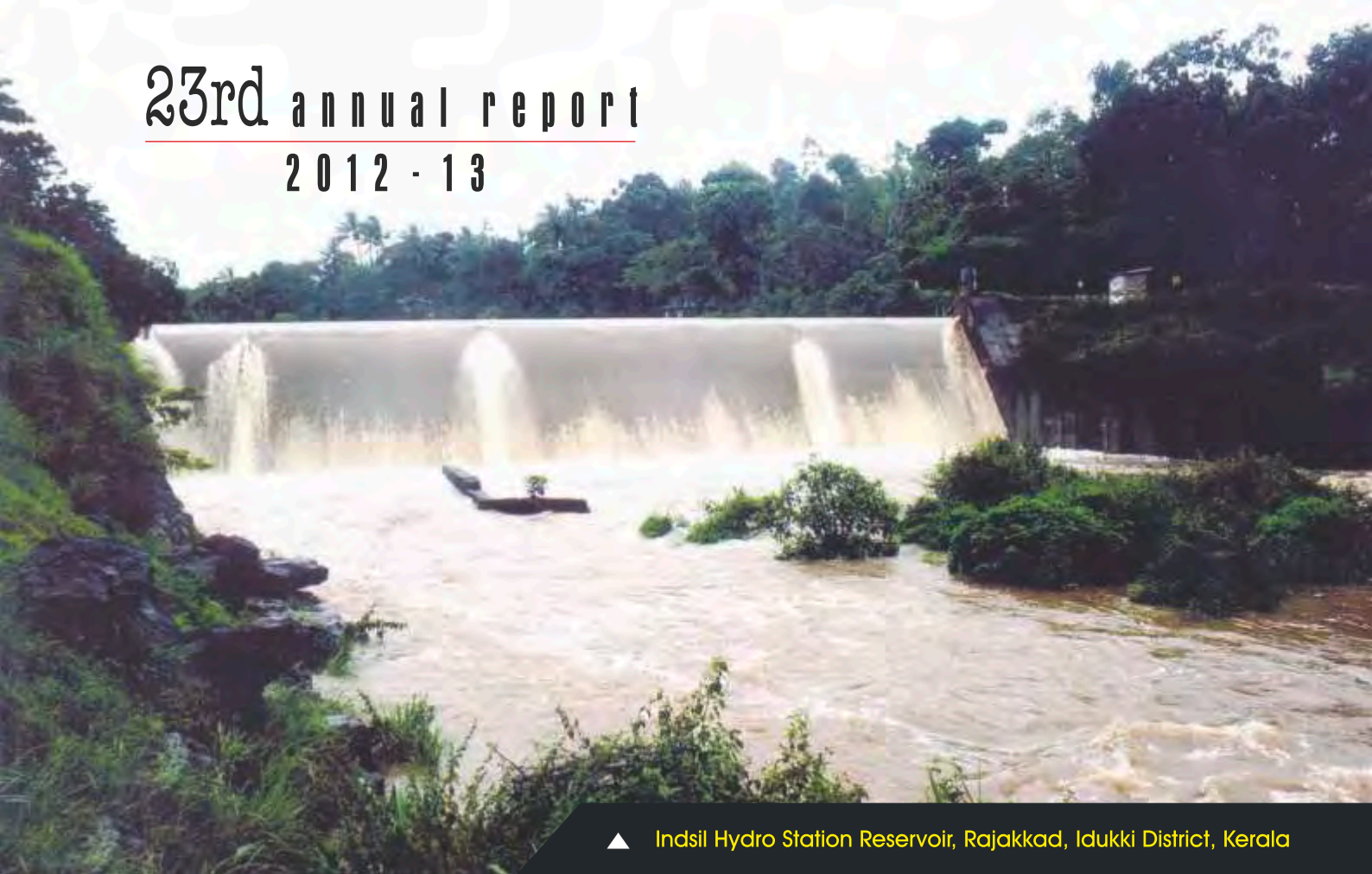


# 23rd annual report

## 2012 - 13



▲ 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 HYDRO POWER AND MANGANESE LIMITED

23<sup>RD</sup> ANNUAL REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013

### 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

### CHIEF FINANCIAL OFFICER

SRI R. MURALI

### STATUTORY AUDITORS

M/S. RAJA & RAMAN  
CHARTERED ACCOUNTANTS  
1055/11, GOWTHAM CENTRE  
1<sup>ST</sup> FLOOR, AVANASHI 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 23<sup>RD</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Company will be held at Chamber Towers, 8/732 Avanashi Road, Coimbatore 641 018 on Friday, the 13th day of December, 2013 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 30th June, 2013 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 Smt. D. Pushpa Varadarajan, who retires from office by rotation, and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Sri K. S. Mahadevan, who retires from office by rotation, and being eligible, offers himself for reappointment.
5. To appoint M/s Raja & Raman, Chartered Accountants, Coimbatore as Statutory Auditors of the Company 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 in the place of M/s. K S G Subramanyam & Co and M/s Haribhakti & Co, the retiring Auditors.

Place : Coimbatore  
Date : 07.11.2013

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. 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 9th December 2013 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 9th December 2013.

The Register of Members and Share Transfer books will be closed from Tuesday, the 10th December 2013 to 13th December 2013 (both days inclusive).

3. Details in respect of Directors retiring by rotation, pursuant to Clause 49 of the Listing Agreement are annexed hereto.
4. 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.



5. 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.
6. 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.
7. 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.
8. The equity shares of the Company are listed on The Bombay Stock Exchange Ltd. The Annual Listing fee has been paid upto date to the above said Exchange.
9. 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.
10. 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.
11. 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.
12. 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.
13. Equity shares of the Company have been placed under Compulsory De-mat Trading. Members who have not dematerialized their physical holding in the Company are advised to avail the facility of dematerialisation of equity shares of the Company.
14. The ISIN of the equity shares of your Company is INE867D01018.
15. 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.
16. The soft copy of the Annual Report has been 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.
17. 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 Registrar & Share Transfer Agent the prescribed Statutory Form 2B. Should any assistance be desired, members should get in touch with the Company's Registrar & Share Transfer Agent.
18. 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 : 07.11.2013

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 (In pursuance of Clause 49 of Listing Agreement)		
Name	Smt. D. Pushpa Varadarajan	Sri K.S. Mahadevan
Date of Birth	03/02/1948	30/06/1948
Date of Appointment	30/08/1990	27/06/1995
Area of experience	Smt. D Pushpa Varadarajan, B.A. B.ED., is the wife of Sri S N Varadarajan, Chairman and she is the first Director of the Company since its inception. She is also the member of shareholders'/ investors' Grievances Committee and Share Transfer Committee.	Sri K S Mahadevan is a reputed businessman of Erode region with considerable contacts among business communities. The Company will be benefited by his vast experience.
List of Directorships held in other Indian Companies	Sunmet Holdings India Pvt. Ltd Indsil Energy and Electrochemicals Ltd. Indsil Power Company Ltd. SNV Holdings Pvt. Ltd. SNV Real Estate Pvt Ltd Indsil Agrocarb Ltd Sun Metals & Alloys Pvt Ltd SKAVA Systems Pvt Ltd	Mothi Garments (India) Pvt.Ltd Erode Pharma Pvt. Ltd
Number of Membership in other Committees	Member  Share Transfer Committee Investors Grievances Committee	NIL
Number of Shares held in the Company	5,30,208	93,000

Place : Coimbatore  
Date : 07.11.2013

By Order of the Board

Sd/-  
S.MAHADEVAN  
Company Secretary.



