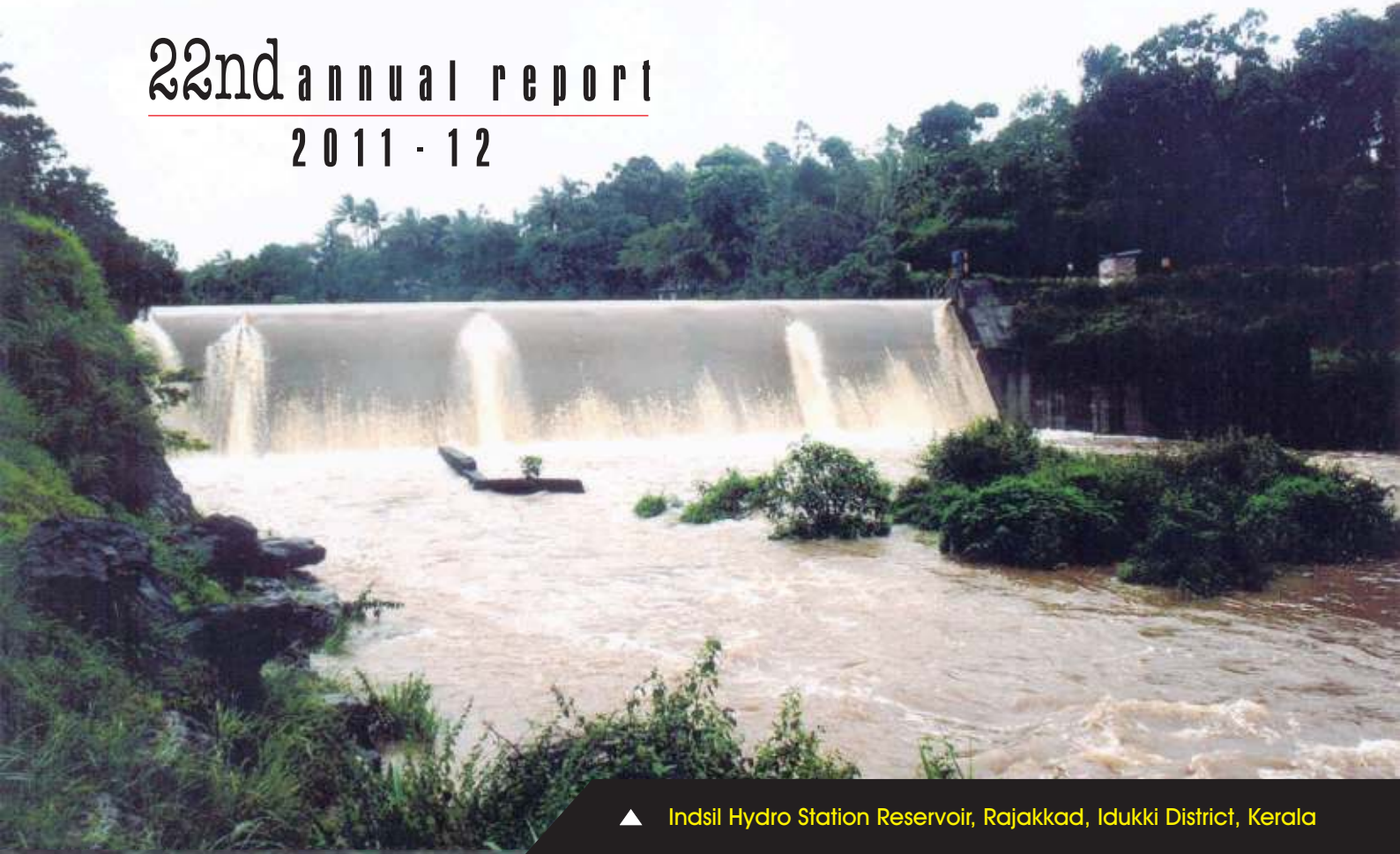


# 22nd annual report

2011 - 12



▲ Indsil Hydro Station Reservoir, Rajakkad, Idukki District, Kerala

Indsil Hydro Station Power House, Rajakkad, Idukki District, Kerala ▼



**INDSIL**

Indsil Hydro Power and  
Manganese Limited



**INDSIL**

# **INDSIL HYDRO POWER AND MANGANESE LIMITED**

22<sup>ND</sup> ANNUAL REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

## **BOARD OF DIRECTORS**

SRI S.N.VARADARAJAN  
CHAIRMAN

SRI VINOD NARSIMAN  
MANAGING DIRECTOR

SRI S. INDERCHAND

SRI B. BALCHAND

SMT. D. PUSHPA VARADARAJAN

DR. S. RAMA IYER

SRI K.S. MAHADEVAN

DR. A.K. SREEDHARAN

SRI. K. RAMAKRISHNAN

## **COMPANY SECRETARY**

SRI S. MAHADEVAN

## **STATUTORY AUDITORS**

M/S. K.S.G. SUBRAMANYAM & CO.,  
CHARTERED ACCOUNTANTS  
II FLOOR, UNITED SHOPPING COMPLEX  
94/36, DR. NANJAPPA ROAD, COIMBATORE 641 018

## **REGISTRARS & SHARE TRANSFER AGENT (PHYSICAL & DEMAT)**

S.K.D.C CONSULTANTS LTD  
"KANAPATHY TOWERS"  
3<sup>RD</sup> FLOOR, 1391/A-1  
SATHY ROAD  
GANAPATHY  
COIMBATORE 641 006  
PHONE : 0422-6549995, 2539835/836  
e-mail : info@skdc-consultants.com

## **BANKERS**

STATE BANK OF TRAVANCORE  
THE FEDERAL BANK LIMITED  
IDBI BANK LIMITED  
YES BANK LIMITED  
STANDARD CHARTERED BANK

## **REGD. & CORPORATE OFFICE**

'INDSIL HOUSE', T.V.SAMY ROAD (WEST)  
R.S.PURAM, COIMBATORE 641 002

## **WORKS**

### **SMELTER UNIT**

VI-679 PALLATHERI, ELAPULLY  
PALAKKAD 678 007, KERALA

### **RAJAKKAD HYDRO ELECTRIC POWER PLANT**

VIII/351 RAJAKKAD, IDUKKI DISTRICT - 685 566  
KERALA

### **SUBSIDIARY COMPANY**

SREE MAHALAKSHMI SMELTERS PVT LTD  
MERAKAMUDIDAM MANDALAM  
GARBHAM 535 102, VIZIANAGARAM DIST (A.P)

### **JOINT VENTURE COMPANY**

AL-TAMMAN INDSIL FERRO CHROME LLC  
CR.NO.1090488, P.O.BOX 592, AL HAMRIYA  
POSTAL CODE 131, SULTANATE OF OMAN

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## NOTICE OF THE 22<sup>ND</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22<sup>nd</sup> Annual General Meeting of the Company will be held at Chamber Towers, 8/732 Avanashi Road, Coimbatore 641 018 on Monday, the 17<sup>th</sup> day of December, 2012 at 10.15 A.M. to transact the following business:

Members are requested to make it convenient to attend the meeting.

### AGENDA

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30<sup>th</sup> June, 2012 and statement of Profit & Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on the equity shares.
3. To appoint a Director in place of Sri S. Inderchand, who retires from office by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri K. Ramakrishnan, who retires from office by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors of the Company. The retiring Auditors M/s. K.S.G. Subramanyam & Co., Chartered Accountants are eligible for reappointment.

#### SPECIAL BUSINESS

6. **APPOINTMENT OF M/S HARIBHAKTI & CO., AS JOINT STATUTORY AUDITORS FOR THE FINANCIAL YEAR 2012-13**

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

"RESOLVED THAT M/s Haribhakti & Co., Chartered Accountants, having its office at "Shree Shanmugapriya", 2<sup>nd</sup> Floor, 454, Ponnaiyan Street, Crosscut Road, Gandhipuram, Coimbatore - 641 012 be and are hereby appointed as the Joint Statutory Auditors of the Company together with M/s K S G Subramanyam & Co, Chartered Accountants, Coimbatore - 641 018, the retiring Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be mutually agreed upon between the said Joint Statutory Auditors and the Board of Directors of the Company."

7. **RE-APPOINTMENT OF SRI VINOD NARSIMAN AS MANAGING DIRECTOR**

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

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), Sri. Vinod Narsiman, be and is hereby unanimously re-appointed as Managing Director of the Company for a period of 5 (five) years with effect from 6<sup>th</sup> November, 2012. The remuneration as mentioned below is subject to review at any time during the period of appointment as the Board of Directors may revise from time to time duly recommended in that respect by the Remuneration Committee.

- I. 1. Salary :

Salary in the range of Rs. 50,000/- to Rs. 3,00,000/- per month during the tenure of his appointment as may be decided by the Board of Directors from time to time.

2. Commission :

3% of the net profits of the Company in each year computed in accordance with Section 349 of the Companies Act, 1956.



3. Perquisites :

In addition to the above salary:

- a. Expenditure for medical treatment incurred for self, wife and dependent children not exceeding one month's salary per annum or 3 month's salary over a period of 3 years.
- b. Leave travel concession for self, wife and dependent children once in an year in accordance with the rules of the Company.
- c. Fees of clubs of choice, however not exceeding 2 clubs, over and above admission fees payable.
- d. Company's contribution to Provident Fund as per rules of the Company and as laid down under Income Tax Rules, 1962.
- e. Contribution to super-annuation fund / annuity as per rules of the Company and as laid down under Income Tax Rules, 1962.
- f. Gratuity as per rules of the Company, but not exceeding half a month's salary for each completed year of service.
- g. Encashment of leave at the end of the tenure as per the rules of the Company.
- h. Personal accident insurance premium not exceeding Rs.1,00,000/- per annum.
- i. Any other perquisites as may be allowed by the Board of Directors of the Company within the permissible limits.

The above is subject to the fact that the aggregate of the total salary, commission and perquisites payable shall not exceed the prescribed ceiling of the net profits of the Company calculated in accordance with Section 198 and Section 309 of the Companies Act, 1956.

II. In case the Company has no profits or its profits are inadequate in any financial year during the currency of the tenure of Sri Vinod Narsiman, Managing Director of the Company, he shall be entitled to receive remuneration as above subject to the minimum remuneration specified in para 1(A) of Section II of Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time provided that the following perquisites shall not be included in the computation of remuneration.

- a. Company's contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- c. Encashment of leave at the end of the tenure.

III. OTHERS :

- a. The Managing Director shall be entitled to reimbursement of all actual expenses including on entertainment and travelling incurred in the course of the Company's business.
- b. The Company shall provide a car with driver and telephone facility at the residence of the Managing Director. Provisions of car with driver for use of the Company's business and telephone facility at the residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Managing Director.

"RESOLVED FURTHER THAT as the above appointee is already the Managing Director of Indsil Energy and Electrochemicals Limited, (Company having Registered Office at "INDSIL" House, T.V.Samy Road (West), R.S.Puram, Coimbatore 641 002) and drawing remuneration from the said Company, the total remuneration drawn by him from both the Companies shall not exceed the higher maximum limit admissible from the Company or the said Company".

"FURTHER RESOLVED THAT the scope and quantum of remuneration specified herein above, may be enhanced, enlarged or varied by the Board of Directors, in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 1956 and/or the rules and regulations made thereunder and/or such guidelines as may be announced by the Government of India from time to time".



"RESOLVED FURTHER THAT the Board/Remuneration Committee of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution".

## 8. VARIATION OF VESTING PERIOD OF OPTIONS UNDER "INDSIL ESOS 2008"

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

"RESOLVED THAT approval of the shareholders of the Company be and is hereby accorded for the variation of the terms relating to vesting of the options under the "INDSIL ESOS 2008" as under:

Para 7(b) falling under the head "Vesting of Options", shall be deleted in toto and the following shall be substituted in its place:

The Compensation Committee of the Board (CCB) be empowered to choose the mode of vesting either on accelerated basis or on graded basis as follows :

- (i) Accelerated basis vesting shall happen in respect of those eligible employees chosen or specified by the CCB such that all the options granted to such employees shall vest immediately on the expiry of 12 months from the effective date.
- (ii) Graded vesting shall happen in a graded basis over a period of four years in respect of those eligible employees chosen or specified by the CCB as mentioned in the Scheme and as amended by the special resolution passed by the shareholders in the Annual General Meeting held on 14th December, 2011 ie., @ 25% from the effective date as follows :
  - a) 25% shall be vested when a period of 12 months would expire from the effective date.
  - b) 25% shall be vested when a period of 24 months would expire from the effective date.
  - c) 25% shall be vested when a period of 36 months would expire from the effective date.
  - d) 25% shall be vested when a period of 48 months would expire from the effective date.
  - e) In respect of options that are already vested on graded vesting basis, the CCB shall have the liberty to shift certain grantee(s) or all grantees from graded vesting to accelerated vesting to enable the accelerated vesting of options that are yet to be vested as on the date of such decision by CCB.

"RESOLVED FURTHER THAT the Company shall comply with the accounting policies specified in Schedule I of the SEBI (ESOS & ESPS) Guidelines, 1999. In case of any acceleration of vesting, the Company shall recognize immediately the amount that otherwise would have been recognized for services received over the remaining vesting period."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to take all effective steps and to do all deeds and things that are necessary or expedient to give effect to the above resolution and also to seek the approval of the Bombay Stock Exchange, if any, prior to giving effect of the aforesaid variation and further the Board shall authorize the communication of the variation to such selected eligible employees who are option grantees accordingly."

Place : Coimbatore  
Date : 05.11.2012

By Order of the Board

Sd/-  
S.MAHADEVAN  
Company Secretary.



## NOTES FOR MEMBERS' ATTENTION:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member of the Company. The proxy form should be lodged at the Registered Office of the Company atleast 48 hours before the commencement of the meeting. Corporate members are requested to send a duly certified copy of their board resolution authorizing their representatives to attend and vote at the Annual General Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
3. Dividend, if approved at the Annual General Meeting will be paid to those members whose names appear:
  - a) As Beneficial owners as at the end of business hours on 11<sup>th</sup> December, 2012 as per the list to be furnished by NSDL & CDSL in respect of the shares held in electronic form and
  - b) As members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before 11<sup>th</sup> December, 2012

The Register of Members and Share Transfer books will be closed from Wednesday, 12<sup>th</sup> December 2012 to Monday, 17<sup>th</sup> December 2012 (both days inclusive).

4. Details in respect of Directors retiring by rotation, pursuant to Clause 49 of the Listing Agreement are annexed hereto.
5. Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividends remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund of the Central Government and no payments shall be made in respect of any such claims by the Fund.
6. Members holding shares in physical form are requested to notify change in their addresses, if any, to the Registrars & Share Transfer Agent of the Company and Members holding shares in dematerialised form are requested to notify change in their address to their respective Depository Participants.
7. Members are requested to bring their copy of the Annual Report to the Annual General Meeting. No fresh copies will be issued at the Meeting.
8. Members who have not yet given their bank's name, address and account number are requested to furnish the same to the Registrars & Share Transfer Agent of the Company.
9. The equity shares of the Company are listed on Bombay Stock Exchange Ltd. The Annual Listing fee has been paid upto date to the above said Exchange.
10. Members who have multiple accounts in identical names or joint accounts in same order are requested to send all their share certificates to the Registrars & Share Transfer Agent of the Company for consolidation of all such shareholding into one account to facilitate better service.
11. For the convenience of the members, an attendance slip is annexed to the proxy form. Members are requested to affix their signatures at the space provided and hand over the attendance slip at the place of the meeting.
12. All the documents referred to in the Notice of the AGM are open for inspection at the Registered Office of the Company during office hours (9.30 A.M to 5.30 P.M) on all working days except holidays before the date of the AGM.
13. Shareholders seeking any information with regard to the accounts are requested to write to the Company seven days prior to the date of the AGM so as to enable the management to keep the information ready.
14. Equity shares of the Company have been placed under Compulsory Demat Trading. Members who have not dematerialised their physical holding in the Company are advised to avail the facility of dematerialisation of equity shares of the Company.
15. The ISIN of the equity shares of your Company is INE867D01018.



16. The Ministry of Corporate Affairs (vide Circular Nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a "Green Initiative in Corporate Governance" and allowed Companies to share documents with its share holders through an electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with M/s S.K.D.C Consultants Ltd.
17. The soft copy of the Annual Report is being sent to the e-mail addresses registered with the respective Depository Participant of the shareholders and where such e-mail addresses are not available, physical form of Annual Reports are being sent to the registered addresses of the concerned shareholders.
18. Pursuant to the provisions of Section 109A of the Companies Act, 1956, members are requested to file Nomination Forms in respect of their shareholdings. Any member wishing to avail this facility may submit to the Company's Registrars & Share Transfer Agent the prescribed Statutory Form 2B. Should any assistance be desired, members should get in touch with the Company's Registrars & Share Transfer Agent.
19. The Company has a designated e-mail id for investor grievances. All the shareholders are requested to mail their grievance to mahadevan@indsil.com

Place : Coimbatore  
Date : 05.11.2012

By Order of the Board

Sd/-  
S.MAHADEVAN  
Company Secretary.





## EXPLANATORY STATEMENT:

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under items 6 to 8 of the accompanying Notice dated 5<sup>th</sup> November, 2012.

### **Item No. 6 - Appointment of M/s Haribhakti & Co. as Joint Statutory Auditors for the Financial year 2012-13**

In view of the substantial increase in the activities of the Company, the Board of Directors felt it necessary to recommend appointment of a Joint Statutory Auditors M/s. Haribhakti & Co., Chartered Accountants, having its office at "Shree Shanmugapriya", 2<sup>nd</sup> Floor, 454, Ponnaiyan Street, Crosscut Road, Gandhipuram, Coimbatore - 641 012 to hold office along with the existing Statutory Auditors of the Company for the financial year 2012-13.

The Board of Directors recommend the resolution and the same is placed before the shareholders for their approval.

None of the Directors are either interested or concerned in this resolution.

### **Item No. 7 - Re-appointment of Sri Vinod Narsiman as Managing Director**

Sri. Vinod Narsiman, was re-appointed as CEO of the Company for a period of 5 years with effect from 06.11.2007 on a salary of Rs.50,000/- per month and a commission of 1% on the net profits of the Company with perquisites and his designation was changed to Managing Director w.e.f 25.10.2009 for the remaining period of office upto 06.11.2012. His commission was revised from 1% to 3% on the net profits of the Company as approved by the shareholders in the AGM held on 05.12.2008 till his remaining period of tenure of office. The Remuneration Committee, at its meeting held on 05<sup>th</sup> November 2012, had recommended the re-appointment and remuneration of Sri Vinod Narsiman, Managing Director. The Board of Directors of the Company, at its meeting held on 05<sup>th</sup> November 2012, re-appointed Sri Vinod Narsiman as Managing Director of the Company subject to the approval of the Members. The remuneration and perquisites payable to Sri Vinod Narsiman are in conformity with the requirements of the Companies Act, 1956.

Save and except Sri Vinod Narsiman, Managing Director, being the appointee, Sri S N Vardarajan, Chairman and Smt. D. Pushpa Varadarajan, Director, being related to Sri Vinod Narsiman, none of the other Directors are concerned or interested in this resolution.

The Board of Directors recommends the resolution as set out in Item No. 7 of the Notice for the approval of the members.

The foregoing material facts may also be treated as an abstract of the terms of Sri Vinod Narsiman's re-appointment as Managing Director for the purpose of Section 302 of the Companies Act, 1956.

