

**45TH
ANNUAL REPORT
AND
ACCOUNTS
2006 - 2007**

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**INDIAN METALS & FERRO ALLOYS LIMITED
BHUBANESWAR, ORISSA**

INDIAN METALS & FERRO ALLOYS LIMITED

45th Annual General Meeting

On Saturday, the 28th July, 2007
at the Registered Office of the
Company at Bomikhal,
P.O. : Rasulgarh
Bhubaneswar - 751 010
at 12.30 PM.

BOARD OF DIRECTORS

Executive Chairman

DR. B PANDA

Vice Chairman

MR. BAIJAYANT PANDA

Managing Director

MR. SUBHRAKANT PANDA

Director (Finance)

MR. S P MATHUR

Director (Corporate)

MR. J K MISRA

Directors

MRS. PARAMITA MAHAPATRA

MR. G L TANDON, Padma Bhushan

MR. D BANDYOPADHYAY

MAJOR R N MISRA (RETD.)

MR. A KHANDUAL (Nominee Director of IDBI)

DR. S ACHARYA

MR. N R MOHANTY, Padma Shri

MR. S K PATTANAIK

MR. ALEXIUS MARKUS AMREIN

VICE PRESIDENT (FINANCE) & COMPANY SECRETARY

MR. G KALYANASUNDARAM

AUDITORS

M/s. RAGHU NATH RAI & CO.

Chartered Accountants

New Delhi

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BANKERS

Indian Overseas Bank

State Bank of India

TERM LENDERS

Industrial Development Bank of India Limited

IFCI Limited

ICICI Bank Limited

Indian Overseas Bank

Canara Bank

Punjab National Bank

Vijaya Bank

Union Bank of India

Andhra Bank

Central Bank of India

REGISTERED OFFICE

Bomikhal, P.O. : Rasulgarh

Bhubaneswar - 751 010

Orissa.

PLANTS

Choudwar, Dist. : Cuttack, Orissa.

Therubali, Dist. : Raygada, Orissa

MINES

Bangur, Dist. : Keonjhar, Orissa

Sukinda, Dist. : Jajpur, Orissa.

Nuasahi, Dist. : Keonjhar, Orissa

REGISTRATION & SHARE TRANSFER WORK

Members are requested to correspond directly with Company

Secretary at the Registered Office of the Company

e-mail : kalyanasundaram@imfa.in



INDIAN METALS & FERRO ALLOYS LIMITED

NOTICE

Notice is hereby given that the 45th 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: Rasulgarh, Bhubaneswar – 751 010, Orissa on Saturday, the 28th July, 2007 at 12.30 P. M. 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 2007 along with the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. S. Acharya who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. S. K. Pattanaik who retires by rotation and being eligible, offers himself for re-election.
5. To appoint a Director in place of Mr. N. R. Mohanty who retires by rotation and being eligible, offers himself for re-election.
6. To appoint Auditors for the financial year 2007-2008 on a remuneration to be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS

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

“RESOLVED that the consent of the Shareholders be and is hereby accorded, pursuant to Section 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, for increase in the remuneration of Dr. B. Panda, Executive Chairman, by payment of Commission of 1.5% of the Net Profits per annum computed in accordance with Section 198 of the Companies Act, 1956, to Dr. B. Panda, Executive Chairman, in addition to the remuneration already approved by the Shareholders at the Annual General Meeting held on December 15, 2006”.

“RESOLVED FURTHER that the above commission be paid to Dr. B. Panda, Executive Chairman, on the Net Profits of the Company with effect from the Financial Year commencing 1st April, 2006”.

“RESOLVED FURTHER that in case of inadequacy of profits in any year, the commission payable to Dr. B. Panda and the other Managing/Whole-Time Directors be reduced pro rata, in such a manner that the overall remuneration paid to Dr. B. Panda, Executive Chairman, does not exceed 5% of the Net Profits, and the overall managerial remuneration payable to all the Managing/Whole-Time Directors does not exceed 10% of the Net Profits as prescribed by Section 309 of the Companies Act, 1956.

