese and silico-manganese. In a significant initiative, the Company established a 30 MW captive power plant and emerged self-reliant in its energy needs.

## Opportunities and Threats

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. India, at a per capita steel consumption of 59 kg, is just above the average across most of Africa and much below the global average of 215 kg, thereby reflecting massive under-penetration and immense opportunities for growth, which will in turn, drive ferro-alloys demand as these are key input resources for iron and steel manufacture. Moreover, with significant investments envisaged in India's infrastructure sector in the creation of capital assets including roads, bridges, airports, seaports, flyovers and railway tracks, demand for steel and hence, ferro-alloys will grow. The World Steel Association projects global world steel demand to grow by 49 million tonnes to 1,422 million tonnes in 2012 showing the global steel demand are likely to remain generally positive.

Electrical energy is one of the major inputs in production of ferro-alloys and high power tariff is a threat for the ferro-alloys industry. Apart from electrical energy, the industry faces challenges of acquiring good quality raw materials like high grade ores and coke. The unavailability of rakes for transportation of raw materials from mines and poor infrastructure at ports result in pile-ups and increase in logistics cost. Indian ferro-alloy industry has very few integrated players and most of the producers depend on public sector mining companies for their requirement of ore and on local power utilities for their energy requirement.

As regards the power cost ferro-alloys producers are now focusing on making their units self reliant by setting up their own power units. This not only reduces the input cost but ensures continuous supply of power. In the long run this effort of backward integration shall definitely help the domestic ferro-alloys producers to compete in the international market. Moreover with India remaining as one of the largest producers of manganese ore, there is adequate availability of this resource for the onward production of ferro-alloys.

Further, it is hoped that the government would recognise these challenges which hamper growth of this industry and take steps to address them urgently to enable the ferro-alloys producers to compete in the domestic as well as international markets.

## Risks and Concerns

- The cost-effective availability of key raw material resources is a global challenge. However with long term arrangements with domestic and international manganese ore suppliers and coking coal and thermal coal mines ownership within group company, the Company continues to remain in a healthy position in terms of raw material supply.
- Electricity comprises a key cost component in the total operating cost structure and an inability to manage this might impact the Company's operations. The 30 MW captive power plant enables the Company to emerge self-reliant in its power needs and reduce dependence on the expensive state grid electricity.



- The Company's sales may in the future be concentrated in a few markets as a consequence of continued global slow down, thereby negatively impacting its operations. However, currently the Company's sales are well-spread to key consumption centers across the globe. The Company presently caters to the needs of several multinational customers, thereby mitigating concentration risks.
- The Company deals in sizeable amount of foreign exchange in import of raw materials and exports of finished products. A comprehensive and robust forex policy has been formulated for insulating the Company by hedging foreign exchange exposure.





## Segment-wise Performance

The Company is mainly in the business segment of manufacturing & sales of ferro-alloys and trading in iron & steel products. The key financials of the business segments including secondary segment details identified as the geographical segment based on the location of customers within India and outside India is given in notes no. 33 to the Annual Accounts. The Company also generates power from its captive power plant, which is entirely consumed in the manufacture of ferro-alloys without any sale to third parties.

## Industrial Relations and Human Resources

Human Resource is the Company's principal asset. The Company provides continual training to its staff to help them upgrade their skills and seeks to balance individual aspirations with Company goals. The Company is an equal opportunities employer. Industrial relation at the factory continued to remain cordial. As on the date of this report the Company has 197 employees on its payroll.



## Internal Control

The Company has implemented proper and adequate system of internal control commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly and applicable statutes and corporate policies are duly complied with. Some significant features of internal control systems are :

- Adequate documentation of policies, guidelines, authorities and approval procedures covering all important functions.
- Deployment of an ERP system which covers most operations and is supported by a defined on-line authorisation protocol.
- Ensuring complete compliance with laws, regulations, standards, and internal procedures and systems.
- Ensuring the integrity of the accounting system; the properly authorised recording and reporting of all transactions.
- Ensuring a reliability of all financial and operational information.
- The Company has an Audit Committee with majority of Independent Directors as members. The Committee periodically reviews significant audit findings, adequacy of internal control and compliance with Accounting Standards, amongst others.



# NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of the Company will be held on Wednesday, 26th September, 2012 at 10.00 A.M. 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 Balance Sheet of the Company as at 31st March, 2012, the Statement of Profit and Loss for the year ended on that date and the report of the Auditors & Directors thereon.
2. To appoint a Director in place of Mr. Ankit Patni, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ashok Kumar Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. S. Jaykishan, Chartered Accountants, as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

## 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** Mr. Vijay Kumar Jain who was appointed as an Additional Director of the Company by the Board of Directors on 12th December, 2011 to hold office upto the date of the next 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 the 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 resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Satish Kumar Singh, who was appointed as an Additional Director of the Company by the Board of Directors on 24th August, 2012 to hold office upto the date of the next 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 the Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded for the appointment of Mr. Satish Kumar Singh as an Executive Director of the Company for a period of 3 (Three) years w.e.f. 24th August, 2012, to hold office as an Executive Director of the Company upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the agreement submitted to this meeting, with an authority to the Board of Directors to alter and vary the terms and conditions of the said appointment during the continuance of the tenure on the recommendation of the Remuneration Committee and grant such further increases in remuneration from time to time as they may deem fit and agreed by Mr. Satish Kumar Singh, within the limits specified in Schedule XIII of the Act, as may be amended from time to time."

Corporate Office :  
SKP House  
132A, S. P. Mukherjee Road,  
Kolkata - 700 026  
Date : 24th August, 2012

By Order of the Board of Directors  
For Impex Ferro Tech Limited

Ritesh Kumar Singh  
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 and 7 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 Friday, 21st September, 2012 to Wednesday, 26th September, 2012 (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 - M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001 and to their respective DP's in respect of Equity Shares held in dematerialised form.

6. Additional information pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the persons seeking appointment/re-appointment as Director under item no. 2, 3, 5 & 6 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. Corporate members are requested to send a duly certified copy of the resolution authorising their representatives to attend and vote at the meeting.
9. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
10. In case of joint holders attending the meeting, only such joint holder who is higher in the order of the names will be entitled to vote.
11. 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.

## Important Announcement to Members

Pursuant to Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011, Ministry of Corporate Affairs (MCA) has launched "Green Initiative in Corporate Governance" whereby the Companies are allowed to send notices, documents and other communication to the shareholders in electronic mode.

In view of the above circulars issued by MCA, like last year, this year too your Company is sending documents like the notice convening the General Meeting, Financial Statements, Directors' Report, Auditors' Report etc. to the email addresses provided by you to your Depository Participant(DP)/Company's Registrar and Transfer Agent, M/s. Maheshwari Datamatics Private Limited.

Your Company encourages its shareholders to support the 'Green Initiative' by registering their email address with their respective depositories/Company's Registrar and Transfer Agent and intimate changes in the email address from time to time.

Even after registering the email address, members are entitled to receive such communication in Physical Form, upon receipt of request for the same, by post/courier free of cost.

The Annual Report of 2012 (including notice of Annual General Meeting) will also be available on the Company's website [www.impexferrotech.com](http://www.impexferrotech.com) for download by the members. Format for request letter for registration/changes of email id is also available in the Investor's Corner of the Company's website.

The Physical copies of the aforesaid documents will also be available at the Company's Corporate Office for inspection during business hour upto the date of Annual General Meeting.

## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item No - 5

Mr. Vijay Kumar Jain 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 12th December, 2011.

In terms of the provision of Section 260 of the Companies Act, 1956, Mr. Vijay Kumar Jain holds office up to the date of the next 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. Vijay Kumar Jain as a Director of the Company.

None of the Directors except Mr. Vijay Kumar Jain himself are concerned or interested in the aforesaid resolution.

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

### Item No - 6 & 7

Mr. Satish Kumar Singh 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 24th August, 2012.

In terms of the provision of Section 260 of the Companies Act, 1956, Mr. Satish Kumar Singh holds office up to the date of the next 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. Satish Kumar Singh as a Director of the Company.

Subject to approval of members at the ensuing Annual General Meeting, the Board of Directors of the Company at its meeting held on 24th August, 2012 has appointed Mr. Satish Kumar Singh as an Executive Director of the Company for a period of 3 (Three) years w.e.f. 24th August, 2012 on the terms and conditions mentioned in the Agreement dated 24th August, 2012, based on the recommendation made by Remuneration Committee.

Mr. Satish Kumar Singh is B. Tech (Electrical & Electronic Engineering) and has been actively involved in the overall management of the Company's Manufacturing facility at Kalyaneshwari, District – Burdwan. Under his supervisions and management, the operation and production of the plant has improved significantly. The Board recommends his induction to the Board.



# Notice

The material terms and remuneration payable in terms of Agreement dated 24th August, 2012 are as follows :

(a) **Tenure** - 24th August, 2012 to 23rd August, 2015.

(b) **Remuneration** - Salary of ₹ 50,000/- (Rupees Fifty Thousand only) per month with an authority to the Board to grant such further increases from time to time as they may deem fit, within the limits specified in Schedule XIII Part II of the Act, as may be amended from time to time.

