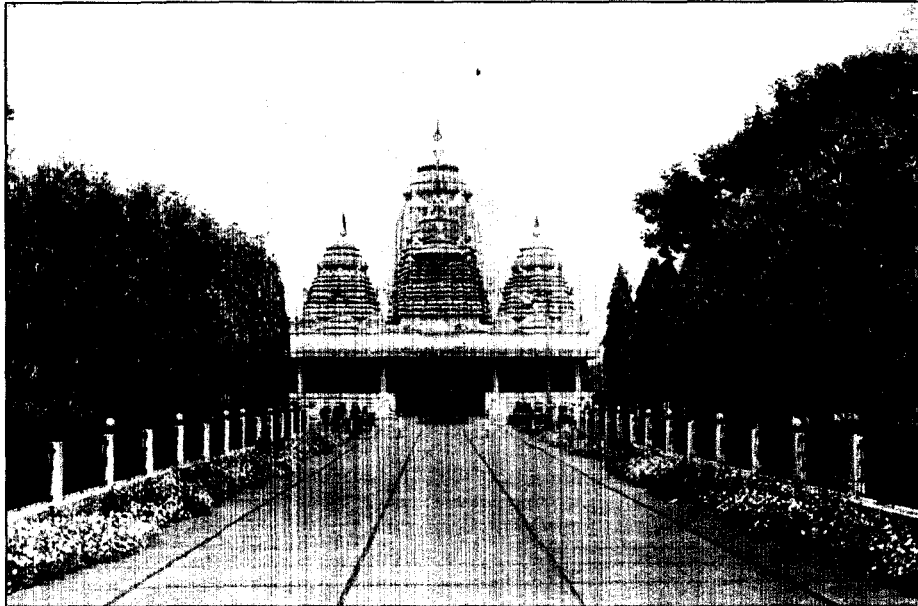




INDIAN METALS & FERRO ALLOYS LIMITED



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LAXMI NARAYAN MANDIR AT THERUBALI



WORK AT COMPANY'S SUKINDA MINES IN PROGRESS

INDIAN METALS & FERRO ALLOYS LIMITED

Notice is hereby given that the 39th Annual General Meeting of the members of INDIAN METALS & FERRO ALLOYS LIMITED will be held at the Registered Office of the Company at Bomikhal, PO: Rasulgah, Bhubaneswar 751010, Orissa on Friday, the 28th day of September 2001 at 2.30 PM to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts of the Company for the year ended 31st March, 2001 alongwith the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr Subhrakant Panda who retires by rotation and, being eligible, offers himself for re-election.
3. To appoint a Director in place of Maj. R.N. Misra who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Mrs. Paramita Mahapatra who retires by rotation and, being eligible, offers herself for re-election.
5. To appoint Statutory Auditors for the financial year 2001-2002 on a remuneration to be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary resolution:

"RESOLVED that in accordance with the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such sanctions and approvals as may be considered necessary to be obtained in this regard, Mrs. Ila Panda, the Whole time Director of the Company be and is hereby re-appointed for a period of five years with effect from 1st of December 2001 on the following terms and conditions as set out hereinafter and in terms of the limits defined under Schedule XIII of the Companies Act, 1956 as amended upto date.

1. **SALARY:** Rs. 20,000/- (Rupees Twenty Thousand only) per month.
Commission : one per cent commission on the net profits of the Company subject to a ceiling of 50% of the annual salary.
2. **PERQUISITES:**
 - (a) House rent allowance:
50% of the salary over and above 10% payable by the Whole time Director herself for residential accommodation.
 - (b) Medical Reimbursement
Reimbursement of expenses incurred for self and family subject to a limit of Rs. 15,000/- per annum.
 - (c) Leave Travel Concession
For self and family as per rules of the Company and within the ceiling provided under the provisions of the Income Tax Rules.
 - (d) Company's contribution towards Provident Fund & Superannuation fund.
As per rules of the Company subject to a ceiling of 12% of salary for Provident fund and 15% of salary for Superannuation fund.
 - (e) Gratuity
As per provisions of the Payment of Gratuity Act.

