

ANNUAL REPORT 1996-97

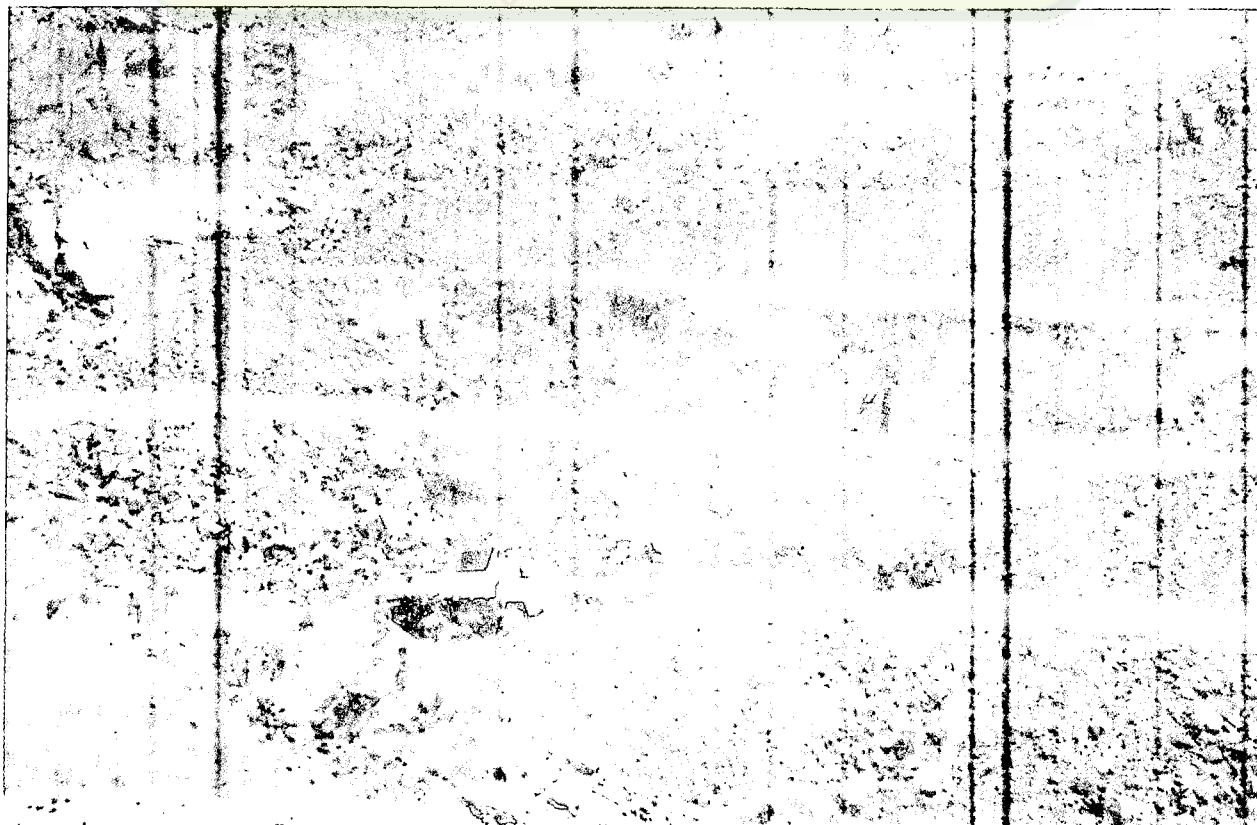
MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	NA	NA	ST	✓
YE	✓	✓		✓



INDIAN METALS & FERRO ALLOYS LTD.



Tapping In Progress



Scientific Opencast Mining at Nuasahi Chromite Mines

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INDIAN METALS & FERRO ALLOYS LIMITED

BOARD OF DIRECTORS

SHRI B. PANDA
SMT. ILA PANDA
FIELD MARSHAL SAM MANEKSHAW MC.
SHRI BAIJAYANT PANDA
SHRI S. ACHARYA
SMT. PARAMITA MAHAPATRA
SHRI S.K. PATTANAIK
MAJOR R. N. MISRA (Retd.)

ASSISTANT SECRETARY

SHRI SMRUTI RANJAN RAY

AUDITORS

M/s RAGHU NATH RAI & CO.