Perquisites : Perquisites applicable to the Executive Director are as follows :-

- I. Leave : Mr. Satish Kumar Singh will be entitled to leave as per applicable rule of the Company.
- II. Leave Encashment : As per applicable rule of the Company.
- III. Company's contribution to Provident Fund and Gratuity which shall not be included in the computation of limits for remuneration or perquisites.

However, in case of absence or inadequacy of profits in any financial year, the remuneration payable to Mr. Satish Kumar Singh shall be restricted to Part II Section II [1A] of Schedule XIII of the Act.

(c) **General**

- I. The Executive Director shall subject to the provisions of Companies Act, 1956, the Articles of Association of the Company and to the terms of Agreement with the Board of Directors shall have the whole or substantially the whole of the management, control and superintendence for the affairs of the Company's factories.

Provided that the Executive Director shall exercise his powers subject to the superintendence, control and direction of the Board of Directors and the Managing Director. He shall further exercise and perform such powers and duties as the Board of Directors of

the Company (hereinafter referred to as the Board) shall from time to time determine subject to any directions and restrictions given or imposed by the Board.

- II. He shall not be paid any sitting fee for attending meeting of the Board or Committee(s) thereof.
- III. Subject to the provisions of the Companies Act, 1956 each party has the right of terminating the appointment upon giving two months' notice in writing.
- IV. If at any time Mr. Satish Kumar Singh ceases to be the Director of the Company for any cause whatsoever, he shall cease to be the Executive Director of the Company.

The terms and conditions for the appointment and the remuneration payable to Mr. Satish Kumar Singh as an Executive Director of the Company as set out in the Notice and Explanatory Statement should also be treated as an Abstract of the terms of his appointment and Memorandum of Interest under Section 302 of the Companies Act, 1956.

The relevant agreement entered by the Board is available for inspection of the members of the Company at the Corporate Office of the Company on any working day during business hours.

None of the Directors except Mr. Satish Kumar Singh are concerned or interested in the aforesaid resolution.

The Board of Directors recommends the resolution set out in item no. 6 & 7 for your consideration and approval.

Corporate Office :  
SKP House  
132A, S. P. Mukherjee Road,  
Kolkata - 700 026  
Date: 24th August, 2012

By Order of the Board of Directors  
For Impex Ferro Tech Limited

Ritesh Kumar Singh  
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. Ankit Patni   | Mr. Ashok Kr. Jain  | Mr. Vijay Kumar Jain  | Mr. Satish Kumar Singh                        |
|---|---|---|---|---|
| Date of Birth   | 13.01.1985  | 09.01.1960  | 15.06.1966  | 20.12.1985                                    |
| Date of Appointment   | 28.03.2011  | 11.06.2008  | 12.12.2011  | 24.08.2012                                    |
| Expertise in Specific Functional Area   | Finance and Marketing   | Finance & Wide Management Experience  | Wide experience in the field of Accounts, Finance & Taxation matters.   | Wide Technical and Management Experience.     |
| Qualification   | M.B.A from University of Technology, Sydney, CFA from ICAI University.  | B. Com  | B. Com  | B. Tech (Electrical & Electronic Engineering) |
| Board membership of other Public Companies (Excluding Directorship in Private/Foreign Companies and Companies under Section 25 of the Companies Act, 1956.)               | SKP Power Ventures Limited.<br>SKP Aviation Services Limited<br>Ankit Metal & Power Limited<br>Sarita Steel & Power Limited | Nil   | Ankit Metal & Power Limited   | Nil   |
| Chairman/Member of the Committee (Audit Committee, Investors' Grievance cum Share Transfer Committee and Remuneration Committee) of the Board of Directors of the Company | Member-Audit Committee  | Chairman - Investor Grievance cum Share Transfer Committee, Member - Audit Committee, Member - Remuneration Committee | Chairman - Audit Committee and Remuneration Committee. Member - Investor Grievance cum Share Transfer Committee | Nil   |
| Chairman/Member of the Committee of Directors of other public Companies in which he is a Director   |   |   |   |   |
| a) Audit Committee  | Nil   | Nil   | Nil   | Nil   |
| b) Investors' Grievance cum Share Transfer Committee  | Member - Ankit Metal & Power Limited  | Nil   | Member - Ankit Metal & Power Limited  | Nil   |
| c) Remuneration Committee   | Nil   | Nil   | Member - Ankit Metal & Power Limited  | Nil   |
| Shareholding as on 31st March, 2012   | 1,75,600 Equity Shares  | Nil   | Nil   | Nil   |