Other benefits

- (i) Free use of car with driver on Company's business.
- (ii) Free telephone facilities at residence. Personal long distance calls shall be billed by the Company.

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(iii) **Earned/Privilege Leave.**
On full pay as per rules of the Company.

(iv) **Leave encashment**
In accordance with the rules of the Company at the end of the tenure.

"FURTHER RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company to exercise their powers to alter and/or vary during the operative period of her appointment for a period of 5 years with effect from 1st of December, 2001 the terms and conditions of appointment and/or remuneration of Mrs. Ila Panda so, however, the remuneration shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 including any statutory modification or amendment thereof for the time being in force."

7. To consider and if thought fit to pass with or without modifications the following resolution as a special resolution:

RESOLVED that in supersession of the Special Resolution passed at the Annual General Meeting of the Company held on 30th September, 2000 and pursuant to section 372A and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors to give any loans to/ make any investments in any other entities including other bodies corporate/ give guarantee or provide any security in connection with a loan or any other credit facility extended by any person to any other person or body corporate as the Board of Directors may deem fit notwithstanding the fact that the aggregate amount of such loans/ investments/ guarantees or security so far provided together with the proposed such loans/ investments/ guarantees or security to be so extended may exceed the maximum limits as defined under the aforesaid provisions subject, however, to a maximum limit of Rs.3500 crores (Rupees Three thousand five hundred crores only) at any given point of time."

FURTHER RESOLVED that any of the Directors or the Assistant Secretary of the Company be and are hereby individually authorised to sign all relevant documents in this regard and also to file the requisite particulars if any required with the Registrar of Companies, Orissa.

Notes

1. Explanatory Statement u/s. 173 of the Companies Act 1956 is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll vote instead of himself/herself. A proxy need not be a member. Proxies in order to be effective should be supported by proxy form (sent herewith) which should be lodged with the Company not later than 48 hours before the commencement of the meeting.
3. Members who desire to have any information/clarifications as regards the audited annual accounts for the year ended 31st March, 2001 are requested to write to the Assistant Secretary at least 7 days before the date of meeting.
4. Members are requested to bring their copy of the Annual Report alongwith attendance slips (sent herewith) and notify change of address, if any, in advance.
5. The Company had complied with all provisions relating to unpaid dividends of the previous years u/s. 205A and other applicable provisions of the Companies Act, 1956.
6. The Register of Members and Share Transfer Books will remain closed from 17th September, 2001 to 28th September, 2001 (both days inclusive).

BY ORDER OF THE BOARD OF DIRECTORS
FOR INDIAN METALS & FERRO ALLOYS LIMITED

Sd/-
(S.R. RAY)
ASST. SECRETARY

Date: 30th July, 2001

Place: Registered Office
Bomikhal,
P.O.Rasulgarh,
Bhubaneswar 751010
Orissa

ANNEXURE TO NOTICE

Explanatory Statement pursuant to section 173 of the Companies Act, 1956

Item No. 6

Mrs. Ila Panda is a whole time director in the Company responsible for covering functional areas such as HRD, Public relations, Administration....etc. Her last re-appointment w.e.f. 1st December, 1996 was approved by the members at the AGM held on 30th September, 1996 which will expire on 30th November, 2001. The Board of Directors are of the view that her continuance in the aforesaid capacity will be beneficial to the Company and hence they have recommended for her re-appointment for a further period of five years period from 1st December, 2001 at their meeting held on 30th July, 2001. The present proposal is governed by Schedule XIII of the Companies Act, 1956 which calls for approval from the members in the form of Ordinary resolution.

The perquisites and allowances provided in the resolution relating to the re-appointment of Mrs. Ila Panda within the ceilings and limits specified therein would be evaluated as per the provisions of the Income Tax Act and the rules framed thereunder. Further, her terms and conditions of appointment, including remuneration, may be altered and/or varied during the operative period of her appointment for a period of five years with effect from 1st December, 2001, if considered necessary by the Board of Directors of the Company so, however, that it shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956

Besides Mrs. Ila Panda herself, Mr B Panda, Mr. Baijayant Panda, Mrs. Paramita Mahapatra and Mr. Subhrakant Panda, Directors are interested in this resolution by virtue of being "relatives" as defined under the provisions of the Companies Act, 1956.