BANKER

INDIAN OVERSEAS BANK

REGISTERED OFFICE

BOMIKHAL
P.O. RASULGARH
BHUBANESWAR - 751 010
ORISSA

PLANTS

THERUBALI
DIST. : RAYAGADA
ORISSA

MINES

NUASAH
DIST. KEONJHAR
ORISSA

DIRECTORS' REPORT TO THE MEMBERS

Your directors are pleased to present their 35th Annual Report together with Audited Accounts of the Company for the financial year ended 31st March, 1997.

1. FINANCIAL RESULTS	(Rs. in lacs)	
	1996-97	1995-96
Profit before interest, financial charges and depreciation	1699.40	2391.11
Less : Interest & Financial Charges	893.15	1185.22
Depreciation	178.57	163.13
Profit before tax	627.68	1042.76
Provision for taxation	156.00	—
Profit after tax	471.68	1042.76
Balance brought forward from Previous year	276.45	162.58
Previous year adjustments	61.50	—
Net Profit available for appropriation	809.63	1205.34
Proposed Dividend	228.54	153.89
Dividend Tax	22.85	—
Transferred to General Reserve I	250.00	775.00
Balance carried forward to Balance Sheet	308.24	276.45

2. SHARE CAPITAL AND DIVIDENDS

During the year under report, the Company issued bonus equity shares aggregating to Rs. 600.33 lacs to the existing shareholders in the ratio of one equity share for every one share held in terms of the resolution passed by the shareholders on 21st January, 1997.

Your directors recommend a dividend of 35% subject to payment of dividend tax by the Company in terms of the applicable provisions of the Income Tax Act and the rules framed thereunder for the year ended 31st March, 1997 on the enhanced share capital after bonus issue on a prorata basis.

3. OPERATIONS

During the year under report the operations of the Company were adversely affected due to depressed market conditions both domestically as well as internationally specially that of charge chrome, the market prices for which showed a steep decline. Despite this by appropriately changing the product mix the aggregate turnover showed a marginal increase from Rs. 14080.03 lacs in the previous year to Rs. 14118.61 lacs during the year under report. Moreover, due to labour unrest followed by a strike in the Company's mines resulting in declaration of a lock-out in November, 1996 the operations at the mines

remained unsatisfactory with low production levels. Even though the lock-out was lifted in early March, 1997 initially the attendance was very thin. However, attendance improved in due course and now production is gradually picking up. As a result of the aforesaid factors the profits of the Company declined to Rs. 627.68 during the year under report from Rs. 989.29 lacs in the previous year.

In the first quarter of the current year the ferro chrome market has again shown a marginal recovery. Meanwhile, the market for ferro silicon continues to be steady. Your directors are keeping a close watch on the market scenario and are taking all possible steps to meet the situation in the best interest of the Company.

4. ALLOTMENT OF MINING AREA

Your directors are pleased to report that after a long legal battle, the Hon'ble Supreme Court ruled in favour of the Company granting chromite mining lease to it. After some delay the Government of Orissa has also recommended to the Central Government for the allotment of fifty percent of the Company's requirements of the chromite mines. Your directors expect that after the necessary formalities and clearances, the Company should be able to get physical possession of the mining area by the end of the second quarter of the current financial year. With the allotment of the chromite mines and availability of own chrome ore your company would be one of the most cost effective producers of charge chrome which would certainly improve its profitability considerably.

5. ISO CERTIFICATION

Your directors are pleased to report that the Company's functional divisions could maintain the quality standards strictly in terms of the prestigious ISO certifications obtained in the earlier years and are committed to continue their drive to keep up quality standards in the years to come.

6. ENERGY CONSERVATION, ETC.

The Company continues its efforts to improve the methods of energy conservation and utilisation. Continuous efforts are also being made in all areas of operations of the Company for better utilisation of resources.

The information 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 set out in annexure hereto forming part of this report. www.reportjunction.com

DIRECTORS' REPORT TO THE MEMBERS**7. SUBSIDIARY COMPANY**

Indian Metals & Carbide Ltd., subsidiary of your company earned a profit of Rs. 83.91 lacs (after tax) during the year 1996-97. They have proposed a dividend of Rs.10 per share.

Particulars in respect of the Company, pursuant to section 212 of the Companies Act, 1956 are appended to the Balance Sheet.