## DIRECTORS' REPORT

Your Directors have great pleasure in presenting the 23<sup>rd</sup> Annual Report of your Company together with the Audited statements of account for the year ended 30<sup>th</sup> June 2013.

## FINANCIAL RESULTS:

Particulars	₹ in lakhs	
	2012-13	2011-12
Profit before depreciation and Financial charges	718.63	1557.60
Less : Financial Charges	295.52	248.44
Profit before Depreciation	423.11	1309.16
Less : Depreciation	379.55	367.08
Profit before taxes and extraordinary items	43.56	942.08
Less : Extraordinary items	--	-
Profit before tax	43.56	942.08
Less : Provision for Tax	8.30	183.09
Add/Less : Deferred Tax asset/liability (MAT Credit)	7.01	-244.48
Profit after tax	28.25	1003.47
Add : Balance brought forward	4706.41	3887.59
Surplus available for appropriation	4734.66	4891.05
Less : Transfer to General Reserve	--	-
MAT Credit Reserve		
Less : Proposed Dividend	79.43	158.87
Less : Tax on proposed Dividend	13.50	25.77
Balance carried over to Balance Sheet	4641.73	4706.41
Paid-up equity share capital	1588.68	1588.68
Earnings per share (₹)	0.18	6.32
Book value per share (₹)	47.80	48.20

## REVIEW OF OPERATIONS:

Your Company's financial performance for the year was drastically affected due to an acute drought situation at your Company's hydro electric power station in Rajakkad, Idukki Dist., Kerala. In fact, the drought conditions enveloped the entire State of Kerala and affected all the electric power stations in that State. The drought has been considered to be one of the worst in the past 2 decades. This resulted in the Company having to procure high cost power from the Kerala State Electricity Board to sustain its smelter operations and with a steep increase in the KSEB power tariff which occurred during the year 2012-13, the Company's operating margins were severely affected. As a result, your Company could register a PBDIT of only ₹ 718.63 Lakhs as against ₹ 1557.60 Lakhs for the previous year.

The PBT is only ₹ 43.56 Lakhs as against ₹ 942.08 Lakhs in the previous year.

The hydro electric power generated only 14.96 million units as compared to 43.52 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):

As the members are aware, your Company got successfully registered as an RE generator under the new REC mechanism promulgated by the Central Government. This status entitles the Hydro Power Project of your Company (HPP) to receive Renewable Energy Certificates for every 1000 units of renewable energy produced. These certificates are tradeable in the Indian Energy Exchange (IEX) and Power Exchange India Limited (PXIL). During the year under review, your Company could realize ₹ 54,27,000/- being the sale proceeds of 3618 REC units. As on date, your Company has RECs for a total value of ₹ 2,55,95,141/-.



As per current indications there is scope for demand for RECs as there is a momentum towards complying with Renewable Purchase Obligations (RPO) of RECs by the end of FY 2013-14. With RPO compliance drive initiated by states like Punjab, Uttarakhand, Maharashtra and Chhattisgarh State Regulators, it is expected that the buyer's participation for RPO's would increase in the forthcoming trading sessions.

## **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 has built a world-class Ferro Chrome Smelter with an initial capacity to produce 75,000 tpy of Ferro Chrome.

The Company uses 2 x 24 MVA submerged arc furnaces to smelt the chromite. The two furnaces have been commissioned and production commenced during the second half of the year 2013. Both the furnaces are working currently.

Your Company receives enormous support from the Sohar Free Zone, and therefore there should be no bottle-necks in achieving the objectives of the Company in terms of its full scale commercial production.

The key markets for the JV project of your Company are the Far East and Europe.

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

As the members are aware, the capacity of SMS plant was upgraded from 5 MVA to 7.5 MVA for the manufacture of Low Carbon Silico Manganese from that of High Carbon Silico Manganese. The State of Andhra Pradesh faced severe power cut during the period under review resulting in under-utilisation of operations resulting in the subsidiary not being able to operate at its full capacity. This, in turn, resulted in the subsidiary suffering financial losses.

## **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 5% on the equity share capital of ₹15,88,67,920 for the year ended 30th June 2013. The dividend, if approved, will be paid to those members whose names appear on the Register of members of the Company as on 9th December 2013, the date fixed for the purpose, subject to the approval of the shareholders.

The aggregate dividend payout for the year 2012-13 amounts to ₹ 93 Lakhs including corporate dividend tax.

## **CORPORATE SOCIAL RESPONSIBILITY:**

Your Company has commenced its Corporate Social Responsibilities. As part of its socio-economic activities and to emphasize integral development of societal needs in and around its areas of operations, your Company had made its humble contributions to institutions viz: Swami Vivekananda Medical Mission, Palakkad, Kerala, Divine Province Funding Home, Rajakkad, Idukki District, Kerala. St. Benedict Church, Kuthungal, Idukki District, Kerala, Government Higher Secondary School, Rajakkad, Idukki District, Kerala and Unnathi Training Centre, Coimbatore which are engaged in Community Mental Health Program, Eye camps, Mobile Medical Utilities, protection, welfare and development of abandoned children and uplifting the below poverty line children and such other social activities.

The amount so far contributed is ₹ 12.56 Lakhs and your Company would continue its pursuit to fulfill its Corporate Social Responsibilities in future as well, as and when the Company's budget allows.

## **EMPLOYEE STOCK OPTION SCHEME :**

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

The applicable disclosures as stipulated under the SEBI Guidelines as at 30th June, 2013 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	₹ 10	₹ 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 transferred from ESOS Trust to eligible employees	Bonus Shares transferred from ESOS Trust to eligible employees	Total shares transferred 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
IV th Tranche	11750	11750	7833	19583	4375*
TOTAL	60125	60125	29333	89458	NIL

\* alongwith 2,917 bonus shares

Balance shares in Trust account 7,292

Money realized by exercise of options ₹ 6,01,250/-

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" : ₹ 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 ₹ 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
III rd Tranche	4625	4625	3081	7706	NIL
TOTAL	13875	13875	9243	23118	NIL

Balance shares in Trust account : 7,715

Money realized by exercise of option : ₹ 1,38,750/-

### Valuation of options :

As required, the employee compensation cost as a result of calculations made under Black Scholes model is ₹15.21 and ₹ 63.66 per share having regard to the fact that the strike price is ₹ 10 per share and the stock price (price on the date of grant i.e., 28.01.2009 & 30.04.2010) are ₹ 23.95 & ₹ 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:

Smt. D. Pushpa Varadarajan and Sri K.S. Mahadevan are retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

### AUDITORS:

M/s. K S G Subramanyam & Co Chartered Accountants are one of the Statutory Auditors of the Company till the financial year 2012-13 along with M/s Haribhakti & Co, as the Joint Statutory Auditors.

M/s. K S G Subramanyam & Co, due to their pre-occupation, had submitted their letter of resignation from the office of the Statutory Auditors of the Company with effect from 13th August 2013 and their resignation was informed to the Bombay Stock Exchange on 26th August, 2013.

The present Statutory Auditors M/s Haribhakti & Co, Chartered Accountants, Coimbatore had expressed their unwillingness to continue as the Statutory Auditors of the Company and they will cease to be the Statutory Auditors of the Company from the forth coming Annual General Meeting of the Company.

The proposed retirement of the Statutory Auditors M/s Haribhakti & Co was informed to the Bombay Stock Exchange on 7th November, 2013.