### **Item No. 8. - Variation of vesting period of options under "INDSIL ESOS 2008"**

- a) "INDSIL ESOS 2008" (the Scheme), was approved by the Shareholders at the 18<sup>th</sup> Annual General Meeting of your Company held on 5<sup>th</sup> December, 2008 and subsequently the shareholders in the Annual General Meeting held on 14<sup>th</sup> December, 2011 approved a variation in the vesting period to the effect that the exercise period as per the Scheme is extended from 3 years to 4 years. The Bombay Stock Exchange vide their letter dated 4<sup>th</sup> August, 2009 granted 'in-principle' approval for the original Scheme and the variation as approved by the shareholders in the AGM held on 14<sup>th</sup> December, 2011 as mentioned above was filed with the Bombay Stock Exchange accordingly.
- b) Thus, as per the Scheme, the vesting would take place in the following manner:
  - a. 25% shall be vested when a period of 12 months would expire from the effective date.
  - b. 25% shall be vested when a period of 24 months would expire from the effective date.
  - c. 25% shall be vested when a period of 36 months would expire from the effective date.
  - d. 25% shall be vested when a period of 48 months would expire from the effective date.
- c) The Human Resource Department of your Company proposed that considering the need to retain talent and to encourage the employees of the Company, discretion could be given to the Compensation Committee of the Board to choose the mode of vesting of the options under the Scheme. Hence an accelerated vesting was proposed whereby vesting of the options to chosen eligible employees can happen with immediate effect after the expiry of 12 months from the effective date. The graded vesting of 25% of options over a four year period after the expiry of the 12 months from the effective date is also retained to such eligible employees as are chosen by the Compensation Committee of the Board.
- d) Further, it has been proposed to provide liberty to the Compensation Committee of the Board to shift certain or all grantees from graded vesting to accelerated vesting as regards the unvested options.



- e) The Company feels that this would certainly motivate such employees who perform par-excellence and as a result of such vesting period, the Management would be able to retain such exceptional talents.
- f) It is hereby clarified that the aforesaid additional variation in the vesting of options as added in the resolution placed before the shareholders in this general meeting will benefit the grantees and that it will not be prejudicial to the interests of the eligible employees and in turn it will be advantageous as a factor to motivate them to perform exceedingly well so as to make them eligible for such vesting options. Further, there will be no change in any other terms and conditions of the Scheme other than the aspect mentioned herein.
- g) As per Clause 7 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, read with Para 7(j) of the Scheme, any variation to the ESOS Scheme requires prior approval of the shareholders by means of a special resolution. Further, it is provided that such variation should not relate to options that are already exercised and such variation is not detrimental to the interests of the option grantees. The proposal placed before the shareholders is in conformity with the guidelines in this regard and the Scheme.
- h) Accordingly, as per the proposed resolution, the Compensation Committee of the Board (CCB) is being empowered to choose the mode of vesting either on accelerated basis or on graded basis as follows :
  - (i) Accelerated basis vesting shall happen in respect of those eligible employees chosen or specified by the CCB such that all the options granted to such eligible employees shall vest immediately on the expiry of 12 months from the effective date.
  - (ii) Graded vesting shall happen in a graded basis over a period of four years in respect of those eligible employees chosen or specified by the CCB as follows :
    - (a) 25% shall be vested when a period of 12 months would expire from the effective date.
    - (b) 25% shall be vested when a period of 24 months would expire from the effective date.
    - (c) 25% shall be vested when a period of 36 months would expire from the effective date.
    - (d) 25% shall be vested when a period of 48 months would expire from the effective date.
  - (iii) In respect of options that are already vested on graded vesting basis, the CCB shall have the liberty to shift certain grantee(s) or all grantees from graded vesting to accelerated vesting as per para h(1) supra, to enable the accelerated vesting of options that are yet to be vested as on the date of such decision by CCB.

A copy of the Scheme is kept at the meeting venue for inspection by the shareholders.

The Board proposes the resolution under Item No.8 as a special resolution. Approval of Bombay Stock Exchange, if any required, from them for the variation will be sought, if the shareholders approve the resolution.

None of the Directors are either interested or concerned in this resolution.

Place : Coimbatore  
Date : 05.11.2012

By Order of the Board

Sd/-  
S.MAHADEVAN  
Company Secretary.

**Details of the Directors seeking reappointment at the forthcoming Annual General Meeting**

Annexure to Items 3 & 4 of the Notice		
Details of Directors seeking re-appointment at the Annual General Meeting		
Name	Sri S.Inderchand (Non -Executive Director)	Sri K.Ramakrishnan (Non-Executive Director)
Date of Birth	30/06/1947	21/03/1961
Date of Appointment	30/08/1990	01/06/2009
Area of experience	Sri S.Inderchand is a reputed businessman of Coimbatore region with considerable contacts among business circles. He is actively involved in the Chamber and Commerce of Industry of Coimbatore and served as Treasurer for 4 years. He is also a trustee of Bhagwan Mahaveer Jain Educational Institution and President of Marudhar Keshavi Siksha Samidhi. He Joined the Board of the Company on 30.08.1990	Sri K. Ramakrishnan is a Director and is also holding the position of Occupier of the factory of the Company. He is having good experience in the technical aspects of the factory equipments that are being utilized for the manufacture of Company's products.
List of Directorships held in other Indian Companies	1) Shree Sairam Chit Funds (Madras) Private Limited 2) Shree Sarathy Hire Purchase and Finance Private Limited	1) Sun Metals and Alloys Private Limited
Number of Membership in other Committees	Chairman Share Transfer Committee Shareholders Grievance Committee Member Remuneration Committee ESOS Compensation Committee Audit Committee	NIL
Number of Shares held in the Company	1,39,630	2,350

Place : Coimbatore  
Date : 05.11.2012

By Order of the Board

Sd/-  
S.MAHADEVAN  
Company Secretary.



## DIRECTORS' REPORT

Your Directors have great pleasure in presenting the 22<sup>nd</sup> Annual Report of your Company together with the Audited statements of account for the year ended 30<sup>th</sup> June 2012.

### FINANCIAL RESULTS:

Particulars	Rs. in lakhs	
	2011-12	2010-11
Profit before depreciation and Financial charges	1557.60	1796.08
Less : Financial charges	248.44	72.78
Profit before Depreciation	1309.16	1723.30
Less : Depreciation	367.08	354.45
Profit before taxes and extraordinary items	942.08	1368.85
Less : Extraordinary items	-	22.50
Profit before tax	942.08	1346.35
Less : Provision for Tax	183.09	280.00
Less : Deferred Tax	231.81	11.85
Add : MAT credit	476.28	-
Profit after tax	1003.46	1054.50
Add : Balance brought forward	3887.59	3017.73
Surplus available for appropriation	4891.05	4072.23
Less: Transfer to General Reserve	-	-
Less: Proposed Dividend	158.87	158.87
Less: Tax on Proposed Dividend	25.77	25.77
Balance carried over to Balance sheet	4706.41	3887.59
Paid-up equity share capital	1588.68	1588.68
Earnings per share (Rs.)	6.32	7.55
Book value per share (Rs.)	48.20	43.03

### REVIEW OF OPERATIONS:

Your Company's financial performance for the previous year was affected on account of lock-out due to an industrial dispute. Further, post lock-out, the furnaces had to be relined to commence normal operations. As a result, your Company could register a PBDIT of only Rs. 1558 lakhs as compared to Rs. 1796 lakhs in the previous year.

The hydro electric power generated 43.52 million units as compared to 43.12 million units in the previous year.

### FUTURE PROSPECTS:

The outlook and future prospects of the Company are presented in the "Management Discussion and Analysis Report" forming part of this Report.

### RENEWABLE ENERGY CERTIFICATES (REC) :

On January 16, 2012, the hydro division was successfully registered as an RE generator under the new REC mechanism promulgated by the Central Government. The status entitles the Hydro Power Project of the Company (HPP) to receive Renewable Energy Certificates for every 1000 units of renewable energy produced. These certificates are tradeable and the Company expects sizeable income from this activity.

### JOINT VENTURE PROJECT IN OMAN :

As reported in the last year's Directors Report, the JV Project in Oman (Al-Tamman Indsil Ferro Chrome LLC) established in the Sohar Free Zone in Sultanate of Oman is building a world-class Ferro Chrome Smelter with an initial capacity to produce 75,000 tpy at a cost of USD 35 Million.

Most of the civil work have been completed. Equipment installation work had commenced and it is expected that the 1<sup>st</sup> furnace of the project would be commissioned by early March, 2013. The 2<sup>nd</sup> furnace will follow within 4-6 weeks after commissioning of the 1<sup>st</sup> furnace. Thus, the plant is expected to be fully operational with a capacity of 75,000 tpy of ferrochrome by April 2013.



Upon commencing the 1<sup>st</sup> phase of the project that entails two Chrome furnaces, the Company would embark on construction of the 2<sup>nd</sup> phase. After completion of both the phases of the project, the JV would be having a capacity of 1,50,000 tpy ferro chrome which is the key ingredient for making stainless steel.

**SREE MAHALAKSHMI SMELTERS (P) LTD (SMS) - SUBSIDIARY OF THE COMPANY :**

As the members are aware, SMS was taken over by Indsil Group of Companies on 24<sup>th</sup> October, 2011. Your Company has an equity stake of 51% in SMS and the remaining 49% is held by Indsil Energy and Electrochemicals Limited.

Post acquisition, the capacity of the plant was upgraded from 5 MVA to 7 MVA & also the technology was upgraded for the manufacture of Low Carbon Silico Manganese from that of High Carbon Silico Manganese which resulted in production outage.

**CONSOLIDATED FINANCIAL STATEMENTS:**

The consolidated financial statements by consolidating the accounts of the Company, Sree Mahalakshmi Smelters Private Limited (Subsidiary of the Company) & the JV Company M/s Al-Tamman Indsil Ferro Chrome LLC, Sultanate of Oman under the applicable Accounting Standards of the Institute of Chartered Accountants of India form part of this Annual Report.

**DIVIDEND:**

Your Directors recommend payment of dividend at 10% on the equity share capital of Rs. 15,88,67,920 for the year ended 30<sup>th</sup> June, 2012. The dividend, if approved, will be paid to those members whose names appear on the Register of members of the Company as on 11<sup>th</sup> December 2012, the date fixed for the purpose, subject to the approval of the shareholders.

The aggregate dividend payout for the year 2011-12 amounts to Rs. 1,84,64,027 including corporate dividend tax.

**EMPLOYEES STOCK OPTION SCHEME :**

The Company implemented the Employees Stock Option Scheme ("Scheme") in accordance with the Securities Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999. The Compensation Committee of the Board, constituted in accordance with the SEBI Guidelines, administers and monitors the Scheme.

The applicable disclosures as stipulated under the SEBI Guidelines as at 30<sup>th</sup> June, 2012 are given below:

The total number of options in force:

	On 28.1.2009	On 30.4.2010
Options granted	64,500	18,500
Exercise Price	Rs.10	Rs.10

For options granted on 28.1.2009 :

As per the Scheme, the following options were exercised by the first set of eligible employees as per details shown below :

**A. First set of eligible employees**

Tranche	No. of options exercised @ 25% for each tranche	No of shares re-issued from ESOS Trust to eligible employees	Bonus Shares re-issued from ESOS Trust to eligible employees	Total shares re-issued from ESOS Trust to eligible employees	No. of options lapsed
I st Tranche	16125	16125	-	16125	NIL
II nd Tranche	16125	16125	10750	26875	NIL
III rd Tranche	16125	16125	10750	26875	NIL
TOTAL	48375	48375	21500	69875	NIL



Balance shares in Trust account	26,875
Money realized by exercise of options	Rs. 4,83,750/-
Any employee who received grant of options in any one year amounting to 5% or more of options granted during the year :	NIL
Identified employees, who were granted options, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant :	NIL
Diluted Earnings Per Share (EPS) pursuant to issue of share on exercise of options calculated in accordance with Accounting Standard (AS) 20 "Earnings per Share" :	Rs. 6.32

The issue of equity shares pursuant to exercise of options will affect the statement of Profit & Loss of the Company, as the exercise has been made at par value of Rs. 10/- per share.

For options granted on 30.4.2010

As per the Scheme, the following options were exercised by the second set of eligible employees as per details shown below:

**B. Second Set of eligible employees**

Tranche	No. of options exercised @ 25% for each tranche	No of shares re-issued from ESOS Trust to eligible employees	Bonus Shares re-issued from ESOS Trust to eligible employees	Total shares re-issued from ESOS Trust to eligible employees	No. of options lapsed
I st Tranche	4625	4625	3081	7706	NIL
II nd Tranche	4625	4625	3081	7706	NIL
TOTAL	9250	9250	6162	15412	NIL

Balance shares in Trust account : 15,412

Money realized by exercise of option : Rs. 92,500

**Valuation of options :**

As required, the employee compensation cost as a result of calculations made under Black Scholes model is Rs. 15.21 and Rs. 63.66 per share having regard to the fact that the strike price is Rs. 10 per share and the stock price (price on the date of grant i.e., 28.1.2009 & 30.4.2010) are Rs. 23.95 & Rs. 72.40 respectively.

The Company has received a Certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders. The Certificate would be placed at the Annual General Meeting for inspection by members.

The audited accounts placed before the shareholders in this meeting have been prepared recognizing the employee compensation cost using the intrinsic value.

**INSURANCE :**

All the properties of the Company including buildings, plant & machinery and stocks have been adequately insured.

**DIRECTORS:**

Sri S. Inderchand and Sri K. Ramakrishnan are retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.



# INDSIL

## AUDITORS :

M/s. K.S.G. Subramanyam & Co., Company's existing Auditors are to retire at the ensuing Annual General Meeting and being eligible for reappointment, they have consented to continue to be the Auditors of the Company.

The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956.

It is also proposed to appoint M/s Haribhakti & Co as Joint Statutory Auditors of the Company as per the resolution under Item No. 6. In view of the substantial increase in the activities of the Company, the Board of Directors felt it necessary to recommend appointment of Joint Statutory Auditors M/s. Haribhakti & Co., Chartered Accountants, having its office at "Shree Shanmugapriya", 2<sup>nd</sup> Floor, 454, Ponnaiyan Street, Crosscut Road, Gandhipuram, Coimbatore - 641 012 to hold office along with the existing Statutory Auditors of the Company.

The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956.

The Board of Directors recommend the resolution and the same is placed before the shareholders for their approval.

## ENTERPRISE RESOURCE PLANNING (ERP) IMPLEMENTATION :

Your Company is in the process of implementing an Oracle Enterprise Resource Planning (ERP) system. Your Company considers IT-Enterprise Resources Planning Intergrated platform to be pivotal for ensuring smooth functioning of processes which has a crucial role in fulfilling operational as well as the functional information requirements of the Organisation.

Besides facilitating integration across all business functions including the Financial Accounting, it will facilitate informed decision making on a faster basis. The Company, in order to establish an integrated & effective information management system / reporting, is in the process of implementing the 1<sup>st</sup> Phase covering 10 core modules.

## DEPOSITS :

Your Company has neither invited nor accepted any fixed deposits from the public as per the provisions of Section 58A of the Companies Act, 1956.

## MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis for the year under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s) is presented in a separate section forming part of this Annual Report.

## DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217 (2AA) OF THE COMPANIES (AMENDMENT ACT) 2000 :

The Board of Directors report that :

1. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
2. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a fair view of the state of affairs of the Company at the end of the year and of the profit of the Company for that year.
3. the Directors 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 fraud and other irregularities.
4. the Directors have prepared the annual accounts on a going concern basis.

## CORPORATE GOVERNANCE

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance forms part of this Annual Report.



## **INDUSTRIAL SAFETY**

Your Company has laid high emphasis on safety of all the personnel and mitigation of damage to equipment. The Company has thoroughly followed all the safety measures.

## **PARTICULARS REQUIRED UNDER SECTION 217 OF THE COMPANIES ACT, 1956 :**

Particulars required under Section 217 (1) (e) of the Companies Act, read with relevant rules are annexed in Annexure-A. Information in accordance with Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure-B of this Report.

## **"GROUP" FOR INTER-SE TRANSFER OF SHARES:**

As required under Clause 3(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation 1997, persons constituting "Group" (within the meaning as defined under the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations are given in Annexure-C attached herewith and the said Annexure-C forms part of this Report.

## **DECLARATION:**

The Company has been regular in filing all forms and returns with the Registrar of Companies as required under the Companies Act, 1956 and has not defaulted in payment of dividends. Accordingly, the Company has not committed any of the defaults specified under Section 274(1)(g) of the Companies Act, 1956 (as amended by the Companies Amendment Act, 2000) disqualifying its Directors to act as Directors of other companies.

## **ACKNOWLEDGEMENTS:**

Your Directors are extremely thankful to State Bank of Travancore, The Federal Bank Limited, IDBI Bank Limited, Yes Bank Limited and Standard Chartered Bank for their continued support.

Your Directors acknowledge and express their grateful appreciation for the co-operation and support received from Government Authorities, Kerala State Industrial Development Corporation, Employees, Customers and Suppliers. They also thank the Shareholders for the confidence reposed by them in the management of the Company and for their continued support and co-operation

Place : Coimbatore

Date : 05.11.2012

For and on behalf of the Board

Sd/-

**S.N. VARADARAJAN**

Chairman



**ANNEXURE TO DIRECTORS' REPORT  
ANNEXURE 'A'****INFORMATION REQUIRED UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956.****I. CONSERVATION OF ENERGY**

- a. Energy conservation measures : At the time of installation of the equipment, sufficient devices have already been incorporated to conserve energy. These devices and furnace operation practices based on indigenous technology have resulted in maintaining the industry standards of consumption.
- b. Additional Investments proposed for reduction in consumption of energy : Nil
- c. Impact of measures at (a) and (b) above for energy conservation : Nil
- d. Total energy consumption per unit of production as per Form A of the Annexure in respect of industries specified. : As per the prevailing rules, ferro alloys and power generation are excluded industries for the purpose of this information.

**II. TECHNOLOGY ABSORPTION**

- a. Research & Development : The Company through R&D in process control has consistently improved the performance through innovative practices developed and perfected in-house.
- b. Benefits derived as a result of the above R&D : The metallurgical balance and recovery rates achieved through in-house R&D has made this Company outstanding in performance when compared with other industries in this class.
- c. Future plan of action : To concentrate on in-house R&D
- d. Expenditure on R&D : Nil.
- e. Technology absorption, adoption & innovation : The Company's indigenous technological methods have already yielded results that match well with imported ones.

**III.FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars	2011-12 (Rs.in lakhs)	2010-11 (Rs.in lakhs)
1. Earnings (Export)	3,647.82	5,961.77
2. Expenditure in Foreign Currency		
a. Subscription & Others	6.36	15.56
b. Travelling Expenses	1.27	0.60
c. Net dividend	0.03	0.02

- Initiatives taken to increase exports : The Company is taking efforts to increase the exports by constant quality improvements, change of product and penetrating a wider customer base.

**ANNEXURE 'B'**

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975:

Name	Age in years	Designation	Remuneration (Rs.)	Qualification	Experience	Date of Commencement of employment	Last employment before joining the Company
Sri S.N.Varadarajan	66	Chairman	37,53,902	B.Com	31	3.9.1992	Sun Metals & Alloys Pvt. Ltd.
Sri Vinod Narsiman	40	Managing Director	37,17,831	B.E., MBA (University of Michigan)	16	18.1.1997	--



## ANNEXURE 'C'

### “Group” for inter-se transfer of shares:

The following is the list of persons constituting “Group” (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 as provided in Clause 3 (1)(e) of the said regulations:

1. Sri S.N.Varadarajan,
2. Sri Vinod Narsiman,
3. Smt.D.Pushpa Varadarajan,
4. Smt.Jayashree Vinod,
5. Ms.Sudha K Varadarajan,
6. Sri Vishwaa Narsiman
7. Sri Rudra Narsiman
8. Sunmet Holdings India Private Ltd.
9. Sun Metals & Alloys Private Ltd.
10. Indsil Energy & Electrochemicals Ltd.
11. SNV Investments Private Ltd.

Place : Coimbatore  
Date : 05.11.2012

For and on behalf of the Board

Sd/-  
**S.N. VARADARAJAN**  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS

(Pursuant to Clause 49 of the Listing Agreement with Stock Exchange)

### a. INDUSTRY STRUCTURE AND DEVELOPMENTS :

The Company is a part of the ferro alloy industry. Ferro alloys refer to a range of compounds that find application in producing steel and stainless steel. Manganese, chrome and silicon alloys form a majority of the bulk of ferro alloys produced. While Chromium alloys are used in the production of stainless steel, manganese alloys are used in the production of steel and some specialized grades of manganese alloys are used in specific grades of stainless steel making.