8. To consider, and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

“RESOLVED that the consent of the Shareholders be and is hereby accorded, pursuant to Section 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, for increase in the remuneration of Mr. Baijayant Panda, Vice Chairman, by payment of Commission



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of 1.5 % of the Net Profits per annum computed in accordance with Section 198 of the Companies Act, 1956, to Mr. Baijayant Panda, Vice Chairman, in addition to the remuneration already approved by the Shareholders at the Annual General Meeting held on December 15, 2006”.

“RESOLVED FURTHER that the above commission be paid to Mr. Baijayant Panda, Vice Chairman, on the Net Profits of the Company with effect from the Financial Year commencing 1st April, 2006”.

“RESOLVED FURTHER that in case of inadequacy of profits in any year, the commission payable to Mr. Baijayant Panda and the other Managing/ Whole Time Directors be reduced pro rata in such a manner that the overall remuneration paid to Mr. Baijayant Panda does not exceed 5% of the Net Profits,” and the overall managerial remuneration payable to all the Managing/Whole Time Directors does not exceed 10% of the Net Profits as prescribed by Section 309 of the Companies Act, 1956”.

9. To consider, and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

“RESOLVED that the consent of the Shareholders be and is hereby accorded, pursuant to Section 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, for increase in the remuneration of Mr. Subhrakant Panda, Managing Director, by payment of Commission of 1.5% of the Net Profits per annum computed in accordance with Section 198 of the Companies Act, 1956, to Mr. Subhrakant Panda, Managing Director, in addition to the remuneration already approved by the Shareholders at the Annual General Meeting held on December 15, 2006”.

“RESOLVED FURTHER that the above commission be paid to Mr. Subhrakant Panda, Managing Director, on the Net Profits of the Company with effect from the Financial Year commencing 1st April, 2006”.

“RESOLVED FURTHER that in case of inadequacy of profits in any year, the Commission payable to Mr. Subhrakant Panda and the other Managing/ Whole-Time Directors be reduced pro rata in such a manner that the overall remuneration paid to Mr. Subhrakant Panda, Managing Director, does not exceed 5% of the Net Profits, and the overall managerial remuneration payable to all the Managing/Whole Time Directors does not exceed 10% of the Net Profits as prescribed by Section 309 of the Companies Act, 1956”.

10. To consider, and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

“RESOLVED that the consent of the Shareholders be and is hereby accorded, pursuant to Section 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, for increase in the remuneration of Mr. J. K. Misra, Director (Corporate), by payment of Commission at such amount as may be recommended by the Managing Director and approved by the Remuneration Committee; such commission in any case not exceeding 0.5% of the net Profits per annum computed in accordance with Section 198 of the Companies Act, 1956, to Mr. J. K. Misra, Director (Corporate), in addition to the remuneration already approved by the Shareholders at the Annual General Meeting held on December 15, 2006”.

“RESOLVED FURTHER that the above commission be paid to Mr. J. K. Misra, Director



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(Corporate), on the Net Profits of the Company with effect from the Financial Year commencing 1st April, 2006”.

“RESOLVED FURTHER that in case of inadequacy of profits in any year, the Commission payable to Mr. J. K. Misra, and the other Managing/Whole-Time Directors be reduced pro rata, in such a manner that the overall remuneration paid to Mr. J. K. Misra, Director (Corporate), does not exceed 5% of the Net Profits, and the overall managerial remuneration payable to all the Managing / Whole-Time Directors does not exceed 10% of the Net Profits as prescribed by Section 309 of the Companies Act, 1956”.

11. To consider, and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

“RESOLVED that the consent of the Shareholders be and is hereby accorded, pursuant to Section 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, for increase in the remuneration of Mr. S. P. Mathur, Director (Finance), by payment of performance bonus in the following manner :

Rs. 2,50,000/- payable on 31st July, 2007

Rs. 5,00,000/- payable at the time of retirement from office

to Mr. S. P. Mathur, Director (Finance) in addition to the remuneration already approved by the Shareholders at the Annual General Meeting held on December 15, 2006”.

