

ANNOUNCEMENT

The Board in its meeting held on 31st October 2008 decided the following subject to final shareholders approval.

- 1) The Board has recommended a dividend of 15%.
- 2) Keeping in view the core business activities of the company, the Board has decided that the name of the company be changed to "Indsil Hydro Power and Manganese Ltd.,"

FINANCIAL PERFORMANCE :

The company posted a reasonably strong performance for the quarter under review. PBT was Rs.395 lakhs for the quarter as compared to Rs.410 lakhs for the same period, the previous year. Sales for the quarter was Rs.2274 lakhs vs. Rs.2283 lakhs, the previous year.

The hydro electric power project witnessed a very poor South West monsoon season this year as compared to that of the past few years.

INDONESIAN MANGANESE ORE PROJECT :

The company's investment in the captive manganese ore mining project in Indonesia stands at Rs.211 lakhs. The investment has been primarily exploratory in nature.

Recently, it has been observed that the grade of manganese ore in the mine fails to conform to earlier expectations especially in terms of phosphorous contents. The company has therefore decided to put a stop to further investment in the project and with regard to the existing investment, the company has decided to take appropriate steps in line with the existing arrangements and agreements it has with its Joint venture partner.

OUTLOOK :

There has been a crash in prices of all manganese assets across the globe over the past few weeks. Unprecedented stock piling is taking place across the industry with respect to both manganese ore and manganese alloys. Selling prices have dropped by over 40% in a matter of a few weeks and it is expected that until the liquidity situation improves across the globe and international trading with respect to manganese alloy and steel improves, prices of manganese assets would continue to show downward trend.

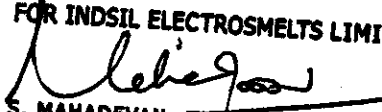
Even though the company does not have any significant exposure to high priced manganese ore inventory or stock, the smelter division would struggle in terms of profitability over the next two quarters by which time it is expected that the situation would stabilize and probably improve.

The financial performance of the company would also greatly depend on the strength of the North East monsoon during the months of October and November and historically the hydro electric power plant has received maximum water flow during this period. It is expected that this year too would witness a good North East monsoon season.

EARNINGS OUTLOOK :

The smelter division is expected to struggle in terms of earnings and volumes for the next two quarters. The hydro electric power division is expected to report fairly good performance during the coming quarter.

Overall earnings of the company for the next two quarters would depend on the length of the sudden and unexpected global down turn in the manganese industry.

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FOR INDSIL ELECTROSMELTS LIMITED

S. MAHADEVAN
COMPANY SECRETARY