Your Company produces a specialized variety of low carbon manganese alloys which are primarily used in stainless steel making as well as in some specific carbon steel grades.

2011-12 has been a tough year for the ferro alloy and steel industry globally. The European crisis coupled with slow down in most parts of the globe has resulted in acute slackening of demand. This has affected price realizations across the steel and ferro alloy industry

### b. OPPORTUNITIES AND THREATS:

Your Company's core product low carbon silico manganese is a long term growth story. The product's growth directly depends on the growth in the stainless steel industry and your Company, by virtue of enhancing its product mix, has made significant inroads into European and the USA markets. Expecting the need for additional capacity in the long term, your Company acquired a smelting plant on the coast of Andhra Pradesh. The coastal location is important in terms of curbing logistics costs both in terms of import of raw material and export of the finished alloy.

In terms of threats, the power scenario in most states especially in Andhra Pradesh is highly undependable and therefore capacity utilizations are going to be challenged. Another threat is that of growing competition in the low carbon silico manganese industry which is witnessing emergence of new players from countries like China and India. Fortunes of the stainless steel industry are directly linked to growth of the global economies and since the global growth story remains a question mark, a threat remains on that front.

### c. SEGMENT WISE PERFORMANCE:

#### SMELTER DIVISION:

The smelter division lost almost 4 months of capacity utilization in the last financial year on account of an industrial dispute that led to a lock-out. Post lock-out, the furnaces had to be relined to commence normal operations. The lock-out coupled with the relining outage severely crippled the over-all capacity utilization during the financial year. The PBDIT of the smelter division was Rs. (295.39) lakhs for the year.

#### POWER DIVISION:

The hydro electric power plant generated 43.52 Million units during the financial year as compared to 43.12 million units during the previous year. The monsoon was quite strong and the hydro electric power plant generated PBDIT of Rs. 1424.40 lakhs

On January 16, 2012, the hydro division was successfully registered as an RE generator under the new REC mechanism promulgated by the Central Government. The status entitles the HPP to receive Renewable Energy Certificates for every 1000 units of Renewable Energy produced. These certificates are tradeable and the Company expects sizeable income from this activity.

### d. RISKS AND CONCERNS :

Already covered under 'Threats'.

### e. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

#### i) COST CONTROL

Every single cost item goes through a thorough internal audit and in several stages as well.

As part of the cost control system, every single aspect of costs goes through stringent pre-expenditure checks and audits as well.



## ii) OPERATIONS

Process and deliverables pass through stringent control systems on a continuous basis. These systems are highly adequate and in fact play a vital role in productivity growth, efficiency, improvement etc.,

## f. FUTURE PROSPECTS :

The Company's investment in the Oman JV project to produce ferro chrome will start paying dividends from the middle of next calendar year (2013). The income stream will be in the form of royalties per ton of ferro chrome produced as well as dividends, if any, from the profits accrued. Subject to the success of the first phase of the ferro chrome project, your Company plans further investments in the JV to potentially double capacity of the ferro chrome smelter.

## g. CAUTIONARY FORWARD-LOOKING STATEMENTS :

The Company makes forward-looking statements that are subject to risks and uncertainties. All statements that address expectations or projections about the future, including, but not limited to, statements about the Company's strategy for growth, market position and financial results are forward-looking statements.

For those statements, the Company cautions that numerous important factors could affect the Company's actual results and could cause its results to differ materially from those expressed in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events.

## h. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Rs. in lakhs

Particulars	30 <sup>th</sup> June, 2008	30 <sup>th</sup> June, 2009	30 <sup>th</sup> June, 2010	30 <sup>th</sup> June, 2011	30 <sup>th</sup> June, 2012
<b>I. OPERATING RESULTS :</b>					
1. Sales	11550	8016	10626	9161	5686
2. Operating Profit (PBIDT)	2577	1054	2044	1796	1558
3. Interest	296	235	149	73	248
4. Depreciation	350	350	349	354	367
5. Taxes	148	93	188	292	(61)
6. Net Income (PAT)	1783	283	1358	1054	1003
7. Dividend Percentage	15%	10%	15%	10%*	10%*
Dividend Amount	142	94	143	159*	159*
Dividend Tax	24	16	24	26	26
8. Production :					
- Ferro Alloys (MT)	12937	10143	12496	11498	6826
- Power (Lakh KWH)	589	270	378	431	435

\* Post bonus shares issued in the ratio of 3:2 (for every 3 shares held 2 bonus shares were issued)

**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE (Contd.)**

Rs. in lakhs

Particulars	30 <sup>th</sup> June, 2008	30 <sup>th</sup> June, 2009	30 <sup>th</sup> June, 2010	30 <sup>th</sup> June, 2011	30 <sup>th</sup> June, 2012
<b>II. PERFORMANCE PARAMETERS:</b>					
1. Share capital	945	945	951	1589	1589
2. Reserves & Surplus	3633	3808	5005	5247	6069
3. Secured Loans	1352	754	588	1083	1877
4. Deferred liabilities	1159	1134	1112	1123	1355
5. Fixed Assets (Gross Block)	8351	8530	8674	8980	9271
6. Accumulated Depreciation	(3217)	(3564)	(3906)	(4260)	(4623)
7. Investments	1147	422	829	527	463
8. Net Current Assets	807	1253	2059	3796	3274
<b>III. RATIOS :</b>					
1. Profit after tax/ Sales (%)	15.49	4.69	12.79	10.23	17.66
2. Return on Net worth (%)	37.67	5.82	22.20	15.43	13.11
3. Earnings per share (Rs.)	18.93	3.00	14.34	7.55*	6.32*
4. Cash Earnings per share (Rs.)	22.64	6.70	17.95	8.87*	8.63*
5. Debt Equity ratio	0.28	0.16	0.04	0.10	0.07
6. Book Value per share (Rs.)	48.45	50.30	62.61	43.03	48.20

\* Post bonus shares issued in the ratio of 3:2 (for every 3 shares held 2 bonus shares were issued)

**i. HUMAN RESOURCES:**

Your Company has always endeavoured to retain quality man power talent. Conscious efforts are on to develop a HR policy accordingly, giving thrust for effective participation of potential human resources at all levels in the activities of the Company.

The HR policy has been designed so as to give thrust on a transparent and performance-driven work culture which ensures challenges and opportunities for the deserving. The Company, in fact, adopts intensive selection process to ensure that best talents with great attitude are recruited so that the culture of team work and dedication remain intact.

Place : Coimbatore  
Date : 05.11.2012

For and on behalf of the Board  
Sd/-

**S.N. VARADARAJAN**  
Chairman



## REPORT ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement with Stock Exchanges, a report on corporate governance is furnished herebelow.

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

INDSIL is committed to maintaining the highest levels of corporate governance practices, which are essential to the enhancement in the stakeholders value and for the very success of the Company. Its corporate governance practices meet stock exchange corporate governance guidelines and other regulatory requirements to ensure transparency and effective governance of the Company. The Board of Directors of the Company reviews its corporate governance in the light of developing requirement in the field and as new provisions come into effect, such provisions are complied with where appropriate.

INDSIL is endeavoring to become a leading advocate for sustainability in business as the key to value creation and growth in the process.

The forms and substance of transactions are reasonably representing the Company's state of affairs and the profits for the year.

### 2. BOARD OF DIRECTORS

Statutory and material information are placed before the Board on quarterly basis and thus the Board discharges its responsibility in an effective manner.

#### a. (i) Present Composition of Board of Directors:

The Board comprises of nine members who in turn in their individual capacity bring collective wisdom to the welfare of the Company.

#### The present Board of Directors consists of:

- Two Whole-time Executive Directors namely Sri S.N. Varadarajan, Chairman and Sri Vinod Narsiman, Managing Director. Both of them are Non-independent Directors.
- Seven Non-Executive Directors namely Dr. A.K.Sreedharan, Dr S.Rama Iyer, Sri S.Inderchand, Sri B.Balchand, Sri K.S.Mahadevan, Smt D.Pushpa Varadarajan and Sri K.Ramakrishnan. Smt D.Pushpa Varadarajan is a Non-Executive Non-Independent Director and all the other Directors are Non-Executive Independent Directors.

#### (ii) Appointment / Re-appointment of Directors

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, a brief resume of Directors proposed to be re-appointed, nature of their expertise, their other directorships and committee memberships, their shareholdings, if any, are provided.

#### b. Board Meetings and attendance:

During the year, six Board meetings were held and the gap between two meetings did not exceed four months. The Board meetings were held on 12.8.2011, 24.10.2011, 28.10.2011, 14.12.2011, 30.1.2012 & 7.5.2012



The names and categories of the Directors on the Board, the attendance at Board meetings during the year and at the last Annual General Meeting and also the number of directorships and committee/chairmanships held by them in other companies and the shares held by non-executive Directors are given below :

Name of the Directors	Board Meetings	Audit Committee Meetings	Shareholders'/ Investors' Grievance Committee Meetings	Share Transfer Committee Meetings	Last AGM Attended (Yes/No)	No. of shares held by non-Executive Directors
Sri S.N. Varadarajan	6	-	-	-	Y	N.A
Sri Vinod Narsiman	6	4	-	-	Y	N.A
Smt. D. Pushpa Varadarajan	6	-	1	13	Y	5,30,208
Sri S. Inderchand	6	4	1	13	Y	1,39,630
Sri B. Balchand	5	-	-	-	Y	66,666
Sri K.S. Mahadevan	5	-	-	-	Y	93,000
Dr. S. Rama Iyer	2	-	-	-	Y	--
Dr. A.K. Sreedharan	6	4	-	-	Y	--
Sri K. Ramakrishnan	6	-	-	-	Y	2,350

**c. Directorship and Committee Membership held in other companies**

Name of the Directors	Directorship held in other Companies		Committee Membership held in other Companies	
	As Director	As Chairman	As Member	As Chairman
Sri S.N. Varadarajan	9	2	-	-
Sri Vinod Narsiman	9	-	-	-
Smt. D. Pushpa Varadarajan	8	-	-	-
Sri S. Inderchand	2	-	-	-
Sri B. Balchand	-	1	-	-
Sri K.S. Mahadevan	-	-	-	-
Dr. S. Rama Iyer	10	-	-	-
Dr. A.K. Sreedharan	1	-	-	-
Sri K. Ramakrishnan	1	-	-	-

All the above Directorship in other companies includes private limited companies and unlisted public limited companies. None of the Directors in the Board is a member of the committees of more than 10 companies and Chairman of more than five companies (as specified in clause 49), across all the companies in which any one is a Director. The necessary disclosures regarding the committee positions have been made by all the Directors.

**d. Changes in the composition of Directors:**

There are no changes in the composition of Directors during the year 2011-12.

**e. Code of Conduct**

The Company has adopted the Code of Conduct for Directors and Senior Management. This Code of Conduct helps to maintain the standards of business conduct for the Company and ensures compliance with legal requirements by the Company. The purpose of the code is to deter wrong doing and promote ethical conduct. All the Board Members and Senior Management personnel have affirmed compliance with the Code on an annual basis.

**f. DETAILS OF REMUNERATION PAID OR PAYABLE TO DIRECTORS DURING 2011-12**

The remuneration paid / payable to the Executive Directors are provided elsewhere in the report and accounts.

At present, the Company pays sitting fees to all the Non-Executive Directors at the rate of Rs.2,500/- for attending each meeting of the Board and/or Committee thereof in terms of Clause 70 of the Articles of Association of the Company.

**3. AUDIT COMMITTEE**

An Audit Committee has been constituted with scope of activities as set out in Clause 49 of the Listing Agreement with the stock exchanges read with Section 292 A of the Companies Act, 1956.

**a. Composition**

The Committee consists of 2 Non-Executive independent Directors Dr. A.K. Sreedharan and Sri S. Inderchand and a Non-Independent Executive Director Sri Vinod Narsiman.



**b. Terms of reference**

The primary objective of this Committee is to monitor and provide effective supervision of the financial control and reporting process. The terms of reference of the Audit Committee are in tandem with those laid down by stock exchange regulations and the provisions of the Companies Act. In particular, the Committee would review the financial reporting process, internal audit process, adequacy of internal control systems, risk management policies and management audit process. The committee would also adopt matters such as Auditors' Report, appointment of statutory auditors and fixation of their remuneration before consideration by the Board of Directors.

Company Secretary of the Company is the Secretary of the Committee.

**c. Committee Meetings**

The Committee met 4 times during the year on 12.8.2011, 28.10.2011, 30.1.2012 & 7.5.2012.

The attendance of the members at the meetings is stated below :

Member	Committee meetings attended
Dr. A.K.Sreedharan	4
Sri. S.Inderchand	4
Sri.Vinod Narsiman	4

The Chairman of the Committee Dr. A.K. Sreedharan was present at the Annual General Meeting held on 14.12.2011.

**4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**

**a. Composition**

The Shareholders'/Investors' Grievance Committee was constituted by the Board on 30.07.2001 and it comprises of Sri S. Inderchand (Chairman) and Smt. D. Pushpa Varadarajan (Member).

**b. Terms of reference**

The terms of reference of this Committee encompasses formulation of shareholders'/investors' servicing policies, looking into redressal of shareholders and investors complaints viz. transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends etc., and deciding on any other matter as may be required in connection with the shareholders'/investors' servicing and redressal of their grievances.

**c. Committee meetings**

The Shareholders'/Investors' Grievance Committee met on 05.11.2012 and reviewed the grievances/complaints received and the action taken on the grievances/complaints.

Complaints Status from 1.7.11 to 30.6.12

- Number of shareholders' complaints received so far (including dividend revalidation requests, non receipt of dividend warrant and non receipt of Annual Reports) : 2
- Number not solved to the satisfaction of shareholders : Nil
- Number of pending complaints : Nil

**5. SHARE TRANSFER COMMITTEE**

**a. Composition.**

To expedite the process of share transfers, the Board has delegated the powers of share transfers to a Committee comprising of two Directors namely Sri S. Inderchand (Chairman) and Smt. D. Pushpa Varadarajan (Member).

**b. Terms of reference**

This Committee approves transfers, deletion of the names of deceased shareholders, transmission of shares, issue of duplicate share certificates, issue of fresh share certificates as a result of splitting of share certificates and the like.

The business transacted at the Share Transfer Committee meetings is placed before the Board regularly.





**c. Committee Meetings**

During 2011-12, 13 meetings of the Committee were held on 9.7.2011, 23.7.2011, 20.8.2011, 30.9.2011, 29.10.2011, 12.11.2011, 9.12.2011, 7.1.2012, 4.2.2012, 18.2.2012, 30.3.2012, 12.5.2012 & 26.5.2012. The number of share transfer committee meetings attended by the Directors is as follows:

Member	Committee meetings attended
Sri.S.Inderchand	13
Smt.D.Pushpa Varadarajan	13

**6. REMUNERATION COMMITTEE**

**a. Composition**

This Committee comprises entirely of Non-Executive Directors from the Board. It presently consists of three independent Directors with Dr.A.K.Sreedharan (Chairman), Sri.S.Inderchand and Sri.B.Balchand (Members).

**b. Terms of reference**

The role of the Remuneration Committee is to give recommendations to the Board regarding the Company's policy and specific remuneration packages of the Executive Directors including pension rights and any compensation payments.

**7. COMPENSATION COMMITTEE**

**a. Composition**

The Committee was constituted by the Board on 28<sup>th</sup> October, 2008 and Dr. A.K. Sreedharan, Sri. S. Inderchand, Independent Directors and Sri Vinod Narsiman, Managing Director are the members of the Committee.

**b. Terms of reference :**

The terms of reference of this Committee is to administer the "Indsil Hydro Power and Manganese Limited Employees Stock Option Scheme INDSILESOS 2008".

**GENERAL BODY MEETINGS**

Last three Annual General Meetings were held as per details shown below :

Year	Location	Date	Time
2011	Chamber Towers 8/732 Avanashi Road Coimbatore 641 018	14-12-2011	10.15 A.M.
2010	Chamber Towers 8/732 Avanashi Road Coimbatore 641 018	06-10-2010	10.00 A.M.
2009	Chamber Towers 8/732 Avanashi Road Coimbatore 641 018	21-12-2009	10.15 A.M.

No special resolution was put through postal ballot, nor is proposed for this year.

**DISCLOSURES**

1. Disclosure on related party transactions i.e transactions of the Company with its promoters, directors or the management, relatives, bodies corporate in which the directors are interested etc., are annexed elsewhere in the Annual Report. There is no materially significant related party transaction that would have been a potential conflict with the interests of the Company at large.
2. In compliance of Clause 49(1)(B) of the Listing Agreement, it is disclosed that the Company does not have any pecuniary relationship or transactions with its Non-Executive Directors during the financial year ended 30<sup>th</sup> June 2012.



3. The Company has complied with all the mandatory requirements and the Company has at present not adopted the non mandatory requirements of corporate governance except for certain clauses regarding remuneration committee. However, in line with its policy to ever improve the good corporate governance practices, it is proposed to adopt all such practices in due course of time.
4. The Company has not yet established a mechanism for Whistle Blower Policy. However, no personnel have been denied access to the Audit Committee.
5. The accounting treatment as prescribed in the Accounting Standards has been followed in the preparation of financial statements.

## EMPLOYEES STOCK OPTION SCHEME:

### A. 64,500 OPTIONS GRANTED TO FIRST SET OF ELIGIBLE EMPLOYEES

The Company has obtained the approval of shareholders and 'in-principle' approval from BSE for allotment of 4,72,453 equity shares to eligible employees under ESOS 2008 during the year 2008.

64,500 equity shares were allotted to Indsil ESOS Trust on 28.01.2009. As per the Scheme, the vesting being graded, 16,125 options (25%) were vested with eligible employees which were exercised by them in full in January, 2010.

Subsequently, 25% of the options granted were vested with the eligible employees by 29th January, 2011. 16,125 shares have been re-issued by way of transfer to them being original options and 10,750 proportionate Bonus shares were also transferred on the original options in the ratio of 3:2 as the eligible employees exercised their options and remitted the amounts due from them .

Similarly, the subsequent 25% of the options were also exercised by the eligible employees on 7.5.2012 and the details of shares to the first set of eligible employees as on 5<sup>th</sup> November, 2012 is as follows :

Name of the Employee	Total No.of Options granted	TOTAL NO. OPTIONS GRANTED		
		Ist tranche of shares reissued by the Trust	IInd tranche of shares reissued by the Trust	IIIrd tranche of shares reissued by the Trust
Sri S Mahadevan	10,000	2,500	2,500	2,500
Sri V. Natarajan	10,000	2,500	2,500	2,500
Smt B Meenakshi	10,000	2,500	2,500	2,500
Sri K Rajan Jose	7,500	1,875	1,875	1,875
Sri M Kannan	7,500	1,875	1,875	1,875
Sri K Ramakrishnan	7,500	1,875	1,875	1,875
Sri S Chakrapani	5,000	1,250	1,250	1,250
Sri M P L Sukumar	3,000	750	750	750
Sri K Jayasurian	2,000	500	500	500
Sri N Sundararajan	2,000	500	500	500
<b>Total</b>	<b>64,500</b>	<b>16,125</b>	<b>16,125</b>	<b>16,125</b>

The above shares under ESOS alongwith the bonus shares were reissued by the ESOS Trust to the above eligible employees.

### B. 18,500 OPTIONS GRANTED TO SECOND SET OF ELIGIBLE EMPLOYEES

18,500 equity shares were allotted on 30.04.2010 to the ESOS Trust towards the options granted to the 2<sup>nd</sup> set of eligible employees.