8. PARTICULARS OF EMPLOYEES

Information required in respect of employees who have worked throughout the year and drawn salary not less than Rs. 3.00 lacs per annum or worked part of the year and drawn not less than Rs. 25,000/- per month during the year ended 31st March, 1997 in accordance with the provisions of section 217(2A) of the Companies Act, 1956 are set out in annexure hereto forming part of this report.

9. FIXED DEPOSITS

During the year under review, the Company did not accept any deposits from public. However, the deposits taken in earlier years were being repaid as per the terms of the deposits. Fixed deposits outstanding as on 31st March, 1997 amounted to Rs. 0.77 lacs. Unclaimed deposits pending for repayment as on 31st March, 1997 was Rs. 0.37 lacs. In this regard the Company has complied with all provisions of Companies (Acceptance of Deposits) Rules 1975 and other appropriate laws applicable from time to time.

10. OBSERVATIONS OF THE AUDITORS

Observations of the Auditors on the annual accounts of the Company are dealt with in the Notes to the Accounts annexed as Schedule 'N' which are self-explanatory and do not require any further clarifications.

11. DIRECTORS

During the year under report, there was no change in the composition of the Board of Directors. Shri S.K. Pattanaik, Shri Baijayant Panda and Shri B. Panda, Directors of the company retire by rotation at the forthcoming Annual general meeting and, being eligible, offer themselves for re-election.

12. AUDITORS

M/s. Raghunath Rai & Co. Chartered Accountants, the auditors of the Company who are to retire at the ensuing Annual General Meeting being eligible offer themselves for re-appointment. The Company has received a certificate to the effect that their re-appointment, if made, shall be within the limits prescribed u/s. 224 (1B) of the Companies Act, 1956.

13. INDUSTRIAL RELATIONS

During the year under report industrial relations at the Company's ferro alloy plants remained cordial. As reported, normalcy could not be maintained at its mines due to illegal strike resorted to by major portion of working force resulting in imposition of lock-out for almost four months. However your directors expect better operational efficiency in the years to come.

14. ACKNOWLEDGEMENT

Your directors wish to place on record their deep sense of appreciation of the devoted services rendered by all categories of employees which contributed towards satisfactory operational results for the year. Further your directors would like to place on record with appreciation the continued assistance and co-operation extended by Company's bankers, viz. Indian Overseas Bank.

For and on behalf of the Board

New Delhi
2nd August, 1997

B Panda
Chairman

ANNEXURE TO THE DIRECTORS' REPORT**A) CONSERVATION OF ENERGY**

Power plays a key role in Ferro Alloy industry as an basic input and every unit of power saving per unit of alloy production is of paramount importance. Adoption of state-of-art technology for furnace control envisaged 100% computerised operation which has paved a new way in the field of specific power consumption per ton of alloy in the current year.

Significantly the line losses has been reduced due to the use of compensating devices in furnace load management by introducing Shut Capacitors.

Use of Sodium Vapour Lamps, Fluorescent Lamps for illumination in all areas, routine monitoring of auxiliary fuel needed both for the processes as well as domestic purposes, creation of awareness among the users for effective utilisation of energy in peak load hours are some of the measures taken to reduce the energy requirements.

In the larger interest of the society it has installed a Gas Cleaning Plant which shall reduce the stack emissions to a negligible level. This enable us to keep our environment clean, spick and span for ever besides creating an additional resource of waste heat for utilisation which can cater different process requirements.

Quantification of the exact impact of the energy conservation measures taken by the Company is not possible, since the energy consumption in Ferro Alloys Industry is dependent upon several factors like quality of raw materials, quantity and continuity of power supply etc. and these parameters differ from time to time. It is not possible to provide energy consumption per unit of production in view of multi types and grades of finished product produced by the Company to meet the customers requirement in a continuous process with varying energy requirement for such type and grade of production.

B) TECHNOLOGY ABSORPTION

The company is continuously striving for optimisation and effective utilisation of the three important production tools namely man, machine and materials. Innovative measures have been taken by the in-house team for large scale commercial production of Chrome briquette by using low cost binders resulting in effective utilisation of Chrome fines and remarkable improvement in Chromium recovery in addition to cost reduction.

Import of latest technology for production of high grade ferro silicon has not only given the company a new product but has helped to substitute import of this product by major steel plants in India.