12. To consider, and if thought fit, to pass, with or without modification, the following resolution as a special resolution :

“RESOLVED that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding 0.5% per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956 be paid to and distributed amongst the Non-Executive Directors of the Company (other than Directors of the Promoter Group, Whole Time Directors and other Non-Independent Directors) in such amount or proportion and in such manner and in all respects as may be decided and directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year of the period of three years commencing on 1st April, 2006.

Notes :

1. 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.
2. Explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of business mentioned under items 7 to 12 is annexed hereto.
3. The register of members of the Company shall remain closed from 16th July, 2007 to 28th July, 2007, both days inclusive.



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4. Dividend, if declared, will be paid to those members whose names shall appear on the Register of members as on 28th July, 2007 in respect of those Shareholders holding the shares in physical form. In respect of dematerialised shares, the dividend will be payable on the basis of beneficial ownership as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose as on that date.
5. Members are requested to furnish their Bank Account details, change of address etc. to the Company in respect of shares held in physical form. If the shares are held in electronic form, then the said particulars should be furnished to their respective Depository Participants (DPs).
6. (a) Members holding the shares in electronic mode may please note that their dividend would be paid through Electronic Clearing Services (ECS) wherever available. The dividend would be credited to their bank account as per the mandate given by the members to their DPs. In the absence of availability of ECS facility, the dividend would be paid through warrants and the Bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations.
- (b) Members are requested to send their Bank Account particulars (viz. Account No., Name & Branch of the Bank and the MICR Code) to their DPs in case the shares are held in electronic mode or to Company in case the shares are held in physical mode for printing on dividend warrant to ensure that there is no fraudulent encashment.
7. Members who desire to have any information/clarification as regards the audited annual accounts for the year ended 31st March, 2007 are requested to write to the Company Secretary at least 7 days before the date of meeting.
8. Members are requested to bring their copy of the Annual Report along with attendance slip (sent herewith).
9. The Company has complied with all provisions relating to unpaid dividends of the previous years under section 205A and other applicable provisions of the Companies Act, 1956.
10. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during working hours on any working day till the date of this Annual General Meeting.
11. The Board recommends resolutions 1 to 12 above for the approval of the Members.

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

(G. KALYANASUNDARAM)
VICE PRESIDENT (FINANCE) &
COMPANY SECRETARY

New Delhi
25th May, 2007

INDIAN METALS & FERRO ALLOYS LIMITED**ANNEXURE TO NOTICE****Explanatory Statement pursuant to section 173 of the Companies Act, 1956****Item No. 7**

Members are aware that Dr. B. Panda was appointed as the Executive Chairman of the Company for a period of three years with effect from October 28, 2006. His salary and perquisites were approved by a special resolution passed at the Annual General Meeting held on December 15, 2006.

Prior to his appointment, Dr. B. Panda was the Non-Executive Chairman of this Company, and was the Executive Chairman of Indian Charge Chrome Limited, which has since merged with this Company pursuant to the Composite Scheme of Arrangement & Amalgamation sanctioned by the Hon'ble High Court of Orissa.

The Board of Directors of the Company, at its meeting held on 25th May, 2007, on the recommendation of the Remuneration Committee, approved, subject to the approval of the members, payment of commission on the Net Profits at the rate as spelt out in the resolution, in addition to salary and perquisites already approved.

As per the provisions of Section 310 of the Companies Act, 1956, any increase in the remuneration shall have no effect, unless such increase is in accordance with the conditions specified in Schedule XIII to the Companies Act, 1956.

Section I of Part II of Schedule XIII to the Companies Act permits a Company making profits to pay managerial remuneration up to a maximum of 5% of the Net Profits to a single managerial person, and 10% of the Net Profits to all the managerial persons together. The proposed Resolution also envisages a pro rata

reduction in the commission in the event the net profits are inadequate in any particular year. Since Dr. B. Panda has attained the age of 70 years, the resolution is proposed as a special resolution as required under Part I (c) of Schedule XIII to the Companies Act, 1956.

These explanations together with the accompanying notice may be treated as abstract of the terms of the appointment and memorandum as required under section 302 of the Companies Act, 1956.