Since the bonus shares for 18500 shares have already been allotted to the Indsil ESOS Trust, the same are to be transferred proportionately to the respective eligible employees, as and when they exercise their options. The following eligible employees have exercised their options as shown below :

Name of the Employee	Total No.of Options granted	Ist tranche of shares reissued by the Trust	IInd tranche of shares reissued by the trust
Sri C. J. Antappan	3,000	750	750
Sri S. Varadarajan	3,000	750	750
Sri V.D. Johnson	2,500	625	625
Sri V. Pushparajan	2,500	625	625
Sri N. Hariharan Pillai	5,000	1,250	1,250
Sri K Balamurugan	2,500	625	625
<b>Total</b>	<b>18,500</b>	<b>4,625</b>	<b>4,625</b>

The above shares under ESOS alongwith the bonus shares were reissued by the ESOS Trust to the above eligible employees.

## RISK MANAGEMENT

The Management has laid down the risk assessment and minimization procedures, which are reviewed periodically at its meetings to ensure that management controls risks through a properly defined network.

## MEANS OF COMMUNICATION

Quarterly results, dividend announcements, book closure/record dates are intimated to the Stock Exchange where the Company's shares are listed and also published in the newspapers either in Business Line or Business Standard in English and Makkal Kural in Tamil. The Annual Reports are sent by post to the shareholders. Further, physical copies of the Annual Reports and quarterly Unaudited results are also sent to those shareholders who request for the same.

Quarterly results of the Company are published in the newspapers as per the listing requirements. Reports on quarterly financial performance are being sent to the shareholders to their registered addresses after the Board Meeting is held for considering the unaudited results of the Company.

The Company in terms of Circular No. 17/2011 dated 21.4.2011 and Circular 18/11 dated 29.4.2011 issued by Ministry of Corporate Affairs has taken Green Initiative in the corporate governance by allowing paperless compliances and requested the shareholders to register their email address with NSDL/CDSL and update any changes and also inform our Registrars and Share Transfer Agent S.K.D.C Consultants Ltd for sending annual reports / notices and any other communication in electronic forms. All our shareholders are requested to follow this and accordingly register themselves with NSDL/CDSL/ S.K.D.C Consultants Ltd.

Management Discussion and Analysis Report is annexed elsewhere in the Annual Report.

## GENERAL SHAREHOLDER INFORMATION

### 1. Annual General Meeting

- a. Date & Day : 17.12.2012 (Monday)
- b. Time : 10.15 A.M.
- c. Venue : Chamber Towers  
8/732 Avanashi Road  
Coimbatore 641 018



## 2. Financial Calendar for 2012-13 :

Declaration of financial results:

Unaudited financial results for the 1st quarter : by 15<sup>th</sup> November, 2012  
Unaudited financial results for the 2nd quarter : by 15<sup>th</sup> February, 2013  
Unaudited financial results for the 3rd quarter : by 15<sup>th</sup> May, 2013  
Unaudited financial results for the 4th quarter : by 15<sup>th</sup> August, 2013

Annual General Meeting for the year : Within 6 months from the close of the accounting  
30<sup>th</sup> June 2013 year

3. **Date of Book Closure** : Wednesday 12<sup>th</sup> December, 2012 to  
Monday, 17<sup>th</sup> December, 2012

4. **Dividend payment** : Dividend on equity shares, if approved, will be  
paid within the stipulated time as prescribed

5. **Listing on Stock Exchange & Scrip code** : Bombay Stock Exchange Ltd &  
522165

6. **Stock price data.**  
High / Low prices during the financial year 2011-12 on The Bombay Stock Exchange Ltd.

Month & Year	High (Rs.)	Low (Rs.)
July 2011	36.15	31.30
August 2011	35.00	27.05
September 2011	36.15	28.60
October 2011	32.75	27.90
November 2011	32.50	26.00
December 2011	29.85	25.00
January 2012	34.50	25.00
February 2012	33.00	29.00
March 2012	31.00	28.55
April 2012	32.00	27.60
May 2012	29.00	24.00
June 2012	27.75	21.20

**7. Categories of Shareholders as on 30<sup>th</sup> June 2012**

Category of Shareholders	No. of Shareholders	No. of shares held	% of Holding
<b>Promoter's and Promoter's Group Shareholding</b>			
<b>Indian</b>			
Individuals / Hindu Undivided Family	23	30,72,163	19.34
Bodies Corporate	2	54,82,585	34.51
<b>Sub Total - A</b>	<b>25</b>	<b>85,54,748</b>	<b>53.85</b>
<b>Public Shareholding</b>			
<b>Institutions</b>			
Mutual Funds / UTI	2	3,666	0.02
Central / State Government(s)	1	10,54,166	6.64
<b>Sub-Total - B</b>	<b>3</b>	<b>10,57,832</b>	<b>6.66</b>
<b>Non-institutions</b>			
Bodies Corporate	148	5,60,318	3.53
Resident Individuals	8042	54,63,882	34.39
Non-Resident Indians	284	2,50,012	1.57
<b>Sub-Total - C</b>	<b>8474</b>	<b>62,74,212</b>	<b>39.49</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>8502</b>	<b>1,58,86,792</b>	<b>100.00</b>

**8. Registrars and Transfer Agent.**

Both physical and demat segments are handled by the Company's Registrars & Share Transfer Agent namely S.K.D.C Consultants Ltd., "Kanapathy Towers", 3<sup>rd</sup> Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006.

**9. Share Transfer System**

The share transfers are registered and returned within the stipulated time if the documents are in order.

**10. Distribution of shareholding as on 30<sup>th</sup> June 2012.**

Range (Value in Rs.)	No. of Shareholders	%held (% No. of Shareholders)	Face value of shares (Rs.)	% held (% Value)
Up to 5000	6627	77.92	13197970	8.31
5001 to 10000	925	10.88	7302060	4.60
10001 to 20000	493	5.80	7484280	4.71
20001 to 30000	140	1.65	3458070	2.18
30001 to 40000	94	1.11	3251480	2.05
40001 to 50000	64	0.75	2931520	1.85
50001 to 100000	82	0.96	6313800	3.97
100001 and above	80	0.94	114928740	72.34
<b>TOTAL</b>	<b>8505</b>	<b>100.00</b>	<b>158867920</b>	<b>100.00</b>



## 11. Dematerialisation of shareholdings and liquidity:

As on 30.6.2012, 15151896 shares constituting 95.39% of the total paid-up capital of the Company have been dematerialized. In view of the numerous advantages offered by the depository system, members are requested to avail of the facility of dematerialisation of the Company's shares.

For guidance on Depository services, shareholders may write to the Company.

## 12. Secretarial Audit:

The Company gets the Secretarial Audit done by a firm of Practicing Company Secretaries for the purpose of reconciliation of the total equity capital with both the depositories and in physical form with the total paid up capital as per the books. The Secretarial Audit Reports are placed before the Board of Directors on a quarterly basis and are also sent to the stock exchange where the Company's shares are listed.

## 13. Details on use of public funds obtained in the last three years

No funds have been raised from public in the last three years.

## 14. Outstanding GDR/ADR/Warrants and convertible bonds, conversion date and likely impact on equity.

The Company has not issued any GDR/ADR or convertible bonds.

## 15. Plant locations

Smelter plant	:	VI-679 Pallatheri, Elapully, Palakkad 678 007, Kerala
Rajakkad Hydro Electric Power Plant	:	VIII/351, Rajakkad, Idukki Dist. 685 566, Kerala

## 16. (a) Subsidiary Company

Sree Mahalakshmi Smelters Private Limited	:	Merakamudidam Mandalam, Garbham 535 102 Vizianagaram Dist (A.P)
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## (b) Joint Venture Company

Al-Tamman Indsil Ferro Chrome LLC	:	CR No. 1090488, P.O Box 592, Al Hamriya Postal Code 131, Sultanate of Oman
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## 17. Address for correspondence

: Indsil Hydro Power and Manganese Limited  
"INDSIL HOUSE", T.V. Samy Road, (West)  
R.S. Puram, Coimbatore 641 002.

Phone : (+91/0) (422) 4522922, 23, 24  
Fax : (+91/0) (422) 4522925  
e-mail : indsilho@indsil.com

## 18. Compliance Officer

: Sri S. Mahadevan  
Company Secretary

Direct Phone : (+91/0) (422) 4522904  
e-mail : mahadevan@indsil.com

Place : Coimbatore  
Date : 05.11.2012

For and on behalf of the Board  
Sd/-  
**S.N. VARADARAJAN**  
Chairman



**INDSIL**

**ANNUAL CERTIFICATION BY CHAIRMAN PURSUANT TO CLAUSE 49 1(D)(ii) OF THE LISTING AGREEMENT**

As the Chairman of Indsil Hydro Power and Manganese Limited and as required pursuant to Clause 49 I(D)(ii) of the Listing Agreement, I hereby declare and certify that all the Board Members and Senior Management Personnel of Indsil Hydro Power and Manganese Limited have affirmed compliance with the Code of Conduct adopted by the Company for the year 2011-12.

Place : Coimbatore  
Date : 05.11.2012

For **INDSIL HYDRO POWER AND MANGANESE LIMITED**

Sd/-  
**S.N. VARADARAJAN**  
CHAIRMAN

**AUDITORS' CERTIFICATE**

To

The Members of **INDSIL HYDRO POWER AND MANGANESE LIMITED**

We have examined the compliance of conditions of Corporate Governance by Indsil Hydro Power and Manganese Limited for the year ended 30<sup>th</sup> June 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor's grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **K.S.G. SUBRAMANYAM & CO.,**  
Firm No. : 004151S  
Chartered Accountants

Place : Coimbatore  
Date : 05.11.2012

Sd/-  
**T.C. KERALA VARMA RAJA**  
Partner  
Membership No. : 6932



## AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **INDSIL HYDRO POWER AND MANGANESE LIMITED**, Coimbatore as at 30th June 2012 and also the Statement of Profit and Loss and the cash flow statement for the year ended on that date together with the schedules annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order 2003 (as amended) by the Companies (Auditors' Report Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of the information and explanations given to us and the books and records examined by us in the normal course of our audit and to the best of our knowledge and belief, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report 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, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
  - e) On the basis of written representations received from the Directors of the Company and taken on record by the Board of Directors, and the information and explanations given to us, we report that none of the Directors is prima facie disqualified as on 30th June, 2012 from being appointed as a Director in terms of Section 274 (1)(g) of the Companies Act, 1956
  - f) In our opinion and to the best of our information and according to the explanations given to us, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report 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 in conformity with the accounting principles generally accepted in India, in the case of the:
    - 1) Balance sheet, of the state of affairs of the Company as at 30th June 2012;
    - 2) Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
    - 3) Cash Flow statement, of the cash flows for the year ended on that date.

**For K.S.G.SUBRAMANYAM & CO**  
Firm No. : 004151S  
Chartered Accountants,

Sd/-  
**T.C.KERALA VARMA RAJA**  
Partner  
Membership No: 6932

Place : Coimbatore  
Date : 05.11.2012





## **ANNEXURE REFERRED TO IN PARAGRAPH 1 OF AUDITORS' REPORT OF EVEN DATE**

(Referred to in paragraph 1 of our report of even date to the members of Indsil Hydro Power and Manganese Limited)

- 1) Fixed Assets:
  - (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, most of the fixed assets of the Company have been physically verified by the management at reasonable intervals during the year, which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
  - (c) No disposal of a substantial part of the fixed assets has taken place during the year.
- 2) Inventories:
  - (a) Physical verification of inventory has been conducted at reasonable intervals by the management.
  - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventories. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
- 3)
  - (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
  - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or from other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, the Company has adequate internal control procedures, commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods.
- 5) Register under Section 301:
  - (a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that section.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) The Company has not accepted any deposits from the public.
- 7) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- 8) We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under section 209 (1) (d) of the Companies Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- 9)
  - a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.
  - b) There are no statutory dues which have not been deposited on account of any dispute.
- 10) The Company does not have any accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- 11) The Company has not defaulted in repayment of dues to any financial institution or bank and the Company has not issued any debentures.



- 12) The Company has not granted loans / advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company is not a chit fund or Nidhi/Mutual benefit fund/ Society. Accordingly, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- 14) The Company has maintained records on all transactions regarding purchase and redemption of mutual funds. Timely entries have been made in such records and the investment in mutual funds was made in the Company's name.
- 15) According to the information and explanations given to us, the Company had given guarantees for the loan taken by the subsidiary company from bank. Considering the long term involvement in the said Company, such guarantee is not prima-facie prejudicial to the interest of the Company.
- 16) In our opinion and according to the information and explanations given to us, term loans have been applied for the purpose for which the loans were obtained.
- 17) In our opinion, Funds raised on short-term basis have not been used for long term investment.
- 18) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company has not issued any debentures during the year.
- 20) The Company has not raised money by way of public issue during the year.
- 21) Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

**For K.S.G.SUBRAMANYAM & CO**  
Firm No. : 004151S  
Chartered Accountants,

Sd/-  
**T.C.KERALA VARMA RAJA**  
Partner  
Membership No: 6932

Place : Coimbatore  
Date : 05.11.2012

**BALANCE SHEET AS AT 30<sup>TH</sup> JUNE 2012**

PARTICULARS	NOTE No.	30.6.2012		30.6.2011	
		Rs.	Rs.	Rs.	Rs.
<b>I EQUITY AND LIABILITIES</b>					
<b>Shareholder's funds</b>					
(a) Share Capital	2.01	15,88,67,920		15,88,67,920	
(b) Reserves and Surplus	2.02	60,69,09,769		52,47,12,447	
			76,57,77,689		68,35,80,367
<b>Non- current liabilities</b>					
(a) Long-term borrowings	2.03	5,14,68,480		6,63,45,000	
(b) Deferred Tax liabilities (Net)	2.04	2,45,95,462		14,14,907	
(c) Long-term Provisions	2.05	12,05,75,434		11,80,10,586	
			19,66,39,376		18,57,70,493
<b>Current Liabilities</b>					
(a) Short term borrowings	2.06	11,90,97,738		4,40,91,850	
(b) Trade payables	2.07	9,22,08,355		2,48,55,405	
(c) Other current liabilities	2.08	4,22,40,207		2,98,64,679	
(d) Short term provisions	2.09	1,91,55,979		2,37,08,276	
			27,27,02,279		12,25,20,210
<b>TOTAL</b>			<b>123,51,19,344</b>		<b>99,18,71,071</b>
<b>II ASSETS</b>					
<b>Non-current assets</b>					
(a) Fixed assets	2.10				
(i) Tangible assets		45,46,04,474		46,56,30,984	
(ii) Capital work-in-progress		87,16,209		63,48,275	
(iii) Intangible assets under development		14,73,704		-	
(b) Non-current investments	2.11	4,02,70,675		66,14,375	
(c) Long-term loans and advances	2.12	12,99,17,819		7,19,66,882	
			63,49,82,881		55,05,60,515
<b>Current assets</b>					
(a) Current investments	2.11	60,02,118		4,60,44,477	
(b) Inventories	2.13	26,80,51,656		23,44,64,890	
(c) Trade receivables	2.14	4,51,99,385		3,94,42,197	
(d) Cash and Bank Balances	2.15	9,46,79,350		8,40,92,463	
(e) Short-term loans and advances	2.16	12,28,40,121		1,28,71,758	
(f) Other Current assets	2.17	6,33,63,833		2,43,94,771	
			60,01,36,463		44,13,10,555
<b>TOTAL</b>			<b>123,51,19,344</b>		<b>99,18,71,071</b>

**Significant Accounting Policies and Notes to Financial Statements** I & II

As per our report of even date

For **K.S.G. SUBRAMANYAM & CO**  
Chartered Accountants  
Firm No. : 004151S

Sd/-  
**T.C. KERALA VARMA RAJA**  
Partner  
Membership No.6932

Place : Coimbatore  
Date : 5.11.2012

Sd/-  
**S.N. VARADARAJAN**  
Chairman

Sd/-  
**S. INDERCHAND**  
Director

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Sd/-  
**S. MAHADEVAN**  
Company Secretary



# INDSIL

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

PARTICULARS	NOTE No.	30.6.2012		30.6.2011	
		Rs.	Rs.	Rs.	Rs.
I Revenue from operations	2.18	56,85,68,854		91,61,10,860	
II Other Income	2.19	5,31,32,997		33,71,296	
III <b>Total Revenue (I + II)</b>			62,17,01,851		91,94,82,156
IV <b>Expenses :</b>					
Cost of Materials Consumed	2.20	29,94,81,585		50,55,56,938	
Purchases of Stock-in-Trade		2,77,37,260		-	
Changes in inventories of finished goods, work in progress	2.21	(1,96,36,124)		41,92,288	
Other Manufacturing Expenses	2.22	4,83,56,410		14,16,42,737	
Employee benefits expense	2.23	4,95,58,322		3,78,52,007	
Finance Costs	2.24	2,48,43,572		72,77,732	
Depreciation and amortization expense	2.25	3,67,08,462		3,54,45,187	
Other expenses	2.26	6,04,44,473		5,06,30,640	
<b>Total Expenses</b>			52,74,93,960		78,25,97,529
V Profit before exceptional, extraordinary items and tax (III-IV)			9,42,07,891		13,68,84,627
VI Extraordinary items			-		22,50,000
VII Profit before tax (V-VI)			9,42,07,891		13,46,34,627
VIII Tax expense:					
(1) Current tax		1,83,09,482		2,80,00,000	
(2) Mat Credit Entitlement (See Note 2.29)		(4,76,28,281)		-	
(3) Deferred tax		2,31,80,555		11,84,667	
			(61,38,244)		2,91,84,667
IX Profit for the year (VII - VIII)			10,03,46,135		10,54,49,960
X Earnings per equity share:	2.27				
(1) Basic			6.32		7.55
(2) Diluted			6.32		7.55
Significant Accounting Policies and Notes to Financial Statements	I & II				

As per our report of even date

For **K.S.G. SUBRAMANYAM & CO**  
Chartered Accountants  
Firm No. : 004151S

Sd/-  
**T.C. KERALA VARMA RAJA**  
Partner  
Membership No.6932

Sd/-  
**S.N. VARADARAJAN**  
Chairman

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Place : Coimbatore  
Date : 5.11.2012

Sd/-  
**S. INDERCHAND**  
Director

Sd/-  
**S. MAHADEVAN**  
Company Secretary



## NOTES TO FINANCIAL STATEMENTS

**2.00** As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1st April, 2011. Accordingly the financial statements for the year ended June 30, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the Financial Statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.