The Company has already complied the requirements under provisions of Section 302 of the Companies Act, 1956 in this regard.

Accordingly, the above proposal is being placed before the members for necessary approval as Ordinary resolution.

Item No.7

The shareholders of the Company have vide a special resolution passed at their Annual General Meeting held on 30th September, 2000 accorded consent to the Board of Directors to extend any guarantee or provide any security under the provisions of the section 372A of the Companies Act, 1956 upto a maximum limit of Rs. 2500 crores (Two Thousand five hundred Crores only) inclusive of all such guarantees or securities extended till that date. Also similar resolution was passed at the above meeting defining upper limit of Rs.25 Crores (Rupees twenty five crores only) in respect of loans made / to be made by the Company to other entities including other bodies corporate. Since the aforesaid section takes care of all items namely loans/ investments/ guarantees & securities made by the Company, it has been decided to redefine fresh upper limits for the said purposes. While reviewing the present value of inter-corporate guarantees given by the Company, it is observed that the value of such guarantees given in favour of a consortium of Financial Institutions/Banks on behalf of associate Company Indian Charge Chrome Ltd., is likely to exceed the limit defined. Hence it has been decided to enhance the upper limits fixed as above to Rs. 3500 crores (Rupees Three thousand five hundred crores only). Accordingly, the Board has considered and approved a resolution in this regard at the Board Meeting held on 30th July, 2001 and recommended it to the shareholders of the Company which is required to be passed by the members as a special resolution.

None of the directors of the Company are interested in the proposed resolution except to the extent of their share holdings if any in the company.

For the special business items No. 6 & 7 as above, all the relevant documents are available at the Registered Office of the Company for inspection by members of the Company during office working hours on any working day prior to meeting date.

BY ORDER OF THE BOARD OF DIRECTORS
FOR INDIAN METALS & FERRO ALLOYS LIMITED

30th July, 2001

Place: Registered Office
Bomikhal
P.O.Rasulgarh
Bhubaneswar -751 010
Orissa

Sd/-
(S R RAY)
ASST. SECRETARY

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INDIAN METALS & FERRO ALLOYS LIMITED

BOARD OF DIRECTORS

DR. B PANDA
MR. BAIJAYANT PANDA (Managing Director)
MRS. ILA PANDA (Wholtime Director)
Field Marshal SAM MANEKSHAW, MC
MR. SUBHRAKANT PANDA
MR. S ACHARYA
MR. A N MISRA
Major R N MISRA (Retd.)
MRS. PARAMITA MAHAPATRA
MR. S K PATTANAIK

ASSISTANT SECRETARY

MR. SMRUTI RANJAN RAY

AUDITORS

M/s RAGHU NATH RAI & CO.
CHARTERED ACCOUNTANTS
NEW DELHI

BANKER

INDIAN OVERSEAS BANK

REGISTERED OFFICE

BOMIKHAL
P.O. RASULGARH
BHUBANESWAR - 751 010
ORISSA

PLANT

THERUBALI
DIST. : RAYAGADA - 765 018
ORISSA

MINES

SUKINDA & CHINGUDIPAL
DIST. : JAJPUR, ORISSA

NUASAHI
DIST. : KEONJHAR, ORISSA

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their 39th Annual Report together with Audited Statement of Accounts of the Company for the financial year ended 31st March, 2001

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	2000-2001	1999-2000
Profit before interest & financial expenses and depreciation	4294.22	1560.76
Less: Interest & financial expenses	3560.03	1185.11
Depreciation	222.39	194.06
Profit before tax	511.80	181.59
Provision for taxation	52.43	10.70
Profit after tax	459.37	170.89
Previous years adjustments	(209.26)	(68.27)
Amount transferred to Capital Reserve	-	(62.37)
Balance brought forward from previous year	(121.59)	(161.84)
Profit / (Loss) available for appropriation	128.52	(121.59)
Balance carried forward to Balance Sheet	128.52	(121.59)

DIVIDEND

In view of carried forward losses from the earlier year and the inadequacy of surplus available for appropriation, your Directors regret their inability to recommend any dividend for the year under report.