M/s Raja & Raman, Chartered Accountants, 1055/11, Gowtham Centre, 1st Floor, Avinashi Road, Coimbatore 641 018 are willing to get appointed as Statutory Auditors of the Company and in this connection, they have submitted a letter to the Company, stating that their appointment is valid as it will be within the limit prescribed under sub section (1-B) of Section 224 of the Companies Act, 1956.



The Board of Directors of the Company recommend M/s Raja & Raman, Chartered Accountants, Coimbatore to be appointed as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting for the financial year 2013-14 subject to the approval of the shareholders in the ensuing Annual General Meeting. The said item regarding appointment of M/s. Raja & Raman, Auditors is placed before the shareholders for their approval.

## **COST AUDITORS**

The Board has appointed Sri B. Venkateswar, Cost Accountant, Coimbatore as Cost Auditor of the Company pursuant to section 233B of the Companies Act, 1956 for the financial year 2011-12 & 2012-13. The cost Audit Report for the financial year 2011-12 approved by the Board of Directors of the Company on 5th November 2013 was filed on 1st February 2013 and for the financial year 2012-13, such a report will be filed.

## **POSTAL BALLOT**

Board of Directors at their meeting held on 3rd July 2013 had adopted a resolution for Postal Ballot pursuant to Section 192 A of the Companies Act, 1956 in order to transfer the shares held by the Company in Al-Tamman Indsil Ferro Chrome LLC to its own arm "Indsil Hydro Global (FZE)", a 100% subsidiary of the Company in the Sharjah Airport International Free Zone.

The Postal Ballots received from the shareholders upto 6.8.2013 were scrutinized and result declared in favour of the resolution. Details of the Results were published on 9.8.2013 in The Mint and Makkal Kural.

The result was also informed to The Bombay Stock Exchange Ltd and posted in the Company's website.

## **ENTERPRISE RESOURCE PLANNING (ERP) IMPLEMENTATION :**

Your Company has successfully implemented an Oracle Enterprise Resource Planning (ERP) System. Your Company considers IT-Enterprise Resources Planning Integrated platform to be pivotal for ensuring smooth functioning of processes and 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 Financial Accounting, it will facilitate informed decision making on a faster basis.

## **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 KSR & Co Company Secretaries LLP 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.

## **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 : 07.11.2013

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	2012-13 (₹ in lakhs)	2011-12 (₹ in lakhs)
1. Earnings (Export)	5777.37	3,647.82
2. Expenditure in Foreign Currency		
a. Subscription & Others	9.46	6.36
b. Travelling Expenses	2.67	1.27
c. Net dividend	--	0.03

- 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 ₹	Qualification	Experience	Date of Commencement of employment	Last employment before joining the Company
Sri S.N.Varadarajan	67	Chairman	6,13,764	B.Com	32	3.9.1992	Sun Metals & Alloys Pvt. Ltd.
Sri Vinod Narsiman	41	Managing Director	6,00,000	B.E., MBA (University of Michigan)	17	18.1.1997	--

Place : Coimbatore  
Date : 07.11.2013

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 silico manganese alloys which are primarily used in stainless steel making as well as in some specific carbon steel grades.

During the year under review, ferro alloy industry, in general, was facing problems due to high input costs on electricity on account of high tariff and insufficient power supply in States like Andhra Pradesh.

During the year under review (2012-13), your Company's performance was affected due to Eurozone debt crisis like any other ferro alloy producer, which in turn, affected the price realizations to a considerable extent. Moreover sluggish market for stainless steel also affected the consumption of ferro alloys directly.

### 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.

Your Company's subsidiary Sree Mahalakshmi Smelters Private Ltd was acquired only with the object of enhancing the production capacity but due to non-availability of adequate power , your subsidiary Company could not perform to the expected levels. Further, the subsidiary Company also had to pay heavy levy of back charges on account of fuel surcharge, which resulted in financial burden affecting the bottom line of the financial parameters.

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 table given below gives the operational details of the two segments of your Company viz., ferro alloy segment and power segment.

PARTICULARS	FERRO ALLOY	POWER
Production (MT)	10,429	1496 Million Units
Sales (MT)	10,456	1496 Million Units
Revenue in ₹ Lakhs	9,895	1,006
PBDIT in ₹ Lakhs	(263)	981

The production levels were at 10,429 MT as compared to 6,826 MT for the corresponding previous year. The revenue levels were at ₹ 9,895 lakhs for 2012-13 and ₹ 5,905 lakhs for the corresponding previous year due to high cost import of power on commercial tariff and other input related costs.



## **POWER DIVISION :**

The domestic operations of your Company consists of an Hydro Electric Power Plant of 21 MW capacity. It generated 14.96 Million units during the financial year as compared to 43.52 Million units during the previous year.

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. It is expected that the demand for REC will have a significant turn around in the market in view of regulators implementing the mandatory requirements for Renewable Purchase Obligations (RPO) of Renewable Energy Certificates (RECs) by the concerned entities that are required to purchase RECs.

### **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 infact 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 end of the 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.

Considering the expected stainless steel consumption in 2014, it is predicted that there will be an increase in the consumption of ferro alloys.

### **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

₹ in lakhs

Particulars	30 <sup>th</sup> June, 2009	30 <sup>th</sup> June, 2010	30 <sup>th</sup> June, 2011	30 <sup>th</sup> June, 2012	30 <sup>th</sup> June, 2013
<b>I. OPERATING RESULTS :</b>					
1. Sales	8016	10626	9161	5686	9761
2. Operating Profit (PBIDT)	1054	2044	1796	1558	719
3. Interest	235	149	73	248	296
4. Depreciation	350	349	354	367	380
5. Taxes	93	188	292	(61)	15
6. Net Income (PAT)	283	1358	1054	1003	28
7. Dividend Percentage	10%	15%	10%*	10%*	5%
Dividend Amount	94	143	159	159	79
Dividend Tax	16	24	26	26	13
8. Production :					
- Ferro Alloys (MT)	10143	12496	11498	6826	10429
- Power (Lakh KWH)	270	378	431	435	149

\*Post bonus shares issued@ 2 shares for every 3 shares held (2:3)

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

₹ in lakhs

Particulars	30 <sup>th</sup> June, 2009	30 <sup>th</sup> June, 2010	30 <sup>th</sup> June, 2011	30 <sup>th</sup> June, 2012	30 <sup>th</sup> June, 2013
<b>II. PERFORMANCE PARAMETERS:</b>					
1. Share capital	945	951	1589	1589	1589
2. Reserves & Surplus	3808	5005	5247	6069	6006
3. Secured Loans	754	588	1083	1877	3996
4. Deferred liabilities	1134	1112	1123	1555	1370
5. Fixed Assets (Gross Block)	8530	8674	8980	9271	9478
6. Accumulated Depreciation	(3564)	(3906)	(4260)	(4623)	(4995)
7. Investments	422	829	527	463	2166
8. Net Current Assets	1253	2059	3786	5779	6312
<b>III. RATIOS :</b>					
1. Profit after tax/ Sales (%)	4.69	12.79	10.23	17.66	0.32
2. Return on Net worth (%)	5.82	22.20	15.43	13.11	0.37
3. Earnings per share (₹)	3.00	14.34	7.55*	6.32*	0.18*
4. Cash Earnings per share (₹)	6.70	17.95	8.87*	8.63*	2.57*
5. Debt Equity ratio	0.16	0.04	0.10	0.07	0.05
6. Book Value per share (₹)	50.30	62.61	43.03*	48.20*	47.80*

\*Post bonus shares issued@ 2 shares for every 3 shares held (2:3)



**i. HUMAN RESOURCES:**

Your Company has always endeavoured to retain quality man power talent. Conscious efforts are on to develop an 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 : 07.11.2013

For and on behalf of the Board  
Sd/-

**S.N. VARADARAJAN**  
Chairman



## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

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

### 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, five Board meetings were held and the gap between two meetings did not exceed four months. The Board meetings were held on 03.8.2012, 05.11.2012, 17.12.2012, 07.02.2013 & 13.05.2013.