### 2.01 SHARE CAPITAL

Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>AUTHORIZED</b>		
2,00,00,000 equity shares of Rs. 10/- each	20,00,00,000	20,00,00,000
5,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each	5,00,00,000	5,00,00,000
	25,00,00,000	25,00,00,000
<b>ISSUED</b>		
1,58,86,792 equity shares of Rs. 10/- each fully paid up	15,88,67,920	15,88,67,920
(30 <sup>th</sup> June 2011 : 1,58,86,792 equity shares of Rs.10/- each)	15,88,67,920	15,88,67,920
<b>SUBSCRIBED AND PAID UP</b>		
1,58,86,792 equity shares of Rs. 10/- each (30 <sup>th</sup> June 2011 : 1,58,86,792 equity shares of Rs.10/- each)	15,88,67,920	15,88,67,920
	15,88,67,920	15,88,67,920

**i) TERMS/RIGHTS ATTACHED TO EQUITY SHARES:**

The Company has only one class of issued shares referred to as equity shares having a par value of 10 each. Each holder of equity shares is entitled to one vote per share. **The dividend proposed by the Board of Directors, if any, is subject to the approval of shareholders in the Annual General Meeting.**

**ii) THE RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING IS SET OUT BELOW:**

Equity Shares	30.06.2012		30.06.2011	
	Number	Value (in Rs.)	Number	Value (in Rs.)
Equity Shares at the beginning of the year	1,58,86,792	15,88,67,920	95,13,575	9,51,35,750
Add: Issues during the year	-	-	63,73,217	6,37,32,170
Equity Shares at the end of the year	1,58,86,792	15,88,67,920	1,58,86,792	15,88,67,920

**iii) DETAILS OF SHAREHOLDER'S HOLDING MORE THAN 5% OF SHARES:**

Name of Shareholder	30.06.2012		30.06.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sunmet Holdings India Private Limited	54,68,252	34.42%	53,30,600	33.55%
Sri. S N Varadarajan	10,90,208	6.86%	10,90,208	6.86%
Kerala State Industrial Development Corporation	10,54,166	6.64%	10,54,166	6.64%
<b>TOTAL</b>	<b>76,12,626</b>	<b>47.92%</b>	<b>74,74,974</b>	<b>47.05%</b>

**iv) AGGREGATE NUMBER OF BONUS SHARES ISSUED IN THE PRECEDING 5 YEARS**

Equity Shares	No. of Shares	Rs.
Equity shares allotted as fully paid bonus shares pursuant to capitalisation of reserves in 2010-11.	63,54,717	6,35,47,170



## NOTES TO FINANCIAL STATEMENTS (Contd.)

### 2.02 RESERVES & SURPLUS

Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>Securities Premium Account</b>		
Opening balance	84,38,299	79,24,755
Add: Credit on Exercise of ESOS Shares during the year	5,13,544	5,13,544
Closing balance	<u>89,51,843</u>	<u>84,38,299</u>
<b>General Reserves :</b>		
Opening balance	12,52,60,003	18,88,07,173
Less: Bonus Shares Issued during the year	-	(6,35,47,170)
Closing balance	<u>12,52,60,003</u>	<u>12,52,60,003</u>
<b>Others</b>		
State Investment Subsidy	15,00,000	15,00,000
<b>Surplus</b>		
Opening balance	38,87,58,918	30,17,72,985
<b>Add :</b> Net Profit for the current year	10,03,46,135	10,54,49,960
<b>Less :</b> Appropriations :		
Proposed Dividend	1,58,86,792	1,58,86,792
Tax on Dividend	25,77,235	25,77,235
Closing balance	<u>47,06,41,026</u>	<u>38,87,58,918</u>
- ESOS Outstanding (Net of Unamortised Deferred Employee Compensation)	5,56,897	7,55,227
<b>Closing Balance</b>	<u><u>60,69,09,769</u></u>	<u><u>52,47,12,447</u></u>

### 2.03 LONG TERM BORROWINGS

Particulars	30.06.2012 Rs.	30.06.2011 Rs.	30.06.2012 Rs.	30.06.2011 Rs.
	Non Current		Current Maturities	
<b>Secured</b>				
Term loans from Banks				
- Foreign Currency Loan				
ECB from Standard Chartered Bank	5,14,68,480	6,63,45,000	1,71,56,520	-
<b>Total</b>	<u><u>5,14,68,480</u></u>	<u><u>6,63,45,000</u></u>	<u><u>1,71,56,520</u></u>	<u><u>-</u></u>

ECB Loan 15,00,000 USD procured from Standard Chartered Bank is repayable 16 equal quarterly instalments of USD 93,750 each , commencing from 30<sup>th</sup> July 2012. Interest is payable at LIBOR plus 300 bps on a quarterly basis. The loan is secured by way of first pari passu charge on the fixed assets of the Company and second pari passu charge on the current assets of the Company.

**NOTES TO FINANCIAL STATEMENTS (Contd.)**

Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.04 DEFERRED TAXES</b>		
Deferred Tax Liabilities	2,45,95,462	14,14,907
<b>Total</b>	<b>2,45,95,462</b>	<b>14,14,907</b>
<b>2.05 LONG TERM PROVISIONS</b>		
Provision for Employee Benefits		
a) Provision for Gratuity	96,26,004	64,68,961
b) Provision for Leave Encashment	-	5,92,195
Provision for Electricity demands	11,09,49,430	11,09,49,430
<b>Total</b>	<b>12,05,75,434</b>	<b>11,80,10,586</b>
<b>2.06 SHORT TERM BORROWINGS</b>		
<b>Secured :</b>		
Working Capital facilities from Banks		
- In Rupee	5,00,00,000	21,31,915
- In Foreign Currency	6,90,97,738	4,19,59,935
<b>Total</b>	<b>11,90,97,738</b>	<b>4,40,91,850</b>
<p>Working capital facilities from State Bank of Travancore, The Federal Bank Ltd, IDBI Bank Ltd, Standard Chartered Bank and Yes Bank Ltd have pari passu first charge on the entire current assets of the company and pari passu second charge on the entire fixed assets of the Company. Working capital facilities from State Bank of Travancore, The Federal Bank Ltd, Standard Chartered Bank and Yes Bank Ltd are further guaranteed by the personal guarantee of Sri Vinod Narsiman, Managing Director, to the extent of limit sanctioned.</p> <p>Working Capital facilities from Banks are repayable on demand and carries interest rates varying from 11% to 14.95% p.a. Packing credit in Foreign Currency is repayable on demand and carries interest LIBOR plus 250 bps to LIBOR plus 300 bps.</p>		
<b>2.07 TRADE PAYABLES</b>		
Dues to Micro, small and medium Enterprises	-	-
Others	9,22,08,355	2,48,55,405
<b>Total</b>	<b>9,22,08,355</b>	<b>2,48,55,405</b>
<p>The Company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the "Micro, Small and Medium Enterprises Development Act, 2006". Based on the information and evidence available with the company, there are no dues / interest payable to micro, small and medium enterprises.</p>		
<b>2.08 OTHER CURRENT LIABILITIES</b>		
Current maturities of Long term Borrowings (Refer Note No. 2.03)	1,71,56,520	-
Advance from Customers	9,04,213	6,00,612
Unclaimed Dividends	18,76,830	13,90,622
Accrued Employee benefits	1,68,60,944	1,38,10,635
Other statutory liabilities	51,18,891	1,19,74,440
Bank overdrafts	-	17,14,740
Other Liabilities	3,22,809	3,73,631
<b>Total</b>	<b>4,22,40,207</b>	<b>2,98,64,679</b>
<b>2.09 SHORT TERM PROVISIONS</b>		
Provision for Income Tax (Net)	-	48,01,646
Proposed Dividend	1,58,86,792	1,58,86,792
Tax on Proposed Dividend	25,77,235	25,77,235
Provision for Employee Benefits	6,91,952	4,42,603
<b>Total</b>	<b>1,91,55,979</b>	<b>2,37,08,276</b>



**NOTES TO FINANCIAL STATEMENTS (Contd.)**

**2.10 FIXED ASSETS**

(In Rupees)

Particulars	Rate	Gross Block				Depreciation				Net Block	
		Cost as on 1.7.2011	Additions during the year	Deletion during the year	Cost as on 30.6.2012	Upto 30.6.2011	For the year	withdrawn on deletions	Upto 30.6.2012	WDV as on 30.6.2012	WDV as on 30.6.2011
<b>Tangible Assets</b>											
Land											
Industrial Plot	0.00%	2,42,01,693	-	-	2,42,01,693	-	-	-	-	2,42,01,693	2,42,01,693
Building	3.34%	29,80,60,934	2,99,643	-	29,83,60,577	10,92,00,673	99,39,397	-	11,91,40,070	17,92,20,507	18,88,60,261
Plant and Equipment	5.28%	50,01,70,835	2,28,52,799	-	52,30,23,634	27,35,25,231	2,43,88,536	-	29,79,13,767	22,51,09,867	22,66,45,604
Electrical Installation	7.07%	2,08,82,149	-	-	2,08,82,149	2,03,42,334	1,62,608	-	2,05,04,942	3,77,207	5,39,815
Other Equipments	7.07%	26,02,663	-	-	26,02,663	24,45,277	68,073	-	25,13,350	89,313	1,57,386
Furnitures & Fixtures	6.33%	39,64,656	1,02,173	-	40,66,829	29,52,694	1,33,548	-	30,86,242	9,80,587	10,11,962
Vehicles (Cars)	9.50%	44,85,859	24,72,288	11,04,001	58,54,146	14,79,451	5,58,708	4,15,210	16,22,949	42,31,197	30,06,408
Office Equipment	4.75%	46,35,055	3,39,465	-	49,74,520	25,29,997	2,12,060	-	27,42,057	22,32,463	21,05,058
Computer	16.21%	47,17,481	3,04,375	-	50,21,856	33,43,251	3,55,395	-	36,98,646	13,23,210	13,74,230
Tractor & Trailer	11.31%	12,10,128	-	-	12,10,128	12,10,128	-	-	12,10,128	-	-
Transmission Lines		2,67,04,115	-	-	2,67,04,115	89,75,548	8,90,137	-	98,65,685	1,68,38,430	1,77,28,567
SUB TOTAL (A)		89,16,35,568	2,63,70,743	11,04,001	91,69,02,310	42,60,04,584	3,67,08,462	4,15,210	46,22,97,836	45,46,04,474	46,56,30,984
<b>Capital Work-in-progress</b>		63,48,275	23,67,934	-	87,16,209	-	-	-	-	87,16,209	63,48,275
SUB TOTAL (B)		63,48,275	23,67,934	-	87,16,209	-	-	-	-	87,16,209	63,48,275
<b>Intangible Assets</b>		-	14,73,704	-	14,73,704	-	-	-	-	14,73,704	-
SUB TOTAL (C)		-	14,73,704	-	14,73,704	-	-	-	-	14,73,704	-
<b>Total [A + B + C]</b>											
	(Current Year)	89,79,83,843	3,02,12,381	11,04,001	92,70,92,223	42,60,04,584	3,67,08,462	4,15,210	46,22,97,836	46,47,94,387	47,19,79,259
	(Previous Year)	86,73,56,113	3,06,27,730	-	89,79,83,843	39,05,59,397	3,54,45,187	-	42,60,04,584	47,19,79,259	47,67,96,716



**NOTES TO FINANCIAL STATEMENTS (Contd.)**

Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.11 NON CURRENT INVESTMENTS</b>		
<b>Trade Investments - Unquoted Fully paid up</b>		
In Equity Shares of Associate Company - 25,500 Equity shares of Rs. 10/- each in Indsil Energy & Electrochemicals Ltd. (Extent of Holding - 0.65% )	2,55,000	2,55,000
In Equity Shares of Subsidiary Company - 21,88,847 Equity shares of Rs. 10/- each in at a premium of Rs. 5.35 in Sree Mahalakshmi Smelters (P) Ltd of (Extent of Holding - 51% )	3,36,56,300	-
In Equity Shares of Joint Venture Company - 37,500 Equity shares in Al-Tamman Indsil Ferro chrome LLC, of 1 OMR - each (Extent of Holding - 25%.)	45,39,375	45,39,375
<b>Other Investments - Unquoted Fully paid up</b>		
8,000 equity shares of Rs.10/- each in Kurumpetty HPP Ltd	80,000	80,000
8,000 equity shares of Rs.10/- each in Palakkayam HPP Ltd	80,000	80,000
8,000 equity shares of Rs.10/- each in Upper Poringal HPP Ltd	80,000	80,000
8,000 equity shares of Rs.10/- each in Vattapara HPP Ltd	80,000	80,000
1,50,000 equity shares of Rs.10/- each in Malayalam Communications Ltd.	15,00,000	15,00,000
<b>Total</b>	<b>4,02,70,675</b>	<b>66,14,375</b>
<b>CURRENT INVESTMENTS</b>		
<b>Other Investments</b>		
Investment in Mutual Funds		
DWS Credit Opportunities Cash Fund (Previous year 728199.806 Units)	-	72,97,031
55466.416 Units in ICICI Prudential Flexible Income Plan (Previous year 52001.353 units)	55,62,326	52,14,709
HSBC Floating Rate Fund (Previous year 169191.3660 Units)	-	16,94,803
HDFC Cash Management Fund (Previous year 1585114.8790 Units)	-	1,59,01,080
438.787 Units in DSP Blackrock Money Manager Fund (Previous year 15900.5200 Units)	4,39,792	1,59,36,854
<b>Total</b>	<b>60,02,118</b>	<b>4,60,44,477</b>
<b>Aggregate value of Quoted Investments</b>	<b>60,02,118</b>	<b>4,60,44,477</b>
<b>Market value of Quoted investments</b>	<b>60,06,898</b>	<b>4,60,44,477</b>
(Movement of investments in mutual funds given in Notes to financial statements)		
<b>2.12 LONG TERM LOAN &amp; ADVANCES</b>		
<b>Unsecured considered good</b>		
Capital Advances	69,89,366	50,65,553
Other loans and advances		
- Electricity Charges recoverable	4,65,00,095	4,62,05,183
- Security Deposits	2,01,07,824	1,95,15,647
- Other Loans & Advances	85,499	85,499
- Rental Advances	10,95,000	10,95,000
- Advance Income tax (Net)	5,51,40,035	-
<b>Total</b>	<b>12,99,17,819</b>	<b>7,19,66,882</b>



## NOTES TO FINANCIAL STATEMENTS (Contd.)

Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.13 INVENTORIES</b>		
Raw Materials and components (Valued at cost)	18,53,20,161	19,45,64,449
Goods in Transit	2,55,23,490	-
Work-in-progress (Valued at average cost)	20,37,216	17,54,948
Finished goods (Valued at lower of cost or net realisable value)	4,42,64,690	2,76,04,993
Stores and spares (Valued at Cost)	1,03,10,851	98,98,732
Others		
Consumables	2,71,556	2,26,421
Packing Materials	3,23,692	4,15,347
<b>Total</b>	<b>26,80,51,656</b>	<b>23,44,64,890</b>
<b>2.14 TRADE RECEIVABLES</b>		
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Secured, considered good	-	-
Unsecured, considered good	7,06,933	43,80,256
	<u>7,06,933</u>	<u>43,80,256</u>
<b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b>		
Secured, considered good	87,08,091	2,51,46,977
Unsecured, considered good	3,57,84,362	99,14,964
	<u>4,44,92,453</u>	<u>3,50,61,941</u>
<b>Total</b>	<b>4,51,99,385</b>	<b>3,94,42,197</b>
<b>Trade Receivable stated above include debts due by:</b>		
Private Company in which director is a member		
- Sree Mahalakshmi Smelters Pvt Ltd., (Subsidiary Company)	66,70,038	-
- Sun Metals & Alloys Pvt Ltd.,	-	19,81,296
	<u>66,70,038</u>	<u>19,81,296</u>
<b>2.15 CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
a) In Current Accounts	4,32,55,520	36,71,375
b) Fixed Deposits maturing within 3 months	3,47,32,485	7,05,76,152
c) Cash on hand	2,95,558	9,87,682
<b>Other Bank Balances</b>		
a) Margin money	1,45,18,359	74,66,036
b) Unclaimed Dividend	18,77,427	13,91,219
<b>Total</b>	<b>9,46,79,350</b>	<b>8,40,92,463</b>



## NOTES TO FINANCIAL STATEMENTS (Contd.)

Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.16 SHORT TERM LOANS &amp; ADVANCES</b>		
<b>Loans and advances (Ref. Note No. 5)</b>		
Unsecured, considered good		
- Unsecured Loan to subsidiary Company	8,02,32,052	-
- Advance for Expenses	7,61,235	21,80,681
<b>Others</b>		
Balance With Government Authorities	1,20,61,080	34,27,527
Unsecured, considered good		
- Advance to Trade suppliers	93,24,309	60,20,078
- Staff Advance	4,80,746	4,47,846
- Other Advance Recoverable	1,99,80,699	7,95,625
<b>Total</b>	<b>12,28,40,121</b>	<b>1,28,71,758</b>
<b>2.17 OTHER CURRENT ASSETS</b>		
Share application money in Al-Tamman Indsil Ferro chrome LLC, Sultanate of Oman - (Equivalent - 371,500 OMR)	5,18,79,870	-
Export Incentives receivable	1,14,83,963	2,43,94,771
<b>Total</b>	<b>6,33,63,833</b>	<b>2,43,94,771</b>
<b>2.18 REVENUE FROM OPERATIONS</b>		
Sale of Products:		
- Smelter	55,90,50,527	91,01,78,424
- Power	14,24,39,580	14,38,52,936
	<b>70,14,90,107</b>	<b>1,05,40,31,360</b>
Less : Excise duty	(1,50,55,880)	(2,14,40,549)
	<b>68,64,34,227</b>	<b>1,03,25,90,811</b>
Interdivisional Sale of Power	(14,24,39,580)	(14,38,52,936)
<b>Other Operating Income</b>		
Export Incentives	2,45,74,207	2,73,72,985
	<b>56,85,68,854</b>	<b>91,61,10,860</b>
<b>Detail of Revenue from operations</b>		
Silico Manganese	54,39,94,647	88,87,37,875
Export Incentives	2,45,74,207	2,73,72,985
	<b>56,85,68,854</b>	<b>91,61,10,860</b>
<b>2.19 OTHER INCOME</b>		
Interest Income	1,90,03,422	7,61,500
Dividend from Current Investments	26,95,944	26,09,796
Income from REC's	3,12,12,422	-
Profit on Sale of Assets	2,21,209	-
<b>Total</b>	<b>5,31,32,997</b>	<b>33,71,296</b>

**NOTES TO FINANCIAL STATEMENTS (Contd.)**

Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.20 COST OF MATERIALS CONSUMED</b>		
Consumption of Raw Materials		
Manganese Ore	16,17,99,451	28,83,93,559
Carbon reducers	10,64,40,561	17,90,35,448
Quartz	39,10,646	77,05,832
Carbon Paste	79,38,281	95,94,327
Ferro Manganese Slag	85,28,723	1,37,80,955
Others	1,08,63,924	70,46,816
	<u>29,94,81,585</u>	<u>50,55,56,938</u>

Particulars	2012		2011	
	Value	Percentage %	Value	Percentage %
Cost of Materials Consumed				
Imported	12,78,96,882	42.71%	18,65,04,617	36.89%
Indigenous	17,15,84,703	57.29%	31,90,52,321	63.11%
<b>Total</b>	<u>29,94,81,585</u>	<u>100.00%</u>	<u>50,55,56,938</u>	<u>100.00%</u>

**2.21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS**

	30.06.2012 Rs.	30.06.2011 Rs.	(Increase) / Decrease
Finished Goods: Opening Stock	2,76,04,993	3,19,63,069	(43,58,076)
Less: Closing Stock	(4,69,58,849)	(2,76,04,993)	(1,93,53,856)
	(1,93,53,856)	43,58,076	(2,37,11,932)
Work-in-Progress : Opening Stock	17,54,948	15,89,160	1,65,788
Less: Closing Stock	(20,37,216)	(17,54,948)	(2,82,268)
	(2,82,268)	(1,65,788)	(1,16,480)
<b>Total</b>	<u>(1,96,36,124)</u>	<u>41,92,288</u>	<u>(2,38,28,412)</u>

Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.22 OTHER MANUFACTURING EXPENSES</b>		
Power & Fuel (Net)	2,40,96,281	10,72,05,663
Packing, Freight & Forwarding	2,16,42,574	3,00,07,422
Royalty	26,17,555	44,29,652
<b>Total</b>	<u>4,83,56,410</u>	<u>14,16,42,737</u>

Power & Fuel is net of Interdivisional sale of Hydro Power of Rs. 14,24,39,580/- (Previous year - Rs.14,38,52,936/-) representing units supplied to the grid against which equivalent consumption was made in Smelter plant

**2.23 EMPLOYEE BENEFITS EXPENSE**

Salaries and wages	3,74,09,535	2,95,60,589
Contribution to provident Fund & other Funds	29,76,128	23,91,352
Employee compensation - ESOS amortisation	3,15,214	7,92,772
Provision for Gratuity & Earned Leave Encashment	40,96,671	4,40,133
Staff welfare expenses	47,60,775	46,67,161
<b>Total</b>	<u>4,95,58,322</u>	<u>3,78,52,007</u>



## NOTES TO FINANCIAL STATEMENTS (Contd.)

Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.24 FINANCE COSTS</b>		
Interest expense	2,48,43,572	72,77,732
<b>Total</b>	<b>2,48,43,572</b>	<b>72,77,732</b>
<b>2.25 DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation and amortization expense	3,67,08,462	3,54,45,187
<b>Total</b>	<b>3,67,08,462</b>	<b>3,54,45,187</b>
<b>2.26 OTHER EXPENSES</b>		
Communication Expenses	20,33,665	20,75,185
Chairman's Remuneration	37,53,902	50,41,179
Managing Director's Remuneration	37,17,831	50,06,507
Commission to Other Directors	6,00,000	6,00,000
Directors Sitting Fees	1,95,000	2,57,500
Travelling Expenses	70,24,463	54,48,520
Repairs & Maintenance :		
Plant & Machinery	57,81,091	144,04,522
Buildings	9,42,756	6,95,689
Others	13,45,179	4,81,121
Insurance Expenses	9,72,931	6,08,439
Legal Expenses	51,57,100	4,40,000
Professional Charges	34,26,774	31,16,691
Security service charges	43,73,682	23,25,066
Stationery Expenses	6,27,346	5,84,720
Auditors Remuneration		
For Audit	50,000	50,000
For Taxation Matters	30,000	30,000
Rent	22,03,046	20,16,631
Rates & Taxes	9,51,305	8,71,512
Subscription	10,03,547	7,98,699
Donation	22,62,531	30,65,338
Sales Promotion expenses	8,28,720	6,14,778
Sales Commission	16,01,389	7,10,542
Exchange Fluctuation (Net)	,96,04,446	(6,46,167)
Miscellaneous Expenses	19,57,769	20,34,169
<b>Total</b>	<b>6,04,44,473</b>	<b>5,06,30,640</b>
<b>2.27 EARNING PER SHARE</b>	<b>30.06.2012</b>	<b>30.06.2011</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Basic EPS :</b>		
Net Profit after Tax	10,03,46,135	10,54,49,960
Weighted average number of equity shares (Face value of Rs. 10 each)	1,58,86,792	1,39,68,935
<b>Basic EPS (Rs.)</b>	6.32	7.55
<b>Basic EPS :</b>		
Weighted average number of equity shares (Face value of Rs. 10 each)	1,58,86,792	1,39,68,935
Add: Potential equity shares taking into consideration Employee Stock options granted		
<b>Diluted EPS (Rs.)</b>	6.32	7.55



## NOTES TO FINANCIAL STATEMENTS (Contd.)

### I. SIGNIFICANT ACCOUNTING POLICIES

#### a) Accounting Convention :

- i) The Financial statements have been prepared under the historical cost convention on the accrual basis of accounting and in accordance with the requirements of Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956, to the extent applicable.
- ii) The preparation of financial statements requires the management of the Company to make certain estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenditure for the year. Actual results may differ from those estimates. Any revision to such estimates is recognised prospectively.