OPERATIONS

Your Directors are pleased to report that the Company's turnover has crossed the Rs.200 crore milestone for the first time despite adverse markets conditions for its products which prevailed during the year under report. This was possible because of the Company's ability to achieve higher capacity utilisation on account of availability of captive chrome ore from the newly acquired mines in the Sukinda valley and steady power supply from its associate company, Indian Charge Chrome Limited. Resultantly the performance of the Company also showed significant improvement posting a net profit before tax of Rs. 511.80 lakhs during the year as against a corresponding figure of Rs.181.59 lakhs during the previous year. The profitability would have been still higher but for the adverse market conditions prevailing during the year especially in the second half. The net realisation for the Company's products during the year was lower than in the previous year. Although the market conditions remain depressed your Directors expect a revival towards the end of the current calendar year.

MINING OPERATIONS

Your Directors are pleased to report that consequent to the acquisition of the new chrome ore mines in Sukinda valley mining activity has received a boost and the quantum of chrome ore raised during the year under report has risen significantly to 220,346 Mts as against 119,865 Mts during the previous year. This has enabled the Company to be self sufficient in its requirement of chrome ore except for a small quantum of lumpy ore which is procured from external sources keeping certain operational requirements in mind. The Company could also meet the chrome ore requirements of its associate company, Indian Charge Chrome Ltd, pending commencement of mining activities by the said company. As regards the allotment of balance 50% area, the Committee formed by the State Government to determine the requirement of various claimants including the Company, has commenced proceedings. Detailed submissions have been made before the said Committee and its findings are awaited.

ENERGY CONSERVATION, ETC.

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 an annexure hereto forming part of this report.

SUBSIDIARY COMPANY

Indian Metals & Carbide Ltd., subsidiary of your Company has reported a profit of Rs.0.43 lakh (after tax) during the year 2000-01 and in view of low profits, they have not proposed any dividend. Particulars in respect of this Company, pursuant to Section 212 of the Companies Act, 1956 are appended to the Balance Sheet.

PARTICULARS OF EMPLOYEES

There were no employees in the Company either employed throughout the year under reference with receipt of remuneration not being less than Rs.12,00,000/- per annum or employed for part of the year with receipt of remuneration not less than Rs. 1,00,000/- per month. Accordingly, the relevant disclosures of such particulars as required in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 are not applicable for the year under consideration.

PUBLIC DEPOSITS

During the year under review, the Company continued to receive public deposits without extending invitation to the public after filing a statement in lieu of advertisement. The Company received a sum of Rs. 2.56 crores and repaid a sum of Rs. 0.81 crore on this account during the year under report. Deposits are being repaid regularly as per terms of the deposit scheme without any default whatsoever. Deposits outstanding as on 31st March, 2001 amounted to Rs. 2.51 crores out of which unclaimed deposits pending for repayment as on 31st March, 2001 was Rs. 0.03 crore. In this regard the Company has complied with the provisions of Companies (Acceptance of Deposits) Rules, 1975 as amended till date and other applicable laws for the time being in force.

DIRECTORS' REPORT TO THE MEMBERS**OBSERVATIONS OF THE AUDITORS**

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

DIRECTORS

The appointment of Mr. Baijayant Panda as the Managing Director of the Company with effect from 15th March, 2000 was approved by the shareholders at the last Annual General Meeting of the Company. The appointment of Mr. Subhrakant Panda as a Director was also approved by the shareholders at the last Annual General Meeting of the Company.

Mr. Subhrakant Panda, Maj. R.N. Misra (Retd.) and Mrs. Paramita Mahapatra, Directors retire by rotation at the forthcoming Annual General Meeting of the Company and are eligible for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions under Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that they have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 for the year under consideration;
- (iii) that they 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 frauds and other irregularities;
- (iv) that they have prepared the annual accounts of the Company for the financial year ended 31st March, 2001 on a going concern basis.