None of the Directors, except Dr. B. Panda, Mr. Baijayant Panda, Mrs. Paramita Mahapatra and Mr. Subhrakant Panda, are concerned or interested in the resolution under Item 7.

Item No. 8

Members are aware that Mr. Baijayant Panda was redesignated as the Vice Chairman of the Company with effect from 28th October, 2006. His salary and perquisites for a period of three years with effect from the said date were approved by a special resolution passed at the Annual General Meeting held on December 15, 2006.

The Board of Directors of the Company, at its meeting held on 25th May, 2007, on the recommendation of the Remuneration Committee, approved, subject to the approval of the members, payment of commission on the Net Profits at the rate as spelt out in the resolution, in addition to salary and perquisites already approved.

As per the provisions of Section 310 of the Companies Act, 1956, any increase in the remuneration shall have no effect, unless such increase is in accordance with the conditions specified in Schedule XIII to the Companies Act, 1956.

Section I of Part II of Schedule XIII to the Companies Act permits a Company making



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profits to pay managerial remuneration up to a maximum of 5% of the Net Profits to a single managerial person, and 10% of the Net Profits to all the managerial persons together. The proposed resolution also envisages a pro rata reduction in the commission in the event the net profits are inadequate in any particular year.

These explanations together with the accompanying notice may be treated as abstract of the terms of the appointment and memorandum as required under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. Baijayant Panda, Dr. B. Panda, Mrs. Paramita Mahapatra and Mr. Subhrakant Panda, are concerned or interested in the resolution under Item 8.

Item No. 9

Members are aware that Mr. Subhrakant Panda was appointed as the Managing Director of the Company for a period of three years with effect from October 28, 2006. His salary and perquisites were approved by a special resolution passed at the Annual General Meeting held on December 15, 2006.

Prior to his appointment, Mr. Subhrakant Panda was a Director of this Company, and was the Managing Director of Indian Charge Chrome Limited, which has since merged with this Company pursuant to the Composite Scheme of Arrangement & Amalgamation sanctioned by the Hon'ble High Court of Orissa.

The Board of Directors of the Company, at its meeting held on 25th May, 2007, on the recommendation of the Remuneration Committee, approved, subject to the approval of the members, payment of commission on the Net Profits at the rate as spelt out in the resolution, in addition to salary and perquisites already approved.

As per the provisions of Section 310 of the Companies Act, 1956, any increase in the

remuneration shall have no effect, unless such increase is in accordance with the conditions specified in Schedule XIII to the Companies Act, 1956.

Section I of Part II of Schedule XIII to the Companies Act permits a Company making profits to pay managerial remuneration up to a maximum of 5% of the Net Profits to a single managerial person, and 10% of the Net Profits to all the managerial persons together. The proposed resolution also envisages a pro rata reduction in the commission in the event the net profits are inadequate in any particular year.

These explanations together with the accompanying notice may be treated as abstract of the terms of the appointment and memorandum as required under section 302 of the Companies Act, 1956.

None of the Directors, except Mr. Subhrakant Panda, Dr. B. Panda, Mr. Baijayant Panda and Mrs. Paramita Mahapatra, are concerned or interested in the resolution under Item 9.

Item No. 10

Members are aware that Mr. J. K. Misra was appointed as the Director (Corporate) of the Company for a period of three years with effect from October 28, 2006. His salary and perquisites were approved by a Special Resolution passed at the Annual General meeting held on December 15, 2006.

Prior to his appointment, Mr. J. K. Misra was the Director (Corporate) of Indian Charge Chrome Limited, which has since merged with this Company pursuant to the Composite Scheme of Arrangement & Amalgamation sanctioned by the Hon'ble High Court of Orissa.

The Board of Directors of the Company, at its meeting held on 25th May, 2007, on the recommendation of the Remuneration Committee, approved, subject to the approval of the members,

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payment of commission on the Net Profits at the rate as spelt out in the resolution, in addition to salary and perquisites already approved.

As per the provisions of Section 310 of the Companies Act, 1956, any increase in the remuneration shall have no effect, unless such increase is in accordance with the conditions specified in Schedule XIII to the Companies Act, 1956.