The company has also laid utmost importance on "on job training" and had opened avenues for exposure to state-of-art technology prevailing elsewhere in the world pertaining to ferro alloys operation for its manpower at different levels. This has helped immensely in adopting state-of-art technology and has gone a long way in positioning the Company in a competitive edge.

C) FOREIGN EXCHANGE EARNING AND OUTGO

During the year under report, there were no exports effected by the company and hence the export earnings in foreign exchange was NIL.

The expenditure in Foreign Currency during the year under review were as follows :

	Rs. Lakhs
1. On account of raw materials CIF Value	541.26
2. On account of spare parts, components and stores CIF Value	163.24
3. On account of capital goods	68.30
4. Travelling	19.35
5. Others	11.86

ANNEXURE TO THE DIRECTORS' REPORT



Statement pursuant to Section 217(2A) of the Companies Act, 1956

Sl. No.	Name	Designation/ Nature of duties	Annual remuneration (Rs.)	Qualification & Experience (Years)	Date of Commencement of employment	Age (Years)	Particulars of last employment
1.	Shri S.P. Mathur	Sr. Vice President (Finance)	3,96,007	B.Com., CA (26)	01.12.1992	51	Geep Industrial Syndicate Ltd.
2.	Shri P.K. Mohanty	Vice President (Mines)	3,00,207	B.Sc. Engg. (Mechanical) (34)	17.02.1973	56	Kalinga Industries Ltd.

- Notes :
1. Remuneration includes salary, allowances, ex-gratia, company's contribution to Provident Fund/Superannuation Fund and perquisites calculated as per Income Tax Rules.
 2. The appointment of above employees are regular in nature.
 3. None of the employees mentioned above is a relative of any Directors of the Company.

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of M/S INDIAN METALS AND FERRO ALLOYS LIMITED as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date annexed thereto and report that :-

1. As required by the Manufacturing and other Companies [Auditors' Report] order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that :-
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.

- d) In our opinion and to the best of our information and according to the explanations given to us, subject to the following notes in schedule 'N' :-

- i) No. 2 relating to Provision for Taxation.
- ii) No. 3 relating to Gratuity.
- iii) No. 6 relating to Deferred Revenue Expenditure.
- iv) No. 7 relating to Stock of Low Grade ore.
- v) No. 8 relating to Electric Power.
- vi) No. 9 relating to Electricity Duty.

the said Balance Sheet and Profit & Loss Account read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.

- i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997; and
- ii) in so far as it relates to the Profit & Loss Account, of the Profit of the Company for the year ending on that date.

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for RAGHU NATH RAI & CO
Chartered Accountants

New Delhi
2nd August, 1997

PREM PRAKASH
Partner

ANNEXURE TO THE AUDITORS' REPORT



REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars including quantitative details and situation of all Fixed Assets. Even though major portion of the Assets have not been physically verified by the management during the year, there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its Assets. No material discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. The stocks of finished goods, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. This Company has not taken any loan from parties listed in the Register maintained under Section 301 and 370 (1-C) of the Companies Act, 1956.
8. The Company has not granted any loans to parties listed in the Register maintained under Section 301 and 370 (1-C) of the Companies Act, 1956.
9. Loans and advances given to employees are being generally repaid as stipulated both as to principal and interest. No interest is charged on salary and other advances to staff. In addition to these, the Company has also given advances from time to time to its subsidiary, associated company and employees' consumers co-operative society. No interest on these advances has been charged during the year.
10. In our opinion and according to the information & explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
11. In our opinion and according to the information and explanations given to us, there are transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 and aggregating during the year to Rs. 50,000/- or more, which have been made at prices, which are reasonable, having regard to prevailing market prices for such goods, materials and services.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and raw materials. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted fixed deposits from the public during the current year.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable by-products and scraps.
15. The Company has got an internal audit system commensurate with its size and nature of its business. We ourselves have also carried out a continuous audit and gone in to system of its financial transactions.
16. The Company has not been required to maintain cost records under section 209 [1] [d] of the Companies Act, 1956, on any of its products.
17. According to the records of the Company, it has generally deposited in time, provident fund dues with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 1997 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses of the employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial Company within the meaning of clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For RAGHU NATH RAI & CO.
Chartered Accountants

New Delhi
2nd August, 1997

PREM PRAKASH
Partner.
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