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	5	-	-	-	Y	N.A
Sri Vinod Narsiman	5	4	-	-	Y	N.A
Smt. D. Pushpa Varadarajan	5	-	1	9	Y	5,30,208
Sri S.Inderchand	5	4	1	9	Y	1,44,630
Sri B. Balchand	5	-	-	-	Y	66,666
Sri K.S. Mahadevan	4	-	-	-	Y	93,000
Dr. S. Rama Iyer	1	-	-	-	Y	--
Dr. A.K. Sreedharan	5	4	-	-	Y	--
Sri K. Ramakrishnan	5	-	-	-	Y	4,300

**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	11	-	-	-
Sri S. Inderchand	4	-	-	-
Sri B. Balchand	-	1	-	-
Sri K.S. Mahadevan	2	-	-	-
Dr. S. Rama Iyer	7	-	-	-
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 2012-13.

**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 2012-13**

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 ₹ 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.

A sum not exceeding 1% (one percent) of the annual net profits of the Company computed in accordance with the provisions of Companies Act, 1956 and subject to an overall ceiling of ₹ 6,00,000/- per year, is payable to and amongst the non-wholetime (Non-Executive) Directors of the Company. As the profits are inadequate for the current financial year, no such commission was payable to the Non-Executive Directors.



## 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 Exchange 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 1956. 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 03.8.2012, 05.11.2012, 07.02.2013 & 13.5.2013. 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 17.12.2012.

## 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' Grievances Committee met on 07.11.2013 and reviewed the grievances/complaints received and the action taken on the grievances/complaints.

Complaints Status from 1.7.2012 to 30.6.2013.

* Number of shareholders' complaints received so far (including dividend revalidation requests, non receipt of dividend Warrant and non receipt of Annual Reports)	: Nil
* 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 2012-13, 9 meetings of the Committee were held on 14.07.2012, 11.08.2012, 15.09.2012, 27.11.2012, 11.12.2012, 23.02.2013, 16.03.2013, 23.03.2013 & 30.03.2013. The number of share transfer committee meetings attended by the Directors are as follows:

Member	Committee meetings attended
Sri.S.Inderchand	9
Smt.D.Pushpa Varadarajan	9

## 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 28th 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 Employee Stock Option Scheme "INDSIL-ESOS 2008".

## GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2012	Chamber Towers 8/732 Avanashi Road Coimbatore 641 018	17-12-2012	10.15 A.M.
2011	Chamber Towers 8/732 Avanashi Road Coimbatore 641 018	14-12-2011	10.00 A.M.
2010	Chamber Towers 8/732 Avanashi Road Coimbatore 641 018	06-10-2010	10.15 A.M.



A special resolution was put through postal ballot to transfer the shares held by the Company in Al-Tamman Indsil Ferro Chrome LLC to its own arm, a 100% subsidiary of the Company which is being incorporated in the Sharjah Airport International Free zone with the name and style "Indsil Hydro Global (FZE)". The shareholders had accorded their approval for the special resolution through postal ballots.

## 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 30th June 2013.
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.

## EMPLOYEE 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 in 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.

The second tranche of 25% of the options granted were vested with the eligible employees by 29th January 2011. 16,125 shares were 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.

The third tranche of 25% of the options were also exercised by the eligible employees on 7.5.2012. 16,125 shares were 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 final and fourth tranche of 25% of the options were also exercised by the eligible employees on 7.2.2013 and 13.05.2013. The details are as follows:

Name of the Employee	Total No. of Options granted	TOTAL NO. OPTIONS GRANTED			
		Ist tranche of transferred by the Trust	IIInd tranche of transferred by the Trust	IIIrd tranche of transferred by the Trust	IVth tranche of transferred by the Trust
Sri S Mahadevan	10,000	2,500	2,500	2,500	2,500
Sri V Natarajan	10,000	2,500	2,500	2,500	2,500
Smt B Meenakshi	10,000	2,500	2,500	2,500	Nil
Sri K Rajan Jose	7,500	1,875	1,875	1,875	1,875
Sri M Kannan	7,500	1,875	1,875	1,875	Nil
Sri K Ramakrishnan	7,500	1,875	1,875	1,875	1,875
Sri S Chakrapani	5,000	1,250	1,250	1,250	1,250
Sri M P L Sukumar	3,000	750	750	750	750
Sri K Jayasurian	2,000	500	500	500	500
Sri N Sundararajan	2,000	500	500	500	500
<b>Total</b>	<b>64,500</b>	<b>16,125</b>	<b>16,125</b>	<b>16,125</b>	<b>11,750</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 2nd set of eligible employees.

Since the bonus shares of 18,500 shares had 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 exercised their options as shown below:-

Name of the Employee	Total No.of Options granted	Ist tranche of shares reissued by the Trust	IIInd tranche of shares reissued by the trust	IIIrd tranche of shares reissued by the trust
Sri C. J. Antappan	3,000	750	750	750
Sri S. Varadarajan	3,000	750	750	750
Sri V.D. Johnson	2,500	625	625	625
Sri V. Pushparajan	2,500	625	625	625
Sri N. Hariharan Pillai	5,000	1,250	1,250	1,250
Sri K Balamurugan	2,500	625	625	625
<b>Total</b>	<b>18,500</b>	<b>4,625</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 The Mint in English and Makkal Kural in Tamil. The soft copies of the Annual Reports are sent to the email addresses of the shareholders. Further physical copies of the Annual Reports and quarterly unaudited results are also sent to those shareholders who request for the same.

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 Registrar and Share Transfer Agents S.K.D.C Consultants Ltd for sending Annual Reports/Notices and any other communication in electronic forms. All shareholders are requested to follow this and accordingly register themselves with NSDL/CDSL/S.K.D.C Consultants Ltd.

Quarterly results of the Company can be viewed in the Company's website i.e., [www.indsil.com](http://www.indsil.com). Management Discussion and Analysis Report is annexed elsewhere in the Annual Report.

## GENERAL SHAREHOLDER INFORMATION

### 1. Annual General Meeting

- a. Date & Day : 13.12.2013 (Friday)
- b. Time : 10.15 A.M.
- c. Venue : Chamber Towers  
8/732 Avanashi Road  
Coimbatore 641 018



## 2. Financial Calendar for 2013-14 :

Declaration of financial results:

Unaudited financial results for the 1st quarter	:	by 15 <sup>th</sup> November, 2013
Unaudited financial results for the 2nd quarter	:	by 15 <sup>th</sup> February, 2014
Unaudited financial results for the 3rd quarter	:	by 15 <sup>th</sup> May, 2014
Unaudited financial results for the 4th quarter	:	by 30 <sup>th</sup> August, 2014

Annual General Meeting for the year 30 <sup>th</sup> June 2014	:	Within 6 months from the close of the accounting year
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3. Date of Book Closure	:	Tuesday 10 <sup>th</sup> December, 2013 to Friday, 13 <sup>th</sup> December, 2013
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4. Dividend payment	:	Dividend on equity shares, if approved, will be paid within the stipulated time as prescribed
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5. Listing on Stock Exchange & Scrip code	:	The Bombay Stock Exchange Ltd & 522165
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6. Stock price data.  
High / Low prices during the financial year 2012-13 on The Bombay Stock Exchange Ltd.