Section I of Part II of Schedule XIII to the Companies Act permits a Company making profits to pay managerial remuneration up to a maximum of 5% of the Net Profits to a single managerial person, and 10% of the Net Profits to all the managerial persons together. The proposed resolution also envisages a pro rata reduction in the commission in the event the net profits are inadequate in any particular year.

These explanations together with the accompanying notice may be treated as abstract of the terms of the appointment and memorandum as required under section 302 of the Companies Act, 1956.

None of the Directors, except Mr. J. K. Misra, are concerned or interested in the resolution under Item 10.

Item No. 11

Members are aware that Mr. S. P. Mathur was appointed as the Director (Finance) of the Company for a period of one year with effect from October 28, 2006. His salary and perquisites were approved by a special resolution passed at the Annual General Meeting held on December 15, 2006.

The Board of Directors of the Company, at its meeting held on 25th May, 2007, on the recommendation of the Remuneration Committee, approved, subject to the approval of the members, payment of performance bonus as spelt out in the resolution, in addition to salary and perquisites already approved.

As per the provisions of Section 310 of the Companies Act, 1956, any increase in the remuneration shall have no effect, unless such increase is

in accordance with the conditions specified in Schedule XIII to the Companies Act, 1956.

These explanations together with the accompanying notice may be treated as abstract of the terms of the appointment and memorandum as required under section 302 of the Companies Act, 1956.

None of the Directors, except Mr. S. P. Mathur, are concerned or interested in the resolution under Item 11.

Item No. 12

Section 309 of the Companies Act, 1956 provides that a Director who is neither in the whole time employment of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company by special resolution, authorizes such payment.

The proposed resolution would allow the Company to make payment by way of commission on the Net Profits of the Company calculated under the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, to the Non-Executive Directors (other than Directors of the Promoter Group, Whole Time Directors and other Non-Independent Directors) for a period of three Financial Years commencing on 1st April, 2006 in accordance with Section 309 of the Companies Act, 1956.

All the Directors other than Directors belonging to the Promoter Group, Whole Time Directors and other Non-Independent Directors are deemed to be interested in the resolution to the extent of the commission payable to them in accordance with the proposed resolution.

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

(G KALYANASUNDARAM)
VICE PRESIDENT (FINANCE) &
COMPANY SECRETARY

New Delhi
25th May, 2007

INDIAN METALS & FERRO ALLOYS LIMITED**DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING**

<p>1 Dr. S. Acharya Father's Name Date of Birth Date of Appointment Qualifications Expertise in specific functional areas Directorships held in other Companies Member of Committees of the Board Member of Committees in other Companies Shares held in IMFA</p>	<p>Late Paramanand Acharya 09th October, 1934 27th November, 1987 Post Graduate in Geology, Doctorate Degree from IIT, Kharagpur in Applied Geology Geologist & Academician. Retd. Vice Chancellor, Utkal University Orissa Mining Corporation Ltd. Remuneration Committee Shareholder / Investor Grievance Committee NIL NIL</p>
<p>2 Mr. S. K. Pattanaik Father's Name Date of Birth Date of Appointment Qualifications Expertise in specific functional areas Directorships held in other Companies Member of Committees of the Board Member of Committees in other Companies Shares held in IMFA</p>	<p>Late Shyam Sunder Pattanaik 15th November, 1943 1st January, 1990 Metallurgist from Ranchi University Metallurgist having wide experience NIL NIL NIL NIL</p>
<p>3 Mr. N. R. Mohanty, Padma Shri Father's Name Date of Birth Date of Appointment Qualifications Expertise in specific functional areas Directorships held in other Companies Member of Committees of the Board Member of Committees in other Companies Shares held in IMFA</p>	<p>Late Gaurang Charan Mohanty 8th November, 1944 7th January, 2005 Mechanical Engineering from REC, Rourkela Former Chairman of HAL Kudremukh Iron Ore Company Ltd. Sankhya Infotech Ltd. Bharat Earth Movers Ltd.(BEML) NIL Kudremukh Iron Ore Company Ltd. (Audit Committee) NIL</p>