#### b) Fixed assets and Depreciation

- i) Fixed assets are stated at original cost net of tax / duty credits availed if any, less accumulated depreciation. Cost include pre-operative expenses and all expenses related to acquisition and installation of the concerned assets.
- ii) Depreciation on Fixed assets is provided on straight line method in accordance with the rates specified under Schedule XIV of the Companies Act, 1956. Individual assets costing Rs.5,000/- or less are depreciated fully in the year of purchase.

#### c) Investments

Long term investments held by the Company are stated at cost. Provision for diminution, if any, in the value of long-term investments is made, if the diminution is other than temporary. Current investments are stated at lower of cost or net realisable value.

#### d) Inventories

Raw Materials and Stores & Spares are valued at cost on FIFO basis. Finished goods and Work-in-Progress are valued at lower of the cost including related overheads or estimated net realisable value.

#### e) Foreign Currency Transactions

- i) Foreign currency transactions are recorded at exchange rates prevailing on the date of such transaction.
- ii) Foreign Currency assets and liabilities at the year end are realigned at the exchange rate prevailing at the year end and difference on realignment is recognised in the Statement of Profit & Loss.

#### f) Revenue Recognition:

- i) The Company generally follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
- ii) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally on despatch of goods.
- iii) Dividend, interest, export incentives and Other Income are accounted on accrual basis except those items with significant uncertainties.

#### g) Taxes on Income

- a) Current tax on income for the period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessment/appeals.
- b) Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- c) Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future income will be available against which such deferred tax assets can be realised.



## NOTES TO FINANCIAL STATEMENTS (Contd.)

### h) Retirement Benefits

#### i) Defined Contribution Plans:

Employee benefits in the form of Employee Provident and Pension Funds and Employee State Insurance plan are considered as Defined Contribution Plans and the contributions are charged to the Statement of Profit & Loss of the year when the contributions to the said funds are due.

#### ii) Defined Benefit Plans:

Retirement benefits are considered as Defined Benefit Plans and are provided for on the basis of an actuarial valuation using the projected unit credit method as at the date of Balance Sheet. Actuarial gain/losses, if any, are immediately recognised in the Statement of Profit & Loss as income and expense.

### i) Employees stock Options(ESOS) :

In respect of Employees stock Options(ESOS) the excess of market price on the date of grant over the exercise price is recognised as deferred compensation cost and amortised over the vesting period.

### j) Impairment of Fixed assets:

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine;

i) the provision for impairment loss, if any, required or;

ii) the reversal, if any, required of impairment loss recognised in previous periods.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

### k) Borrowing Cost:

i) Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of such assets. All other borrowing costs are charged to revenue.

ii) A qualifying asset is an asset that necessarily requires substantial period of time to get ready for its intended use or sale.

### l) Contingent Liabilities:

Contingent liabilities are disclosed by way of Notes to the Accounts.

### m) Cash flow statements

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transaction of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow comprises regular revenue generating, investing and financing activities of the Company. Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

## II. OTHER NOTES ON ACCOUNTS:

### 2.28 CONTINGENT LIABILITIES

	As at 30.6.2012 Rs.	As at 30.6.2011 Rs.
a) Claims against the Company not acknowledged as debts	-	-
b) Contingent liabilities in respect of Bills discounted (fully secured by LCs)	2,70,91,558	2,18,62,932
c) Letters of Credit issued by Banks on behalf of the Company	11,28,59,194	4,65,11,720
d) Guarantees issued by Banks on behalf of the Company	2,13,71,840	2,81,48,640
e) Corporate guarantee issued to bank on behalf of subsidiary	17,00,00,000	-



# INDSIL

## NOTES TO FINANCIAL STATEMENTS (Contd.)

- e) In the past, the Kerala State Electricity Board has raised certain demands on the Company relating to payment of electricity charges and other charges on account of working of the hydro electric power division of the Company. These charges were more than that warranted for, when specifically considering the working agreement between the Company and KSEB for operation of the hydro electric power plant. These demands remain in dispute and have been challenged by the Company in various forums including the Hon'ble High Court of Kerala. Such matters remain sub - judice and in some cases, where necessary pending judgement, adequate provisions have been made. The Company is confident of positive redressal by the appropriate forums where no provisions have been made and in cases where the Company has deposited sums/advances, pending judgements, it is expected that those sums would be refunded.

### 2.29 MAT CREDIT:

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

### 2.30 DISCLOSURE ON "EMPLOYEE BENEFITS" AS PER AS 15:

	30.6.2012	30.6.2011		
	Rs.	Rs.		
<b>i) Defined Contribution Plans:</b>				
Employers' Contribution to Provident and Other Funds	29,76,128	23,91,352		
<b>ii) Defined Benefit Plans (Non-Funded):</b>				
	<b>Gratuity</b>	<b>Earned leave encashment</b>		
<u>Reconciliation of opening and closing balances of Defined Benefit obligations:</u>	<b>30.6.2012</b>	<b>30.6.2011</b>	<b>30.6.2012</b>	<b>30.6.2011</b>
Defined Benefit obligation at the beginning of the year	65,99,823	63,24,322	5,58,834	5,53,069
Interest cost	5,25,665	5,01,330	-	42,507
Current service cost	7,51,411	5,53,573	-	27,942
Benefits paid	(3,78,536 )	(1,15,403)	-	(43,464)
Actuarial loss/(gain) on obligation	28,19,595	(6,63,999 )	-	(21,220)
Defined Benefit obligation at the end of the year	<u>1,03,17,958</u>	<u>65,99,823</u>	<u>5,58,834</u>	<u>5,58,834</u>
<u>Expenses recognised during the year in the Profit &amp; Loss Statement:</u>				
Current service cost	7,51,411	5,53,573	-	27,942
Interest cost	5,25,665	5,01,330	-	42,507
Expected return on plan assets	-	-	-	-
Actuarial (gain)/loss	28,19,595	(6,63,999)	-	(21,220)
Expenses recognised in the Statement of Profit & Loss	<u>40,96,671</u>	<u>3,90,904</u>	<u>-</u>	<u>49,229</u>
<u>Principal Actuarial Assumptions:</u>				
Discount rate	8.2%	8%	8%	8%
Salary Escalation rate	6%	6%	6%	6%
Withdrawal rate	4%	4%	4%	4%
Expected rate of return on plan assets	0%	0%	0%	0%

The above information is certified by an Actuary.

Amount for the current period :	2011-12	2010-11	2009-10	2008-09
	Rs.	Rs.	Rs.	Rs.
Present Value of obligation	1,03,17,958	65,99,823	63,24,321	64,32,065
Plan Assets	-	-	-	-
Surplus / (Deficit)	1,03,17,958	65,99,823	63,24,321	64,32,065
Experience adjustments on plan Liabilities	28,19,595	(6,63,999)	-	(6,18,797)
Experience adjustments on plan assets	-	-	-	-





# INDSIL

## NOTES TO FINANCIAL STATEMENTS (Contd.)

### 2.31. SEGMENT REPORT

Primary Segments (Business Segments)	30.6.2012 Rs.	30.6.2011 Rs.
<b>1. Segment Revenue</b>		
a. Smelter	56,85,68,854	91,61,10,860
b. Hydro Power	14,24,39,580	14,38,52,936
	<u>71,10,08,434</u>	<u>105,99,63,796</u>
Less : Intersegment Revenue	14,24,39,580	14,38,52,936
Net Revenue	<u>56,85,68,854</u>	<u>91,61,10,860</u>
<b>2 Segment Results</b> (Profit / Loss before Financial charges & Tax)		
a. Smelter	(2,95,38,617)	2,66,66,208
b. Hydro Power	14,58,94,136	11,42,40,188
	<u>11,90,51,463</u>	<u>14,09,06,369</u>
Add / Less : Unallocable Income/Expenses	26,95,944	26,09,796
Operating Profit	11,90,51,463	14,35,16,165
Less : Financial Charges	2,48,43,572	66,31,565
Total Profit / (Loss) before Tax and extraordinary items	<u>9,42,07,891</u>	<u>13,68,84,627</u>
<b>3 Capital Employed</b> (Segment Assets - Segment Liabilities)		
a. Smelter	12,76,82,838	11,89,21,772
b. Hydro Power	75,60,60,251	69,07,68,810
	<u>88,37,43,089</u>	<u>80,96,90,582</u>

### 2.32 RELATED PARTY DISCLOSURES:

a) Subsidiary	: Sree Mahalakshmi Smelters Private Limited
b) Associates	: Sunmet Holdings India P. Ltd, Indsil Energy and Electrochemicals Ltd.
c) Key Management Personnel	: Sri. S.N.Varadarajan Sri. Vinod Narsiman
d) Relatives of Key Management Personnel	: Smt. D.Pushpa Varadarajan (W/o Sri S.N. Varadarajan)
e) Joint Venture	: Al-Tamman Indsil Ferro Chrome LLC

Particulars	Subsidiary	Joint Venture	Associates	Key Management Personnel	Relatives of Key Management Personnel
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Current Year (30.6.2012)</b>					
Royalty paid	-	-	26,17,555	-	-
Rent paid	10,000	-	12,35,446	2,88,000	-
Directors' Sitting Fees	-	-	-	40,000	37,500
Managerial Remuneration	-	-	-	74,71,733	35,000
Unsecured Loan granted to Subsidiary	8,02,32,052	-	-	-	-
Balance outstanding	66,70,038	7,61,235	-	(1,24,53,918)	-
<b>Previous Year (30.6.2011)</b>					
Royalty paid	-	-	44,29,652	-	-
Rent paid	-	-	11,76,616	3,78,000	90,000
Sitting Fees	-	-	-	-	45,000
Managerial Remuneration	-	-	-	1,00,47,686	-
Balance outstanding	-	7,27,873	14,52,808	(1,02,76,174)	-



## NOTES TO FINANCIAL STATEMENTS (Contd.)

### 2.33 INVESTMENT IN MUTUAL FUNDS

	Balance as on 1.7.2011	Purchased/ Reinvested during the year	Redeemed during the year	Rs. Balance as on 30.6.2012
DWS Cash Opportunities Fund	72,97,037 7,28,200 Units	3,12,276 30,675 Units	76,09,313 7,58,875 Units	- -
BIRLA Sunlife	- -	1000,37,207 998,425 Units	10,00,37,207 9,98,425 Units	- -
ICICI Prudential Flexible Income Plan	52,14,709 52,001 Units	3,47,618 3,465 Units	- -	55,62,327 55,466 Units
HSBC Floating Rate Fund	16,94,798 1,69,191 Units	1,42,01,892 14,17,853 Units	158,96,690 15,87,044 Units	- -
HSBC Floating Rate Fund	- -	268,34,396 23,85,280 Units	268,34,396 23,85,280 Units	- -
HDFC Cash Management Fund	1,59,01,080 15,82,099 Units	2,59,61,859 27,72,442 Units	418,62,939 41,73,149 Units	- 1,81,393 Units
DSP Blackrock Money Manager Fund	1,59,36,854 15,901 Units	5,02,937 502 Units	160,00,000 15,964 Units	4,39,791 439 Units
<b>Total (Rs.)</b>	<b>4,60,44,478</b>	<b>16,81,98,184</b>	<b>20,82,40,544</b>	<b>60,02,118</b>

### 2.34 CHAIRMAN'S REMUNERATION

	2011-12 Rs.	2010-11 Rs.
Salary	6,00,000	6,00,000
Commission	30,68,389	43,58,469
Perquisites	85,513	82,710
	<b>37,53,902</b>	<b>50,41,179</b>

### 2.35. MANAGING DIRECTOR'S REMUNERATION

	2011-12 Rs.	2010-11 Rs.
Salary	6,00,000	6,00,000
Commision	30,68,389	43,58,469
Perquisites	49,442	48,038
	<b>37,17,831</b>	<b>50,06,507</b>

### 2.36 COMPUTATION OF COMMISSION PAYABLE TO CHAIRMAN, MANAGING DIRECTOR AND NON-EXECUTIVE DIRECTORS :

Net Profit before Tax as per Statement of Profit & Loss	9,42,07,891	13,46,34,627
Add: Chairman's Remuneration	37,53,902	50,41,179
Managing Director's Remuneration	37,17,831	50,06,507
Commission to Non-Executive Directors	6,00,000	6,00,000
	<b>10,22,79,624</b>	<b>14,52,82,313</b>
Net Profit as per Sec. 349 of the Companies Act		
a) Commission payable to Chairman - 3% of Net profits	30,68,389	43,58,469
b) Commission payable to Managing Director - 3% of Net profits	30,68,389	43,58,469
c) Commission payable to Non-Executive Directors -1% of Net profits subject to a maximum of Rs.6,00,000/-	6,00,000	6,00,000



## NOTES TO FINANCIAL STATEMENTS (Contd.)

	30.6.2012	30.6.2011
	Rs.	Rs.
<b>2.37 Value of imports (on CIF basis)</b>		
Raw Materials	17,46,57,708	18,86,23,298
<b>2.38 Expenditure in foreign currency:</b>		
Travelling	1,26,929	60,468
Professional & Consultancy	-	9,88,673
Subscription & Others	6,36,279	5,66,678
<b>2.39 Dividend in Foreign currency</b>	2,666	2,400
<b>2.40 Earnings in foreign exchange (on FOB basis)</b>	36,47,82,287	59,61,76,579

### 2.41 Details of shares allotted under Employees' Stock Option Scheme :

	2011-12		2010-11	
	Tranche 1	Tranche 2	Tranche 1	Tranche 2
Total number of shares allotted to ESOS Trust	64,500	18,500	64,500	18,500
Options exercised during 2009-10	16,125	-	16,125	-
Options exercised during 2010-11	16,125	4,625	16,125	4,625
Options exercised during 2011-12	16,125	4,625	-	-
Shares transferred from ESOS Trust	48,375	9,250	32,250	4,625
Balance unvested options	16,125	9,250	32,250	13,875

### 2.42 All figures are in Rupees unless otherwise stated

Amounts have been rounded-off to the nearest Rupee and previous year's figures regrouped wherever necessary.

As per our report of even date

For **K.S.G. SUBRAMANYAM & CO**  
Chartered Accountants  
Firm No. : 004151S

Sd/-  
**T.C. KERALA VARMA RAJA**  
Partner  
Membership No.6932

Place : Coimbatore  
Date : 5.11.2012

Sd/-  
**S.N. VARADARAJAN**  
Chairman

Sd/-  
**S. INDERCHAND**  
Director

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Sd/-  
**S. MAHADEVAN**  
Company Secretary



# INDSIL

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

Particulars	Year ended 30.06.12 Rs.	Year ended 30.06.11 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit / (loss) before tax	9,42,07,891	13,46,34,627
Adjustments for		
Interest Receipts	(1,90,03,422)	(7,61,500)
Income from Mutual Funds	(26,95,944)	(26,09,796)
Income from REC's	(3,12,12,422)	
Depreciation	3,67,08,462	3,54,45,187
Employee compensation - ESOS amortisation	3,15,214	7,92,772
Financial charges & Interest	2,48,43,572	72,77,732
Loss on investment in Good Earth Indsil Natural Resources Ltd.	-	22,50,000
Profit/Loss on sale of assets	(2,21,209)	-
Provision for gratuity and Encashment of earned leave	40,96,671	4,40,133
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>10,70,38,813</b>	<b>17,74,69,155</b>
Adjustments for changes in		
Inventories	(3,35,86,766)	(1,39,05,913)
Trade receivables	(57,57,189)	(1,97,23,040)
Other advances	(15,17,48,327)	(4,12,87,467)
Current liabilities	7,36,44,358	(3,07,34,476)
Cash generated from operations	(1,04,09,111)	7,18,18,260
Income Tax Payments	(2,58,21,236)	(4,22,88,931)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>(3,62,30,347)</b>	<b>2,95,29,329</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,02,12,381)	(3,06,27,730)
Sale of Fixed Assets	9,10,000	-
Purchase of investments	(3,36,56,300)	-
Sales of Investment	-	-
Interest received	1,90,03,422	7,61,500
Interest from REC's	3,12,12,422	-
Income from Mutual Funds	26,95,944	26,09,796
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(1,00,46,894)</b>	<b>(2,72,56,434)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of share capital	-	1,85,000
Repayment of Long term Borrowings	-	(2,61,04,756)
Increase in Long term Borrowings	(1,48,76,520)	6,63,45,000
Increase in Short term Borrowings	7,50,05,888	1,13,75,982
Financial Charges & Interest	(2,48,43,572)	(72,77,732)
Payment of Dividend & Tax	(1,84,64,027)	(1,66,72,851)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>1,68,21,769</b>	<b>2,78,50,643</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(2,94,55,472)</b>	<b>3,01,23,538</b>
Cash and Cash Equivalents as on 1.7.2011 (Opening Balance)	13,01,36,940	10,00,13,402
<b>Cash and Cash Equivalents as on 30.6.2012 (Closing Balance)</b>	<b>10,06,81,468</b>	<b>13,01,36,940</b>
<b>Note :</b> Cash and cash equivalents included in the cash flow statement comprise the following Balance sheet amounts:		
Cash in Hand and balance with Banks	9,46,79,350	8,40,92,463
Short term Investments in debt based liquid funds	60,02,118	4,60,44,477
	<b>10,06,81,468</b>	<b>13,01,36,940</b>