Month & Year	High ₹	Low ₹
July 2012	31.35	22.60
August 2012	30.20	25.10
September 2012	29.45	26.00
October 2012	36.50	26.80
November 2012	34.45	27.00
December 2012	32.40	28.00
January 2013	31.15	26.75
February 2013	29.00	23.30
March 2013	27.00	20.50
April 2013	30.70	20.80
May 2013	24.00	16.25
June 2013	25.00	16.05



## 7. Categories of Shareholders as on 30<sup>th</sup> June 2013

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	24	30,97,163	19.50
Bodies Corporate	2	55,32,585	34.82
<b>Sub Total - A</b>	26	86,29,748	54.32
<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>	3	10,57,832	6.66
<b>Non-institutions</b>			
Bodies Corporate	134	3,63,525	2.29
Resident Individuals	7635	55,44,393	34.90
Non-Resident Indians	275	2,91,294	1.83
<b>Sub-Total - C</b>	8044	61,99,212	39.02
<b>GRAND TOTAL (A+B+C)</b>	<b>8073</b>	<b>1,58,86,792</b>	<b>100.00</b>

## 8. Registrars and Share 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 2013.

Range (Value in ₹)	No. of Shareholders	% held (% No. of Shareholders)	Face value of shares (₹)	% held (% Value)
Up to 5000	282	77.81	12439730	7.82
5001 to 10000	868	10.75	6888350	4.34
10001 to 20000	472	5.85	7163430	4.51
20001 to 30000	137	1.70	3375400	2.12
30001 to 40000	82	1.02	2869420	1.81
40001 to 50000	59	0.73	2717730	1.71
50001 to 100000	90	1.11	6841080	4.31
100001 and above	83	1.03	116572780	73.38
<b>TOTAL</b>	<b>8073</b>	<b>100.00</b>	<b>158867920</b>	<b>100.00</b>



## 11. Dematerialisation of shareholdings and liquidity:

As on 30.6.2013, 15174773 shares constituting 95.52% 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 KSR & Co. Company Secretaries LLP, 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

AI-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 : 07.11.2013

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



## 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 2012-13.

Place : Coimbatore

Date : 07.11.2013

For **INDSIL HYDRO POWER AND MANGANESE LIMITED**

Sd/-

**S.N. VARADARAJAN**  
**CHAIRMAN**

## CERTIFICATE ON CORPORATE GOVERNANCE

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 30th June 2013, 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 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 **KSR & CO COMPANY SECRETARIES LLP**

Place : Coimbatore

Date : 07.11.2013

**C V MADHUSUDHANAN**

Partner

CP No. : 4408



## CERTIFICATION BY CHIEF FINANCIAL OFFICER

To

The Members of INDSIL HYDRO POWER AND MANGANESE LIMITED

I, R. Murali, Chief Financial Officer of Indsil Hydro Power and Manganese Limited to the best of my knowledge and belief, certify that :

1. I have reviewed the Balance Sheet and statement of Profit and Loss and all its schedules and notes to accounts, as well as the Cash Flow Statements and the Directors' Report for the financial year 2012-13.
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or contain statements that might be misleading.
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, and are in compliance with the existing accounting standard and/or applicable laws and regulations.
4. To the best of my knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
5. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness for the internal control system of the Company pertaining to financial reporting, deficiencies in the design or operation of such internal controls, if any, of which I am aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
6. (a) There has not been any significant change in internal control over financial reporting during the year under reference.  
(b) There has not been significant change in accounting policies during the year requiring disclosure in the notes to the financial statements and  
(c) I am not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For INDSIL HYDRO POWER AND MANGANESE LIMITED

Place : Coimbatore  
Date : 07.11.2013

Sd/-  
**R. MURALI**  
Chief Financial Officer

## INDEPENDENT AUDITORS' REPORT

**To the Members of Indsil Hydro Power and Manganese Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Indsil Hydro Power and Manganese Limited ("the Company"), which comprise the Balance Sheet as at June 30th, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30th, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. As required by section 227(3) of the Act, 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 purpose 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 those 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 comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on June 30th, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30th, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Haribhakti & Co.**

Chartered Accountants

Firm Registration No.103523W

**C. S. Sathyanarayanan**

Partner

Membership No. 028328

Coimbatore

August 26th, 2013



## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Indsil Hydro Power and Manganese Limited on the financial statements for the year ended June 30th 2013]

- (i) (a) The Company is in the process of updating the fixed asset register showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) 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 inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) The Company has granted loan to nine companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 7.84 Crores and the year-end balance of loans granted to such party was ₹ 7.84 Crores.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (c) There are no other stipulations in respect of such loan.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(f) and (g) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- (v) (a) 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 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of ₹ five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account 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 clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.



- (ix) (a) The Company is regular in depositing with appropriate authorities 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 other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanation given to us, 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.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**For Haribhakti & Co.**  
Chartered Accountants  
Firm Registration No.103523W

**C. S. Sathyanarayanan**  
Partner  
Membership No. 028328

Coimbatore  
August 26th, 2013



## CERTIFICATE

To  
The Board of Directors of Indsil Hydro Power and Manganese Limited,

We have been requested by Indsil Hydro Power and Manganese Limited ("the Company"), having its registered office at 'Indsil House', TV Samy Road(West), R.S. Puram, Coimbatore - 641002, vide mandate letter dated August 9th 2012, to issue a certificate under Rule 4(a) of the 'Companies (Disqualification of directors under section 274(1)(g) of the Companies Act, 1956) Rules 2003' as to whether any directors of the Company is disqualified under section 274(1)(g) of the Companies Act, 1956.

The following documents have been furnished by the Company:

- a) List of Directors during the period covered by Auditor's Report.
- b) Register of Directors maintained under section 303(1) of the Companies Act, 1956.
- c) Copy of Form 32 filed by the Company.
- d) Copy of Form DD-A filed by the Company.
- e) Written representation from the management.

Based on the above documents and information and explanation provided to us, we have performed the following procedures:

- a) Verified Form 32 filed by the Company with the List of Directors.
- b) Verified the information provided by the management from the information contained in the register maintained under section 303(1) of the Companies Act, 1956.
- c) Verified the contents of Form DD-A with the information given by all directors.

We have performed our procedures in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI").

Based on the procedures performed by us as stated above and according to the information, explanations and written representation provided to us, we certify that none of the directors of the Company as on June 30th, 2013 are disqualified for appointment as a director in the Company in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

This certificate is issued under Rule 4(a) of the 'Companies (Disqualification of directors under section 274(1)(g) of the Companies Act, 1956) Rules 2003'. This Certificate may not be useful for any other purpose. Haribhakti & Co. shall not be liable to the Company or to any other concerned, for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment

**For Haribhakti & Co.**

Chartered Accountants  
Firm Registration No.103523W

**C. S. Sathyanarayanan**

Partner  
Membership No. 028328

Coimbatore  
August 26th, 2013



## BALANCE SHEET AS AT 30<sup>TH</sup> JUNE 2013

PARTICULARS	NOTE No.	30.06.2013		30.06.2012	
		₹	₹	₹	₹
<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	60,05,65,005		60,69,09,769	
			75,94,32,925		76,57,77,689
<b>Non- current liabilities</b>					
(a) Long-term borrowings	2.03	3,43,12,499		5,14,68,480	
(b) Deferred Tax liabilities (Net)	2.04	2,61,26,462		2,45,95,462	
(c) Long-term Provisions	2.05	12,11,12,529		12,05,75,434	
			18,15,51,490		19,66,39,376
<b>Current Liabilities</b>					
(a) Short term borrowings	2.06	34,82,07,409		11,90,97,738	
(b) Trade payables	2.07	8,77,70,542		9,22,08,355	
(c) Other current liabilities	2.08	3,73,42,825		4,22,40,207	
(d) Short term provisions	2.09	1,01,16,981		1,91,55,979	
			48,34,37,757		27,27,02,279
<b>TOTAL</b>			142,44,22,172		123,51,19,344
<b>II ASSETS</b>					
<b>Non-current assets</b>					
(a) Fixed assets	2.10				
(i) Tangible assets		39,31,22,383		41,04,46,098	
(ii) Intangible assets		22,93,349		-	
(iii) Capital work-in-progress		5,27,71,187		5,28,74,585	
(iv) Intangible assets under development		-		14,73,704	
(b) Non-current investments	2.11	21,61,08,090		4,02,70,675	
(c) Long-term loans and advances	2.12	14,89,90,592		12,99,17,819	
			81,32,85,601		63,49,82,881
<b>Current assets</b>					
(a) Current investments	2.13	4,67,180		6,002,118	
(b) Inventories	2.14	28,86,83,828		27,07,45,815	
(c) Trade receivables	2.15	7,71,22,770		4,51,99,386	
(d) Cash and Cash equivalents	2.16	3,23,16,735		9,46,79,349	
(e) Short-term loans and advances	2.17	19,25,89,517		12,01,45,962	
(f) Other Current assets	2.18	1,99,56,540		6,33,63,833	
			61,11,36,571		60,01,36,463
<b>TOTAL</b>			142,44,22,172		123,51,19,344

Significant Accounting Policies and I & II  
Notes to Financial Statements 2.01 to 2.45

Vide our report of date attached

For **HARIBHAKTI & Co.,**  
Chartered Accountants  
Firm Reg. No. : 105323 W

Sd/-  
**C.S. SATHYANARAYANAN**  
Partner  
Membership No.028328

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

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Place : Coimbatore  
Date : 26.08.2013

Sd/-  
**S.INDERCHAND**  
Director

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

Sd/-  
**R. MURALI**  
Chief Financial Officer



## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013

PARTICULARS	NOTE No.	30.06.2013		30.06.2012	
		₹	₹	₹	₹
Revenue					
I Revenue from operations	2.19	97,61,47,324		56,85,68,854	
II Other Income	2.20	3,89,29,089		5,31,32,997	
III Total Revenue (I + II)			101,50,76,413		62,17,01,851
IV Expenses :					
Cost of Materials Consumed	2.21	43,56,62,932		29,94,81,585	
Purchases of Stock-in-Trade		11,53,56,237		2,77,37,260	
Changes in inventories of finished goods, work in progress	2.22	(21,10,853)		(1,96,36,124)	
Other Manufacturing Expenses	2.23	27,64,28,851		4,83,56,410	
Employee benefits expense	2.24	5,75,93,989		5,70,30,055	
Finance Costs	2.25	2,95,52,170		2,48,43,572	
Depreciation and amortization expense	2.26	3,79,55,437		3,67,08,462	
Other expenses	2.27	6,02,82,128		5,29,72,740	
Total Expenses			101,07,20,893		52,74,93,960
V Profit before exceptional, extraordinary items and tax (III-IV)			43,55,520		9,42,07,891
VI Extraordinary items			-		-
VII Profit before tax (V-VI)			43,55,520		9,42,07,891
VIII Tax expense:					
Current tax		8,30,000		1,83,09,482	
Mat Credit Entitlement		(8,30,000)		(4,76,28,281)	
Deferred tax		15,31,000		2,31,80,555	
			15,31,000		(61,38,244)
IX Profit for the year (VII - VIII)			28,24,520		10,03,46,135
X Earnings per equity share:					
(1) Basic	2.28		0.18		7.18
(2) Diluted			0.18		7.18

**Significant Accounting Policies and I & II  
Notes to Financial Statements 2.01 to 2.45**

Vide our report of date attached

For **HARIBHAKTI & Co.,**  
Chartered Accountants  
Firm Reg. No. : 105323 W

Sd/-  
**C.S. SATHYANARAYANAN**  
Partner  
Membership No.028328

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

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Place : Coimbatore  
Date : 26.08.2013

Sd/-  
**S. INDERCHAND**  
Director

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

Sd/-  
**R. MURALI**  
Chief Financial Officer



## NOTES TO FINANCIAL STATEMENTS

### 2.01 SHARE CAPITAL

Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>AUTHORIZED</b>		
2,00,00,000 equity shares of ₹ 10/- each	20,00,00,000	20,00,00,000
5,00,000 Redeemable Cumulative Preference Shares of ₹100/- each	5,00,00,000	5,00,00,000
	<u>25,00,00,000</u>	<u>25,00,00,000</u>
<b>ISSUED</b>		
1,58,86,792 equity shares of ₹ 10/- each fully paid up	158,867,920	15,88,67,920
(30 <sup>th</sup> June 2012 : 1,58,86,792 equity shares of ₹10/- each)	<u>15,88,67,920</u>	<u>15,88,67,920</u>
<b>SUBSCRIBED AND PAID UP</b>		
1,58,86,792 equity shares of ₹ 10/- each (30 <sup>th</sup> June 2012 : 1,58,86,792 equity shares of ₹10/- each)	158,867,920	15,88,67,920
	<u>15,88,67,920</u>	<u>15,88,67,920</u>

#### 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	30.06.2013		30.06.2012	
	Number	Value (in ₹)	Number	Value (in ₹)
Equity Shares at the beginning of the year	1,58,86,792	15,88,67,920	1,58,86,792	15,88,67,920
Add: Issues during the year	-	-	-	-
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	30.06.2013		30.06.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sunmet Holdings India Private Limited	55,18,252	34.74%	54,68,252	34.42%
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>76,12,626</b>	<b>47.92%</b>

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

Equity Shares	No. of Shares	₹
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	30.06.2013 ₹	30.06.2012 ₹
<b>Securities Premium Account</b>		
Opening balance	89,51,843	84,38,299
Add: Credit on Exercise of ESOS Shares during the year (No. of shares issued : 4,625 shares @ ₹ 62.40 & 11,750 shares @ ₹ 13.95)	4,52,513	513,544
Closing balance	94,04,356	89,51,843
<b>General Reserves :</b>		
Opening balance	12,52,60,003	12,52,60,003
Add: Transfer from State Investment Subsidy	15,00,000	-
Closing balance	12,67,60,003	12,52,60,003
<b>Others</b>		
State Investment Subsidy	-	15,00,000
<b>Surplus</b>		
Opening balance	47,06,41,026	38,87,58,918
(+) Profit/(Loss) for the current year	28,24,520	10,03,46,135
(-) Proposed Dividend	(79,43,396)	(1,58,86,792)
(-) Tax on Proposed Dividend	(13,49,979)	(25,77,235)
Closing balance	46,41,72,171	47,06,41,026
- ESOS Outstanding (Net of Unamortised Deferred Employee Compensation)	2,28,475	5,56,897
<b>Closing Balance</b>	<b>60,05,65,005</b>	<b>60,69,09,769</b>