AUDITORS

M/s. Raghu Nath Rai & Co., Chartered Accountants, the Auditors of the Company who are to retire at the ensuing Annual General Meeting, being eligible, offer themselves for reappointment. The Company has received a certificate to

the effect that their re-appointment, if made, shall be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

CORPORATE GOVERNANCE

Your Directors are in the process of introducing various provisions of Corporate Governance as outlined in clause 49 of the listing agreements with stock exchanges and shall implement them in full as per the implementation schedule prescribed under the said clause. However, an Audit Committee under the provisions of Section 292A of the Companies Act, 1956 has been constituted comprising of the following members:

Mr. S. Acharya, Chairman of the Committee
Major R.N. Misra (Retd.)
Mrs. Paramita Mahapatra
Mr. S.K. Pattanaik

Investors' grievances are being attended to by the 'Compliance Officer' appointed under guidelines of SEBI and they are being reviewed by the Company's Board at regular intervals.

INDUSTRIAL RELATIONS

Except for a brief disruption in production activities caused by contract labour extending for about a week, industrial relations remained cordial both at the Company's plants and mines.

ACKNOWLEDGEMENT

Your Directors wish to place on record their deep sense of appreciation of the devoted services rendered by all category of employees. Further, your Directors would like to place on record with appreciation the continued assistance and cooperation extended by Company's bankers, Indian Overseas Bank.

For and on behalf of the Board

BAIJAYANT PANDA
MANAGING DIRECTOR

SUBHRAKANT PANDA
DIRECTOR

New Delhi
30th July, 2001

ANNEXURE TO THE DIRECTORS' REPORT

**CONSERVATION OF ENERGY**

Major source of energy for the operation of the Company is electrical power and the Company has taken several measures like selection of optimum charge mix, improvement in casting and product sorting methods, installation of capacitor banks etc. for conservation of energy. Besides these

1. Individual "Energy Meters" are being provided by modifying the electrical circuits and separate circuit for control & measurement of energy in the quarters.
2. In Plant 01, variable frequency drives are provided for all the raw material feeding system drives for better control from remote and energy saving.
3. In Plant 03, one of the existing cooling tower fan blade assembly made out of cast aluminum alloy was replaced by a hollow F.R.P. fan blade assembly to reduce the energy consumption.
4. In switch yard, the existing A.C.S.R. conductors are replaced with suitable tubular and flat aluminum bus bars with clamps to reduce the energy losses and power interruptions.
5. The existing conventional incandescent lamps and tube lights are replaced with highly energy efficient P.L.S. type luminaries wherever continuous illumination was required. This has resulted in substantial savings in power.
6. "Energy efficient screw type air compressors" are provided in the plant for optimum utilization of air and savings in energy.
7. The conventional usage of oxygen gas for furnace tap hole opening through lancing pipe is replaced with "liquid oxygen" system.

Since the energy consumption in ferro alloys industry depends upon several variable factors like quality of raw material, quantity and continuity of power supply, multitypes and grades of finished products as per customers' requirements which change from time to time, the exact impact per unit of production is not quantifiable.

TECHNOLOGY ABSORPTION

The Company is striving to optimise the use of raw materials and much emphasis has been given to the molasses briquetting technology in utilisation of chrome ore fines, keeping in view the scarcity of lumpy chrome ore. This has not only improved the recovery in the furnace but also resulted in lower power consumption.

R & D activities have been an integral part of our industry for improvement in productivity, reduction in cost, optimum utilisation of raw materials and import substitutions. During the period under review, the Company has made substantial savings in cost and breakdown time by import substitutions i.e. (i) Charging machine push pull cylinder assembly, (ii) Flat rubber membrane housing, (iii) Load cells in Plant 01, (iv) Furnace over current earth fault protective relay, (v) Vibrating feeder motors in raw material handling system, (vi) Vibrating feeders, (vii) Proximity switches, etc.

Moreover, the Company is also continuously introducing hi-tech computerised equipments in process control areas to ensure that the final products are of international standards and more importantly to compete in the fast changing global market.

FOREIGN EXCHANGE EARNING AND OUTGO DURING THE YEAR UNDER REPORT

Foreign exchange earnings:	- NIL
Foreign exchange outgo	- Rs.1849.14 lakhs