As per our report of even date

For **K.S.G. SUBRAMANYAM & CO**

Chartered Accountants

Firm No. : 004151S

Sd/-  
**T.C. KERALA VARMA RAJA**  
Partner  
Membership No.6932

Place : Coimbatore  
Date : 5.11.2012

Sd/-  
**S.N. VARADARAJAN**  
Chairman

Sd/-  
**S. INDERCHAND**  
Director

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Sd/-  
**S. MAHADEVAN**  
Company Secretary

**STATEMENT IN PURSUANCE OF SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY**

Name of the Subsidiary Company	Sree Mahalakshmi Smelters Private Ltd
Financial of the Subsidiary ended on	31 <sup>st</sup> March 2012
Holding Company's interest in the subsidiary	51% (21,88,847 Equity shares of Rs. 10/- each)
Net Aggregate amount of the Profit/(Loss) of the subsidiary and not dealt within the Holding Company's Accounts:	
a) for the Current financial year of the subsidiary Company	Rs. (-) 4,23,423/-
b) for the previous financial year of the subsidiary Company	- Not Applicable
Net Aggregate amount of the Profit/(Loss) of the subsidiary dealt within the Holding Company's Accounts:	
a) for the Current financial year of the subsidiary Company	- Not Applicable
b) for the previous financial year of the subsidiary Company	- Not Applicable

Sd/-  
**S.N. VARADARAJAN**  
Chairman

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Place : Coimbatore  
Date : 5.11.2012

Sd/-  
**S. INDERCHAND**  
Director

Sd/-  
**S. MAHADEVAN**  
Company Secretary

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**Disclosure of Information relating to Subsidiary Companies as required by the Ministry of Corporate Affairs, Government of India vide General Circular No.2/2011 dated 8<sup>th</sup> February 2011:**

Name of the Subsidiary:	Sree Mahalakshmi Smelter Private Limited <b>2011-12</b> <b>Rs.</b>
a) Share Capital	4,29,18,570
b) Reserves & Surplus	(3,54,50,805)
c) Total Assets	29,83,70,059
d) Total Liabilities	29,83,70,059
e) Turnover	13,96,71,382
f) Details of Investment	-
g) Profit/( Loss) Before tax	10,84,458
h) Provision for taxation	19,14,699
i) Profit/( Loss) After tax	(8,30,242 )
j) Proposed Dividend	-
k) Reporting currency	Indian Rupee ( INR)



## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached Consolidated Balance Sheet of **INDSIL HYDRO POWER AND MANGANESE LIMITED**, Coimbatore and its subsidiary and Joint Venture (collectively referred to as the Group) as at 30th June 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate Financial Statements and other Financial information regarding the components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the Joint Venture. The financial statements and other financial information have been audited by the other auditors for the Joint venture whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors for the Joint Venture.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting standards ( AS 21 ) " Consolidated Financial Statements " & Accounting Standard (AS) 27 - "Financial Reporting for Interests in Joint Ventures" as notified pursuant to the Companies ( Accounting Standards ) Rules 2006 and on the basis of separate financial statements of INDSIL Hydro Power and Manganese Limited and its subsidiaries.
5. Based on our audit and on the consideration of the reports of the other auditors and separate financial statements and on the financial information of the components and to the best of our information and according to information given to us, we are of the opinion that attached Consolidated Financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
  - a. In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 30th June 2012,
  - b. In the case of Consolidated Statement of Profit & Loss of the Profit of the Group for the year ended on that date; and
  - c. In the case of the consolidated cash flow statement, of the Cash Flows of the Group for the year ended on that date.

**For K.S.G.SUBRAMANYAM & CO**  
Chartered Accountants,  
Firm No. : 004151S

Place : Coimbatore  
Date : 05.11.2012

Sd/-  
**T.C.KERALA VARMA RAJA**  
Partner  
Membership No: 6932

**CONSOLIDATED BALANCE SHEET AS AT 30<sup>TH</sup> JUNE 2012**

PARTICULARS	NOTE No.	30.6.2012 Rs.	30.6.2011 Rs.
<b>I EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
(a) Share Capital	2.01	15,88,67,920	15,88,67,920
(b) Reserves and Surplus	2.02	60,55,06,404	52,47,12,448
(c) Minority interest		36,59,205	-
		<u>76,80,33,529</u>	<u>68,35,80,368</u>
<b>Non-current liabilities</b>			
(a) Long-term borrowings	2.03	12,33,14,340	6,63,45,000
(b) Deferred Tax liabilities		1,44,23,260	14,14,907
(c) Other Long term liabilities	2.04	2,34,363	-
(d) Long-term Provisions	2.05	12,05,75,434	11,80,10,586
		<u>25,85,47,397</u>	<u>18,57,70,493</u>
<b>Current Liabilities</b>			
(a) Short term borrowings	2.06	18,95,74,374	4,40,91,850
(b) Trade payables	2.07	15,03,75,827	2,48,55,404
(c) Other current liabilities	2.08	4,55,08,874	2,98,64,679
(d) Short term provisions	2.09	2,73,27,615	2,37,08,276
		<u>41,27,86,690</u>	<u>12,25,20,210</u>
		<u>143,93,67,616</u>	<u>99,18,71,070</u>
<b>II ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	2.10	58,47,34,304	46,56,30,984
(ii) Intangible assets	2.11	2,94,79,546	-
(iii) Capital work-in-progress		4,51,53,760	63,48,275
(iv) Intangible assets		14,73,704	-
(b) Non-current investments	2.12	20,75,000	66,14,375
(c) Long-term loans and advances	2.13	14,56,89,705	7,19,66,882
		<u>80,86,06,019</u>	<u>55,05,60,515</u>
<b>Current assets</b>			
(a) Current investments	2.14	60,02,118	4,60,44,477
(b) Inventories	2.15	34,52,85,085	23,44,64,890
(c) Trade receivables	2.16	5,35,94,712	3,94,42,197
(d) Cash and Cash equivalents	2.17	10,48,32,735	8,40,92,463
(e) Short-term loans and advances	2.18	5,76,83,114	1,28,71,758
(f) Other Current assets	2.19	6,33,63,833	2,43,94,771
		<u>63,07,61,597</u>	<u>44,13,10,555</u>
		<u>143,93,67,616</u>	<u>99,18,71,070</u>
Significant Accounting Policies and Notes on Financial Statements	I & II		

As per our report of even date

For **K.S.G. SUBRAMANYAM & CO**

Chartered Accountants

Firm No. : 004151S

Sd/-

**T.C. KERALA VARMA RAJA**

Partner

Membership No.6932

Sd/-

**S.N. VARADARAJAN**

Chairman

Sd/-

**VINOD NARSIMAN**

Managing Director

Sd/-

**S. INDERCHAND**

Director

Sd/-

**S. MAHADEVAN**

Company Secretary

Place : Coimbatore

Date : 5.11.2012



# INDSIL

## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

PARTICULARS	NOTE No.	30.6.2012 Rs.	30.6.2011 Rs.
I Revenue from operations	2.20	67,28,90,979	91,61,10,860
II Other Income	2.21	4,93,14,703	33,71,296
III Total Revenue (I + II)		<u>72,22,05,682</u>	<u>91,94,82,156</u>
IV Expenses :			
Cost of Materials Consumed	2.22	30,17,32,885	50,55,56,939
Purchases of Stock in Trade	2.23	2,01,79,238	-
Changes in inventories of finished goods, work in progress and stock-in-trade	2.24	(2,53,20,249)	41,92,288
Manufacturing Expenses	2.25	14,28,47,799	14,16,42,737
Repairs & Maintenance	2.26	75,40,706	1,44,04,522
Employee benefits expense	2.27	5,31,58,500	3,78,52,007
Finance Costs	2.28	3,75,48,437	72,77,732
Depreciation and amortization	2.29	3,93,87,221	3,54,45,187
Other expenses	2.30	5,15,40,084	3,62,26,118
Total Expenses		<u>62,86,14,621</u>	<u>78,25,97,529</u>
V Profit before exceptional and extraordinary items and tax		9,35,91,061	13,68,84,628
VI Extraordinary items		-	22,50,000
Profit before tax & Minority Interest		9,35,91,061	13,46,34,628
Add: Profit / (loss) attributable to Minority Interest		(3,53,755)	-
VII Profit before tax		9,39,44,816	13,46,34,627
VIII Tax expense:	2.31		
(1) Current tax		1,83,09,482	2,80,00,000
(2) Deferred tax		2,48,45,511	11,84,667
(3) MAT Credit Entitlement		(4,76,28,281)	-
		<u>(44,73,288)</u>	<u>2,91,84,667</u>
IX Profit/(loss) for the period		<u>9,84,18,104</u>	<u>10,54,49,961</u>
X Earnings per equity share:	2.32		
(1) Basic		6.19	6.64
(2) Diluted		6.19	6.64
Significant Accounting Policies and Notes on Financial Statements	I & II		

As per our report of even date

For **K.S.G. SUBRAMANYAM & CO**  
Chartered Accountants  
Firm No. : 004151S

Sd/-  
**T.C. KERALA VARMA RAJA**  
Partner  
Membership No.6932

Place : Coimbatore  
Date : 5.11.2012

Sd/-  
**S.N. VARADARAJAN**  
Chairman

Sd/-  
**S. INDERCHAND**  
Director

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Sd/-  
**S. MAHADEVAN**  
Company Secretary





## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2012

Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.01 SHARE CAPITAL</b>		
<b>AUTHORIZED</b>		
2,00,00,000 equity shares of Rs. 10/- each	20,00,00,000	20,00,00,000
5,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each	5,00,00,000	5,00,00,000
	25,00,00,000	25,00,00,000
<b>ISSUED</b>		
1,58,86,792 equity shares of Rs. 10/- each fully paid up	15,88,67,920	15,88,67,920
<b>SUBSCRIBED AND PAID UP CAPITAL</b>		
1,58,86,792 equity shares of Rs. 10/- Each	<b>15,88,67,920</b>	<b>15,88,67,920</b>

**(a) Terms/rights attached to equity shares:**

The Company has only one class of issued shares referred to as equity shares having a par value of 10/- each. Each holder of equity shares is entitled to one vote per share. **The dividend proposed by the Board of Directors, if any, is subject to the approval of shareholders in the Annual General Meeting.**

(b) The number of shares outstanding at the beginning and at the end of the reporting period are the same.

**(c) Details of Shareholder's holding more than 5% of shares:**

Name of Shareholder	30.06.2012	
	No. of Shares held	% of Holding
Sunmet Holdings India Private Limited	54,68,252	34.42%
Sri. S N Varadarajan	10,90,208	6.86%
Kerela State Industrial Development Corporation	10,54,166	6.64%

**(d) Aggregate number of bonus shares issued in the preceding 5 years**

Equity shares	No. of Shares	Rs.
Equity shares allotted as fully paid bonus shares pursuant to capitalisation of reserves in 2010-11.	63,54,717	6,35,47,170

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2012 (Contd.)****2.02 RESERVES & SURPLUS**

Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>Securities Premium Account :</b>		
Opening balance	84,38,299	79,24,755
Add: Credit on Excise of ESOS Shares during the year	5,13,544	5,13,544
Closing balance	89,51,843	84,38,299
<b>General Reserves :</b>		
Opening balance	12,52,60,003	18,88,07,173
Add: Additions During the year	-	-
Less: Bonus Shares Issued during the year	-	(6,35,47,170)
Closing balance	12,52,60,003	12,52,60,003
<b>Others :</b>		
State Investment Subsidy	15,00,000	15,00,000
<b>Surplus :</b>		
Opening balance	38,87,58,918	30,17,72,985
(Add) Net Profit/(Net Loss) For the current year	9,84,18,104	10,54,49,961
(Less) Proposed Dividends	1,58,86,792	1,58,86,792
(Less) Tax on proposed dividend	25,77,235	25,77,235
(Add) Transfer from reserves- securities premium	-	-
Closing balance	46,87,12,995	38,87,58,919
<b>- ESOS Outstanding</b>	5,56,897	7,55,227
(Net of Unamortised Deferred Employee Compensation)		
Exchange Fluctuation reserve	5,24,666	-
<b>Closing Balance</b>	<b>60,55,06,404</b>	<b>52,47,12,448</b>

**2.03 LONG TERM BORROWINGS****Secured :**

Term loans		
- From Banks	5,05,30,822	-
- From HDFC Bank	8,27,899	-
ECB from Standard Chartered Bank	5,14,68,480	6,63,45,000
Loans & Advances	-	-
- Indsil Energy and Electrochemicals Ltd	2,04,87,140	-
(Unsecured Loan extended to Sree Mahalakshmi Smelters Pvt. Ltd.)		
<b>Total</b>	<b>12,33,14,340</b>	<b>6,63,45,000</b>

**2.04 OTHER LONG TERM LIABILITIES**

Finance Lease Liability	2,34,363	-
<b>Total</b>	<b>2,34,363</b>	<b>-</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2012 (Contd.)**

Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.05 LONG TERM PROVISIONS</b>		
<b>Provision for Employee Benefits :</b>		
- Provision for Gratuity	96,26,004	64,68,961
- Provision for Leave Encashment	-	5,92,195
- Electricity Charges	11,09,49,430	11,09,49,430
<b>Total</b>	<b>12,05,75,434</b>	<b>11,80,10,586</b>
<b>2.06 SHORT TERM BORROWINGS</b>		
<b>Secured :</b>		
From Banks		
- Rupee Loan	12,04,76,636	21,31,915
- Foreign Currency Loan	6,90,97,738	4,19,59,935
<b>Total</b>	<b>18,95,74,374</b>	<b>4,40,91,850</b>
<b>2.07 TRADE PAYABLES</b>		
Creditors for Purchases	5,39,79,306	2,02,90,628
Creditors for Capital Expenses	9,22,08,355	13,74,779
Creditors for Expenses & Services	41,88,166	31,89,997
<b>Total</b>	<b>15,03,75,827</b>	<b>2,48,55,404</b>
<b>2.08 OTHER CURRENT LIABILITIES</b>		
Advance from Customers	9,04,213	6,00,612
Unpaid Dividend	18,76,830	13,90,622
Accrued Employee benefits	1,68,60,944	1,38,10,635
Other statutory liabilities	51,18,891	1,19,74,440
Advance From Customers	19,42,801	-
Current Portion of Lease Liability	1,72,72,323	-
Accruals	10,41,540	3,73,631
Bank Over draft	4,91,332	17,14,740
<b>Total</b>	<b>4,55,08,874</b>	<b>2,98,64,679</b>
<b>2.09 SHORT TERM PROVISIONS</b>		
Provision for Employee Benefits		
Salary Payable	12,80,434	4,42,603
Provident Fund Payable	57,505	-
Other short Term provisions		
Electricity & Power Charges Payable	65,36,219	-
Statutory Dues Payable	9,89,430	48,01,646
Proposed Dividend & Tax	1,84,64,027	1,84,64,027
<b>Total</b>	<b>2,73,27,615</b>	<b>2,37,08,276</b>



**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2012 (Contd.)**

**2.10 FIXED ASSETS**

(In Rupees)

Particulars	Gross Block				Depreciation				Nett Block	
	Cost as on 1.7.2011	Additions during the year	Deletions during the year	Cost as on 30.6.2012	Upto 30.6.2011	For the year	Withdrawn on Deletions	Upto 30.6.2012	WDV as on 30.6.2012	WDV as on 30.6.2011
<b>Tangible Assets</b>										
Land	2,53,45,652	61,17,040	-	3,14,62,692	-	-	-	-	3,14,62,692	2,42,01,693
Building	33,74,03,185	2,99,643	-	33,77,02,828	10,98,30,535	1,12,30,967	-	12,10,61,502	21,66,41,326	18,88,60,261
Plant and Machinery	56,25,10,761	2,29,70,572	-	58,54,81,333	27,63,08,106	2,76,14,554	-	30,39,22,660	28,34,41,708	22,66,45,604
Electrical Equipment	7,17,56,457	80,500	-	7,18,36,957	2,99,27,893	23,30,302	-	3,22,58,195	3,95,78,762	1,82,68,382
Vehicles	89,29,758	25,30,953	11,04,001	1,03,56,710	15,93,549	7,94,023	4,15,210	19,72,362	83,84,348	30,06,408
Office Equipment	1,64,86,139	8,60,895	-	1,73,47,034	1,12,95,301	8,26,265	-	1,21,21,566	52,25,468	46,48,636
<b>SUB TOTAL (A)</b>	<b>102,24,31,952</b>	<b>3,28,59,603</b>	<b>11,04,001</b>	<b>105,41,87,554</b>	<b>42,89,55,384</b>	<b>4,27,96,111</b>	<b>4,15,210</b>	<b>47,13,36,285</b>	<b>58,47,34,304</b>	<b>46,56,30,984</b>
Capital Work-in-progress	89,03,397	3,62,50,364	-	4,51,53,760	-	-	-	-	4,51,53,760	63,48,275
<b>SUB TOTAL (B)</b>	<b>89,03,397</b>	<b>3,62,50,364</b>	<b>-</b>	<b>4,51,53,760</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,51,53,760</b>	<b>63,48,275</b>
Intangible Assets	-	14,73,704	-	14,73,704	-	-	-	-	14,73,704	-
<b>SUB TOTAL (C)</b>	<b>-</b>	<b>14,73,704</b>	<b>-</b>	<b>14,73,704</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,73,704</b>	<b>-</b>
<b>Total [A + B + C] (Current Year)</b>	<b>1,03,13,35,348</b>	<b>7,05,83,671</b>	<b>11,04,001</b>	<b>110,08,15,018</b>	<b>42,89,55,384</b>	<b>4,27,96,111</b>	<b>4,15,210</b>	<b>47,13,36,285</b>	<b>63,13,61,768</b>	<b>47,19,79,259</b>
<b>(Previous Year)</b>	<b>86,73,56,113</b>	<b>3,06,27,730</b>	<b>-</b>	<b>89,79,83,843</b>	<b>39,05,59,397</b>	<b>3,54,45,187</b>	<b>-</b>	<b>42,60,04,584</b>	<b>47,19,79,259</b>	<b>-</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2012 (Contd.)**

Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.11 GOODWILL</b>		
Goodwill on account of Controlling interest	2,94,79,546	-
<b>Total</b>	<b>2,94,79,546</b>	<b>-</b>
<b>2.12 NON-CURRENT INVESTMENTS</b>		
<b>Non Trade Investments - Unquoted Equity</b>		
8,000 fully paid-up equity shares of Rs.10/- each in Kurumpetty HPP Ltd	80,000	80,000
8,000 fully paid-up equity shares of Rs.10/- each in Palayakkam HPP Ltd	80,000	80,000
8,000 fully paid-up equity shares of Rs.10/- each in Upper Poringal HPP Ltd	80,000	80,000
8,000 fully paid-up equity shares of Rs.10/- each in Vattapara HP Ltd	80,000	80,000
1,50,000 fully paid-up equity shares of Rs.10/- each in Malayalam Communications Ltd.	15,00,000	15,00,000
<b>Trade Investments - Unquoted Equity</b>		
21,88,847 fully paid-up equity shares of Rs.10/- each in Sree Mahalakshmi Smelters (P) Ltd	-	-
Share capital advance in Al-Tamman Indsil Ferro chrome LLC, Sultanate of Oman - 37,500 OMR	-	45,39,375
25,500 fully paid-up equity shares of Rs.10/- each in Indsil Energy & Electrochemicals Ltd. (extent of Holding 0.65% of 38,69,300 shares)	2,55,000	2,55,000
<b>Total</b>	<b>20,75,000</b>	<b>66,14,375</b>
<b>2.13 LONG TERM LOANS AND ADVANCES</b>		
<b>Secured, considered good</b>		
<b>Security Deposits</b>	1,57,71,886	-
<b>Unsecured considered good</b>		
<b>Advance for Capital Expenses &amp; Purchases</b>	69,89,366	50,65,553
<b>Other loans and advances</b>		
- Electricity charges recoverable	4,65,00,095	4,62,05,183
- Security Deposits	2,01,07,824	1,95,15,647
- Other Loans & Advances	85,499	85,499
- Rental Advances	10,95,000	10,95,000
- Advance Income tax	5,51,40,035	-
<b>Total</b>	<b>14,56,89,705</b>	<b>7,19,66,882</b>
<b>2.14 CURRENT INVESTMENTS</b>		
Investment in Mutual Funds		
ICICI Prudential Flexible Income Plan	55,62,326	52,14,709
DWS Credit Opportunities Cash Fund	-	72,97,031
HSBC Floating Rate Fund	-	16,94,803
HDFC Cash Management Fund	-	1,59,01,080
DSP Blackrock Money Manager Fund	4,39,792	1,59,36,854
<b>Total</b>	<b>60,02,118</b>	<b>4,60,44,477</b>



Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.15 INVENTORIES</b>		
Raw Materials and components (Valued at cost)	22,41,49,412	19,45,64,449
Goods in Transit	2,55,23,490	-
Work-in-progress (Valued at average cost)	20,37,216	17,54,948
Finished goods (Valued at lower of cost or net realisable value)	7,98,11,274	2,76,04,993
Stores and spares (Valued at Cost)	1,31,68,445	98,98,732
Consumables	2,71,556	2,26,421
Packing Materials	3,23,692	4,15,347
<b>Total</b>	<b>34,52,85,085</b>	<b>23,44,64,890</b>
<b>2.16 TRADE RECEIVABLES</b>		
<b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b>		
Secured, considered good	3,78,22,415	3,50,61,941
Unsecured, considered good	1,50,65,364	-
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	7,06,933	43,80,256
<b>Total</b>	<b>5,35,94,712</b>	<b>3,94,42,197</b>
<b>2.17 CASH AND CASH EQUIVALENTS</b>		
Balances with banks :		
a) In Current Accounts	5,29,78,058	36,71,375
b) In Fixed Deposits Accounts	3,47,32,485	7,05,76,152
c) Earmarked Balances- Unpaid Dividend	18,77,427	13,91,219
d) Margin money	1,45,18,359	74,66,036
Bank deposits with more than 12 months maturity	3,19,485	-
Cash on hand	4,06,921	9,87,681
<b>Total</b>	<b>10,48,32,735</b>	<b>8,40,92,463</b>
<b>2.18 SHORT TERM LOANS AND ADVANCES</b>		
<b>Loans and advances :</b>		
Unsecured, considered good		
- Unsecured Loan	31,76,095	-
- Advance for Expenses	7,61,235	21,80,681
<b>Others :</b>		
Balance With Revenue Authorities ( Indirect Taxes)	1,41,37,847	34,27,527
<b>Unsecured, considered good :</b>		
- Advance for Capital Expenses & Purchases	1,68,64,309	60,20,078
- Staff Advance	4,80,746	4,47,846
- Other Advance Recoverable	2,10,68,765	7,95,625
- Other Deposits Recoverable	-	-
- Advance for Expenses	9,71,936	-
- Prepaid Expenses	2,07,681	-
- Other Advances	14,500	-
<b>Total</b>	<b>5,76,83,114</b>	<b>1,28,71,758</b>
<b>2.19 OTHER CURRENT ASSETS</b>		
Share application money in Al-Tamman Indsil Ferro chrome LLC, Sultanate of Oman - 3,71,500 OMR	5,18,79,870	-
Export Incentives receivable	1,14,83,963	2,43,94,771
<b>Total</b>	<b>6,33,63,833</b>	<b>2,43,94,771</b>



Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.20 REVENUE FROM OPERATIONS</b>		
Sale of Products:		
- Smelter	67,29,45,881	91,01,78,424
- Power	14,24,39,580	14,38,52,936
Excise duty	(2,46,29,110)	(2,14,40,549)
Interdivisional Sale of Power	(14,24,39,580)	(14,38,52,936)
Other Operating Income Export Claims	2,45,74,207	2,73,72,985
<b>Total</b>	<b>67,28,90,979</b>	<b>91,61,10,860</b>
<b>2.21 OTHER INCOME</b>		
Interest Income	1,49,80,703	7,61,500
Dividend Income	26,95,944	26,09,796
Income from REC's	3,12,12,422	-
Other non-operating income	4,25,634	-
<b>Total</b>	<b>4,93,14,703</b>	<b>33,71,296</b>
<b>2.22 COST OF MATERIALS CONSUMED</b>		
Consumption of raw materials	30,17,32,885	50,55,56,938
<b>Total</b>	<b>30,17,32,885</b>	<b>50,55,56,938</b>
<b>2.23 PURCHASE OF STOCK-IN-TRADE</b>		
Purchase of Stock-in-Trade	2,01,79,238	-
<b>Total</b>	<b>2,01,79,238</b>	-
<b>2.24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
Finished Goods: Opening Stock	2,76,04,993	3,19,63,069
Less: Closing Stock	(4,42,64,690)	(2,76,04,993)
	(1,66,59,697)	43,58,076
Work-in-Progress : Opening Stock	17,54,948	15,89,160
Less: Closing Stock	(20,37,216)	(17,54,948)
	(2,82,268)	(1,65,788)
Change in inventory	(83,78,284)	-
<b>Total</b>	<b>(2,53,20,249)</b>	<b>41,92,288</b>
<b>2.25 MANUFACTURING EXPENSES</b>		
Power & Fuel (Net)	11,85,87,670	10,72,05,663
Packing, Freight & Forwarding	2,16,42,574	3,00,07,422
Royalty	26,17,555	44,29,652
<b>Total</b>	<b>14,28,47,799</b>	<b>14,16,42,737</b>
<b>2.26 REPAIRS &amp; MAINTENANCE</b>		
Repairs & Maintenance	75,40,706	1,44,04,522
<b>Total</b>	<b>75,40,706</b>	<b>1,44,04,522</b>



Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.27 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	4,04,29,335	2,95,60,589
Contribution to provident Fund and other funds	31,79,582	23,91,352
Employee compensation - ESOS amortisation	3,15,214	7,92,772
Provision for Gratuity & Earned Leave Encashment	40,96,671	4,40,133
Staff welfare expenses	51,37,698	46,67,161
<b>Total</b>	<b>5,31,58,500</b>	<b>3,78,52,007</b>
<b>2.28 FINANCE COSTS</b>		
Interest expense	3,76,06,988	72,77,732
Other borrowing costs	(58,550)	-
<b>Total</b>	<b>3,75,48,437</b>	<b>72,77,732</b>
<b>2.29 DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation and amortization expense	3,93,87,221	3,54,45,187
<b>Total</b>	<b>3,93,87,221</b>	<b>3,54,45,187</b>
<b>2.30 OTHER EXPENSES</b>		
Communication Expenses	20,33,665	20,75,185
Chairman's Remuneration	37,53,902	50,41,179
Managing Directors Remuneration	37,17,831	50,06,507
Commission to Other Directors	6,00,000	6,00,000
Travelling Expenses	70,24,463	54,48,520
Repairs & Maintenance		
Building	9,42,756	6,95,689
Others	16,04,469	8,41,228
Insurance Expenses	9,72,931	6,08,439
Legal Expenses	51,57,100	4,40,000
Professional Charges	34,26,774	31,16,691
Security service charges	43,73,682	23,25,066
Stationery Expenses	6,27,346	5,84,720
Auditors Remuneration		
For Audit	50,000	50,000
For Taxation Matters	30,000	30,000
Rent Rates & Taxes	31,54,351	28,88,143
Subscription & donation	32,66,078	38,64,037
Sales Promotion expenses	75,637	29,264
Sales Commission	16,01,389	7,10,542
Advertisement	7,53,083	5,85,514
Sitting Fees	1,95,000	2,57,500
General Expenses	81,11,614	10,27,895
Loss on sale of Plant and equipment	68,014	-
<b>Total</b>	<b>5,15,40,084</b>	<b>3,62,26,118</b>
<b>2.31 CURRENT &amp; DEFERRED TAX</b>		
Current tax	1,83,09,482	2,80,00,000
Deferred tax	2,48,45,511	11,84,667
MAT Credit Entitlement	(4,76,28,281)	-
<b>Total</b>	<b>(44,73,288)</b>	<b>2,91,84,667</b>





Particulars	30.06.2012 Rs.	30.06.2011 Rs.
<b>2.32 EARNINGS PER SHARE</b>		
Profit After Tax	9,84,18,104	10,54,49,960
Equity share of Rs. 1 each	1,58,86,792	1,39,68,935
Basic & Diluted Earnings per share	6.19	7.55
No.of shares outstanding - Basic & Diluted	1,58,86,792	1,39,68,935

**2.33 THE SUBSIDIARY COMPANIES/JOINT VENTURES CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENTS:**

Name of the Company	Country of Incorporation	"Subsidiary/ Joint Venture"	% of Ownership
Al-Tamman Indsil Ferro Chrome LLC	Oman	Joint Venture	25%
Sree Mahalakshmi Smelters Private Limited	India	Subsidiary	51%

**2.34 INTEREST IN JOINT VENTURE**

The Company had, during the year, entered into an agreement by which the Company is a party to a Joint Venture viz. Al-Tamman Indsil Ferro Chrome LLC. The Company has invested 37,500 OMR in the capital of 1,50,000 equity shares of 1 OMR each which is equivalent to an ownership interest of 25%

The following represents the Group's share of assets & liabilities and Income and results of the Joint Venture included in the Balance Sheet and Statement of Profit and Loss:

	Year ended 31.12.2011 Rs.
<b>Balance Sheet :</b>	
Reserves and Surplus	(16,64,045)
Non Current Liabilities	2,34,363
Current Liabilities	8,34,535
Fixed Assets ( Net)	38,99,507
Current Assets	6,73,595
<b>Statement of Profit and Loss:</b>	
Income	-
Expenses	15,59,836
Profit Before Tax	(15,59,836)
Provision for Taxes	-
Profit After Tax	(15,59,836)

Note : The audited accounts of Al-Tamman Indsil Ferro Chrome LLC., Joint Venture for the year ended 31<sup>st</sup> December, 2011 is based on the International Financial Reporting Standards ( IFRS). For the purposes of consolidation with Indsil Hydro Power and Manganese Limited, certain expenses like project salaries/ rent for the leased land for the factory under construction which has been charged-off in the Statement of Profit & Loss in the JV enterprise have been included as a part of construction work in progress (CWIP - RO 58,525/-) in the consolidated financial statements as per Indian Accounting Standards as the same is specifically attributable to the Ferro Chrome Project.

**2.35 Related Party Transactions with whom transactions have taken place during the year 2011-12 and relationship:**

a) Associates	Sunmet Holdings India Private.Ltd , Indsil Energy and Electrochemicals Ltd.
b) Key Management Personnel	Sri. S.N.Varadarajan Sri. Vinod Narsiman
c) Relatives of Key Management Personnel	Smt. D.Pushpa Varadarajan (W/o Sri S.N.Varadarajan)

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2012 (Contd.)**

Particulars	In Rupees		
	Associates	Key Management Personnel	Relatives of Key Management Personnel
<b>Current Year-30.6.12:</b>			
Royalty paid	26,17,555	-	-
Rent paid	12,35,446	2,88,000	-
Sitting Fees	-	40,000	37,500
Managerial Remuneration	-	74,71,733	35,000
Unsecured Loan	-	-	-
Balances outstanding as at 30.6.2012	-	(1,24,53,918)	-
<b>Previous Year-30.6.11:</b>			
Royalty paid	44,29,652	-	-
Rent paid	11,76,616	3,78,000	90,000
Sitting Fees	-	-	45,000
Managerial Remuneration	-	1,00,47,686	-
Balance outstanding as at 30.6.2011	14,52,808	(1,02,76,174)	-

**2.36 SEGMENT INFORMATION****30.06.2012  
Rs.**

## Primary Segments ( Business Segments)

## 1. Segment Revenue

a) Smelter

67,28,90,979

b) Hydro Power

14,24,39,580

81,53,30,559

Less : Intersegment Revenue

14,24,39,580

Net Revenue :

67,28,90,979

## 2. Segment Results :

(Profit / Loss before Financial charges &amp; Tax)

a) Smelter

(1,74,47,853)

b) Hydro Power

14,58,91,407

12,84,43,554

Add / Less : Unallocable Income/Expenses

26,95,944

Operating Profit

13,11,39,498

Less : Financial Charges

3,75,48,437

Total Profit / (Loss) before Tax &amp; Minority Interest

9,35,91,061

Add : Profit / (Loss) attributable to Minority Interest

(3,53,755)

Profit Before Tax

9,39,44,816

## 3. Capital Employed :

(Segment Assets - Segment Liabilities)

a) Smelter

13,04,95,976

b) Hydro Power

75,60,60,251

Capital Employed

88,65,56,228



# INDSIL

## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2012 (Contd.)

### 2.37 Previous year Comparatives:

Previous year figures have been regrouped wherever necessary to confirm to current year classification. This being the first year of consolidation, the previous years' figures are strictly not comparable.

### 2.38 Other Notes forming Part of Accounts:

These are set out in and under "Notes to Financial Statement forming part of accounts for the year ended 30 June 2012" as given in the stand alone Financial Statements of Indsil Hydro Power and Manganese Limited.

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As per our report of even date

For **K.S.G. SUBRAMANYAM & CO**  
Chartered Accountants  
Firm No. : 004151S

Sd/-  
**T.C. KERALA VARMA RAJA**  
Partner  
Membership No.6932

Place : Coimbatore  
Date : 5.11.2012

Sd/-  
**S.N. VARADARAJAN**  
Chairman

Sd/-  
**S. INDERCHAND**  
Director

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Sd/-  
**S. MAHADEVAN**  
Company Secretary



## I. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

### I. Principles of consolidation :

The Consolidated Financial Statements relate to Indsil Hydro Power and Manganese Limited ("the Company") and its subsidiary companies and Joint Venture. The Consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Company and its Subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements" as prescribed under Section 211(3C) of the Companies Act, 1956.
- ii) Interests in Joint Venture have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 - "Joint Ventures".
- iii) The difference between the cost of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill or Capital Reserve as the case may be.
- iv) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

II. Investments other than in subsidiaries and Joint Venture have been accounted as per Accounting Standard 13 on Accounting for Investments.

### III. Other Significant Accounting Policies :

These are set out under "Notes on Accounts" as given in the standalone Financial Statements of Indsil Hydro Power and Manganese Limited.

II. As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the Financial Statements for the financial year commencing on or after 1st April, 2011. Accordingly the financial statements for the year ended June 30, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI.



# INDSIL

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

Particulars	Year ended 30.06.12 Rs.	Year ended 30.06.11 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit / (loss) before tax	9,35,91,061	13,46,34,628
Adjustments for		
Interest Receipts	(149,80,703)	(7,61,500)
Income from Mutual Funds	(26,95,944)	(26,09,796)
Income from REC's	(3,12,12,422)	-
Other Non Operating Income	(4,25,634)	-
Depreciation	3,93,87,221	3,54,45,187
Employee compensation - ESOS amortisation	3,15,214	7,92,772
Financial charges & Interest	3,75,48,437	72,77,732
Loss on investment in Good Earth Indsil Natural Resources Ltd.		22,50,000
Profit/Loss on sale of assets	(2,21,209)	-
Provision for gratuity and Encashment of earned leave	40,96,671	4,40,133
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>12,54,02,692</b>	<b>17,74,69,154</b>
Adjustments for changes in		
Inventories	(11,08,20,195)	(1,39,05,913)
Trade receivables	(1,41,52,515)	(1,97,23,040)
Other advances	(4,48,11,356)	(4,12,87,467)
Other Current Assets	(3,89,69,062)	-
Other Current Liabilities & provisions	12,56,46,376	(3,07,34,476)
Cash generated from operations	4,22,95,941	7,18,18,269
Income Tax Payments	(2,58,21,236)	(4,22,88,931)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>(1,64,74,704)</b>	<b>2,95,29,329</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(22,88,04,046)	(3,06,27,730)
Sale of Fixed Assets	9,10,000	-
Purchase of investments	45,39,375	-
Other Non operating income	4,25,634	-
Interest received	1,49,80,703	7,61,500
Income from REC's	3,12,12,422	-
Income from Mutual Funds	26,95,944	26,09,796
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(17,40,39,968)</b>	<b>(2,72,56,434)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of share capital	-	1,85,000
Long term Loans & Advances	(84,10,586)	-
Increase in Long term Borrowings	5,72,03,703	4,02,40,244
Increase in Short term Borrowings	14,54,82,524	1,13,75,982
Financial Charges & Interest	(3,75,48,437)	(72,77,732)
Payment of Dividend & Tax	(1,84,64,027)	(1,66,72,851)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>13,82,63,177</b>	<b>2,78,50,643</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(1,93,02,087)</b>	<b>3,01,23,538</b>
Cash and Cash Equivalents as on 1.7.2011 (Opening Balance)	13,01,36,940	10,00,13,402
<b>Cash and Cash Equivalents as on 30.6.2012 (Closing Balance)</b>	<b>11,08,34,853</b>	<b>13,01,36,940</b>
<b>Note :</b> Cash and cash equivalents included in the cash flow statement comprise the following Balance sheet amounts:		
Cash in Hand and balance with Banks	10,48,32,735	8,40,92,463
Short term Investments in debt based liquid funds	60,02,118	4,60,44,477
	<b>11,08,34,853</b>	<b>13,01,36,940</b>

As per our report of even date

For **K.S.G. SUBRAMANYAM & CO**  
Chartered Accountants  
Firm No. : 004151S

Sd/-  
**T.C. KERALA VARMA RAJA**  
Partner  
Membership No.6932

Sd/-  
**S.N. VARADARAJAN**  
Chairman

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Place : Coimbatore  
Date : 5.11.2012

Sd/-  
**S. INDERCHAND**  
Director

Sd/-  
**S. MAHADEVAN**  
Company Secretary



Smelter Facility at Palakkad, Kerala.



## Indsil Hydro Power and Manganese Limited

Registered Office : "INDSIL HOUSE", T.V. Samy Road (West),  
R.S. Puram, Coimbatore - 641002. Tamil Nadu, India.

Phone : (+91/0) (422) 4522922, 23, 24

Fax : (+91/0) (422) 4522925

e-mail : [indsilho@indsil.com](mailto:indsilho@indsil.com)



**INDSIL**

**INDSIL HYDRO POWER AND MANGANESE LIMITED**

Regd. & Admn. Office : "INDSIL HOUSE", T.V.Samy Road (West), R.S.Puram, Coimbatore 641 002

**22<sup>nd</sup> ANNUAL GENERAL MEETING**

**ADMISSION SLIP**

NAME & ADDRESS OF THE MEMBER

PLEASE COMPLETE THE SLIP AND  
HAND IT OVER AT THE ENTRANCE  
TO THE MEETING HALL

I hereby record my presence at the 22<sup>nd</sup> Annual General Meeting of the Company at Chamber Towers, 8/732, Avanashi Road, Coimbatore - 641 018 on Monday, the 17<sup>th</sup> December, 2012 at 10.15 A.M.

Name of the Shareholder / Proxy\*

Signature of the Shareholder / Proxy\*

\* Strike out whichever is not applicable

**INDSIL HYDRO POWER AND MANGANESE LIMITED**

Regd. & Admn. Office : "INDSIL HOUSE", T.V.Samy Road (West), R.S.Puram, Coimbatore 641 002

**PROXY FORM**

Folio No. / Depository A/c No.

I / We.....

being a Member / Members of Indsil Hydro Power and Manganese Limited, hereby appoint.....

of..... in the district of .....

or failing him / her.....of .....

in the district of ..... as my / our Proxy to vote for me / us on my / our behalf at the 22<sup>nd</sup> Annual General Meeting of the Company to be held on Monday, the 17<sup>th</sup> December, 2012 at 10.15 A.M. and at any adjournment thereof.

Signed this .....day of .....2012.

Name: .....

Address: .....

.....

.....

Signature of the Proxy

Re. 1/-  
Revenue  
Stamp

N.B: The proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting. The proxy need not be a Member of the Company.