### 2.03 LONG TERM BORROWINGS

Particulars	30.06.2013 ₹	30.06.2012 ₹	30.06.2013 ₹	30.06.2012 ₹
	<b>Non Current</b>		<b>Current Maturities</b>	
<b>Secured</b>				
Term loans from Banks				
- Foreign Currency Loan				
ECB from Standard Chartered Bank	3,43,12,499	5,14,68,480	1,71,56,250	1,71,56,520
<b>Total</b>	<b>3,43,12,499</b>	<b>5,14,68,480</b>	<b>1,71,56,250</b>	<b>1,71,56,520</b>

ECB Loan of USD 11,25,000 procured from Standard Chartered Bank is repayable in 12 equal quarterly instalments of USD 93,750 each. Interest is payable at 3M 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	30.06.2013 ₹	30.06.2012 ₹
<b>2.04 DEFERRED TAXES</b>			
	Deferred Tax Liabilities	2,61,26,462	2,45,95,462
	<b>Total</b>	<b>2,61,26,462</b>	<b>2,45,95,462</b>
<b>2.05 LONG TERM PROVISIONS</b>			
	Provision for Gratuity	1,01,63,099	96,26,004
	Provision for Electricity demands	11,09,49,430	11,09,49,430
	<b>Total</b>	<b>12,11,12,529</b>	<b>12,05,75,434</b>
<b>2.06 SHORT TERM BORROWINGS</b>			
	<b>Secured :</b>		
	Working Capital facilities from Banks		
	- In Rupee	10,57,87,424	5,00,00,000
	- In Foreign Currency	24,24,19,985	6,90,97,738
	<b>Total</b>	<b>34,82,07,409</b>	<b>11,90,97,738</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. For Buyers credit in foreign currency is repayable on demand and carries interest LIBOR plus 90BPS to LIBOR plus 150 BPS.</p>			
<b>2.07 TRADE PAYABLES</b>			
	Dues to Micro, small and medium Enterprises	-	-
	Others	8,77,70,542	9,22,08,355
	<b>Total</b>	<b>8,77,70,542</b>	<b>9,22,08,355</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)	1,71,56,250	1,71,56,520
	Advance from Customers	34,56,851	9,04,213
	Unclaimed Dividends	21,43,352	18,76,830
	Accrued Employee benefits	91,02,121	1,77,62,222
	Statutory liabilities	50,10,138	42,17,613
	Other Payables	4,74,113	3,22,809
	<b>Total</b>	<b>3,73,42,825</b>	<b>4,22,40,207</b>
<b>2.09 SHORT TERM PROVISIONS</b>			
	Proposed Dividend	79,43,396	1,58,86,792
	Tax on Proposed Dividend	13,49,979	25,77,235
	Provision for Employee Benefits	8,23,606	6,91,952
	<b>Total</b>	<b>1,01,16,981</b>	<b>1,91,55,979</b>



## NOTES TO FINANCIAL STATEMENTS (Contd.)

### 2.10 FIXED ASSETS

1.10 FIXED ASSETS										
Particulars		Gross Block			Depreciation			Net Block		
		Cost as on 1.7.2012	Additions during the year	Deduction during the year	Cost as on 30.6.2013	Upto 30.6.2012	For the year	Deduction during the year	Upto 30.6.2013	WDV as on 30.6.2012
Tangible Assets										
Land		2,74,46,106	-	-	2,74,46,106	-	-	-	-	2,74,46,106
Industrial Plot		29,83,60,577	7,33,003	-	29,90,93,580	11,91,40,070	99,77,494	-	12,91,17,564	16,99,76,016
Building		47,54,30,863	1,93,25,162	-	49,47,56,025	29,77,23,785	2,55,14,986	-	32,32,38,771	17,92,20,507
Plant and Equipment		2,08,82,149	12,371	-	2,08,94,520	2,05,04,942	1,59,677	-	2,06,64,619	17,77,07,078
Electrical Installation		26,02,663	-	-	26,02,663	25,13,350	19,452	-	25,32,802	2,29,901
Other Equipments		40,66,829	18,465	-	40,85,294	30,86,242	1,30,493	-	32,16,735	69,861
Furnitures & Fixtures		58,54,146	-	4,04,000	54,50,146	16,22,949	4,57,574	87,380	19,93,143	89,313
Vehicles (Cars)		49,74,520	2,36,954	5,12,602	46,98,872	27,42,057	2,27,578	3,93,138	25,76,497	8,68,559
Office Equipment		50,21,856	6,21,497	-	56,43,353	36,98,646	4,57,692	-	41,56,338	34,57,003
Computer		12,10,128	-	-	12,10,128	12,10,128	-	-	12,10,128	21,22,375
Tractor & Trailor		2,67,04,115	-	-	2,67,04,115	98,65,685	8,90,137	-	1,07,55,822	22,32,463
Transmission Lines										14,87,015
										13,23,210
										-
										1,59,48,293
										1,68,38,430



## NOTES TO FINANCIAL STATEMENTS (Contd.)

	Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>2.11</b>	<b>NON CURRENT INVESTMENTS</b>		
	Trade Investments - Unquoted Fully paid up		
	In Equity Shares of Associate Company - 25,500 Nos. Indsil Energy & Electrochemicals Ltd. of ₹10/- each (Extent of Holding - 0.65% )	2,55,000	2,55,000
	In Equity Shares of Subsidiary Company - 21,88,847 Nos. Sree Mahalakshmi Smelters (P) Ltd of ₹15.35/- each. (Extent of Holding - 51% )	3,36,56,300	3,36,56,300
	In Equity Shares of Joint Venture Company - 37,500 Nos. Al Tamman Indsil Ferro chrome of OMR 121.05 each (Extent of Holding - 25%.)	45,39,375	45,39,375
	Share Application money pending Allotment Al-Tamman Indsil Ferro Chrome	17,57,62,415	-
	Other Investments - Unquoted Fully paid up		
	8,000 Equity shares of ₹ 10 each in Kurumpetty HPP Ltd	80,000	80,000
	8,000 Equity shares of ₹ 10 each in Palakkayam HPP Ltd	80,000	80,000
	8,000 Equity shares of ₹ 10 each in Upper Poringal HPP Ltd	80,000	80,000
	8,000 Equity shares of ₹ 10 each in Vattapara HPP Ltd	80,000	80,000
	1,57,500 equity shares of ₹ 10/- each in Malayalam Communications Ltd.	15,75,000	15,00,000
	<b>Total</b>	<b>21,61,08,090</b>	<b>4,02,70,675</b>
<b>2.12</b>	<b>LONG TERM LOAN &amp; ADVANCES</b>		
	<b>Unsecured considered good</b>		
	Capital Advances	77,08,858	69,89,366
	Other loans and advances (specify nature)		
	- Electricity Charges recoverable	5,29,02,873	4,65,00,095
	- Security Deposits	2,11,63,877	2,01,07,824
	- Rental Advances	11,21,000	10,95,000
	- Tax Payment Pending Adjustments	1,59,57,677	75,11,754
	- MAT Credit Entitlement	4,84,58,281	4,76,28,281
	- Other LOans & Advances	16,78,026	85,499
	<b>Total</b>	<b>14,89,90,592</b>	<b>12,99,17,819</b>
<b>2.13</b>	<b>CURRENT INVESTMENTS</b>		
	Other Investments		
	Investment in Mutual Funds		
	ICICI Prudential Flexible Income Plan (Previous year 55466.416 units)	-	55,62,326
	466.117 Units in DSP Blackrock Money Manager Fund (Previous year 15900.5200 Units)	4,67,180	4,39,792
	<b>Total</b>	<b>4,67,180</b>	<b>60,02,118</b>
	Aggregate value of Quoted Investments	4,67,180	60,02,118
	Market value of Quoted investments	4,67,180	60,06,898
	(Movement of investments in mutual funds given in Notes on accounts)		



## NOTES TO FINANCIAL STATEMENTS (Contd.)

	Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>2.14</b>	<b>INVENTORIES</b>		
	Raw Materials and components	19,74,53,959	21,08,43,651
	Goods in Transit	2,80,41,985	-
	Work-in-progress	26,47,134	20,37,216
	Finished goods	4,84,59,784	4,69,58,849
	Stores and spares	44,12,632	1,03,10,851
	Others		
	Consumables	74,31,142	2,71,556
	Packing Materials	2,37,192	3,23,692
	<b>Total</b>	<b>28,86,83,828</b>	<b>27,07,45,815</b>
<b>2.15</b>	<b>TRADE RECEIVABLES</b>		
	<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
		-	7,06,933
	<b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b>		
	Secured, considered good	3,70,80,165	87,08,091
	Unsecured, considered good	4,00,42,606	3,57,84,362
		7,71,22,770	4,44,92,453
	<b>Total</b>	<b>7,71,22,770</b>	<b>4,51,99,386</b>
	<b>Trade Receivable stated above include debts due by:</b>		
	Private Company in which director is a member		
	- Sree Mahalakshmi Smelters Pvt Ltd.,	3,85,97,356	66,70,038
		<b>3,85,97,356</b>	<b>66,70,038</b>
<b>2.16</b>	<b>CASH AND BANK BALANCES</b>		
	<b>Cash and Cash Equivalents</b>		
	a) Balance with Banks - In Current Accounts	16,92,239	4,32,55,520
	b) Cash on hand	4,38,076	2,95,558
	c) Cheques on hand	78,829	-
	d) Fixed Deposits maturing within 3 months	87,50,718	3,47,32,485
		1,09,59,862	7,82,83,564
	<b>Other Bank Balances</b>		
	a) Margin money	1,92,13,024	1,45,18,359
	b) Unclaimed Dividend	21,43,849	18,77,427
	<b>Total</b>	<b>3,23,16,735</b>	<b>9,46,79,349</b>



## NOTES TO FINANCIAL STATEMENTS (Contd.)

Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>2.17 SHORT TERM LOANS &amp; ADVANCES</b>		
<b>Loans and advances to related parties</b>		
Unsecured, considered good		
- Unsecured Loan to subsidiary Company	7,83,03,265	8,09,93,287
- Advance for Expenses	5,08,406	-
<b>Others</b>		
Balance With Government Authorities	92,77,397	1,20,61,080
Unsecured, considered good		
- Advance to Trade suppliers	6,30,23,251	93,24,309
- Advance to employees	7,000	4,80,746
- Other Advance	4,14,70,198	1,72,86,540
<b>Total</b>	<b>19,25,89,517</b>	<b>12,01,45,962</b>
<b>2.18 OTHER CURRENT ASSETS</b>		
Share application money in Al-Tamman Indsil Ferro chrome LLC, Sultanate of Oman	-	5,18,79,870
Export Incentives receivable	1,99,56,540	1,14,83,963
<b>Total</b>	<b>1,99,56,540</b>	<b>6,33,63,833</b>
<b>2.19 REVENUE FROM OPERATIONS</b>		
Sale of Products:		
- Smelter	87,66,83,814	55,90,50,527
- Power	7,49,87,824	14,24,39,580
- Sale of Raw Materials	10,24,36,237	-
	105,41,07,875	70,14,90,107
Less : Excise duty	(4,76,12,146)	(1,50,55,880)
	100,64,95,729	68,64,34,227
Interdivisional Sale of Power	(7,49,87,824)	(14,24,39,580)
<b>Other Operating Income</b>		
Export Incentives	4,46,39,419	2,45,74,207
	<b>97,61,47,324</b>	<b>56,85,68,854</b>
<b>Detail of Revenue from operations</b>		
Silico Manganese and Manganese Ore	93,15,07,905	54,39,94,647
Export Incentives	4,46,39,419	2,45,74,207
	<b>97,61,47,324</b>	<b>56,85,68,854</b>
<b>2.20 OTHER INCOME</b>		
Interest Income	86,37,054	1,90,03,422
Dividend from Current Investments	9,82,538	26,95,944
Profit on Sale of Vehicle	-	2,21,209
Scrap sales	37,07,501	-
Income from REC	2,55,95,141	3,12,12,422
Other Income	6,855	-
<b>Total</b>	<b>3,89,29,089</b>	<b>5,31,32,997</b>



## NOTES TO FINANCIAL STATEMENTS (Contd.)

Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>2.21 COST OF MATERIALS CONSUMED</b>		
Consumption of Raw Materials		
Manganese Ore	24,40,37,139	16,17,99,451
Carbon reducers	14,34,05,902	10,64,40,561
Quartz	68,78,770	39,10,646
Carbon Paste	1,47,33,693	79,38,281
Ferro Manganese Slag	83,24,331	85,28,723
Others	1,82,83,097	1,08,63,924
Sub Total (A)	<b>43,56,62,932</b>	<b>29,94,81,585</b>

## 2.22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

	30.06.2013 ₹	30.06.2012 ₹	(Increase) / Decrease
Finished Goods: Opening Stock	4,69,58,849	2,76,04,993	1,93,53,856
Less: Closing Stock	(4,84,59,784)	(4,69,58,849)	(15,00,935)
	(15,00,935)	(1,93,53,856)	1,78,52,922
Work-in-Progress : Opening Stock	20,37,216	17,54,948	2,82,268
Less: Closing Stock	(26,47,134)	(20,37,216)	(6,09,918)
	(6,09,918)	(2,82,268)	(3,27,650)
<b>Total</b>	<b>(21,10,853)</b>	<b>(1,96,36,124)</b>	<b>1,75,25,272</b>

## 2.23 OTHER MANUFACTURING EXPENSES

Power & Fuel (Net)	23,35,37,088	2,40,96,281
Packing, Freight & Forwarding	3,87,90,485	2,16,42,574
Royalty	41,01,278	26,17,555
<b>Total</b>	<b>27,64,28,851</b>	<b>4,83,56,410</b>

Power & Fuel is net of Interdivisional sale of Hydro Power of ₹ 7,49,87,824/- (Previous year - ₹14,24,39,580/-) representing units supplied to the grid against which equivalent consumption was made in Smelter plant

## 2.24 EMPLOYEE BENEFITS EXPENSES

Salaries and wages	4,51,28,072	4,48,81,268
Contribution to provident Fund & other Funds	36,81,596	29,76,128
Employee compensation - ESOS amortisation	1,24,090	3,15,214
Provision for Gratuity & Earned Leave Encashment	11,61,424	40,96,671
Staff welfare expenses	74,98,808	47,60,775
<b>Total</b>	<b>5,75,93,989</b>	<b>5,70,30,055</b>



## NOTES TO FINANCIAL STATEMENTS (Contd.)

Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>2.25 FINANCE COSTS</b>		
Interest expenses	2,19,94,742	2,48,43,572
Other Borrowing Costs	75,57,428	-
<b>Total</b>	<b>2,95,52,170</b>	<b>2,48,43,572</b>
<b>2.26 DEPRECIATION AND AMORTIZATION EXPENSES</b>		
Depreciation and amortization expenses	3,79,55,437	3,67,08,462
<b>Total</b>	<b>3,79,55,437</b>	<b>3,67,08,462</b>
<b>2.27 OTHER EXPENSES</b>		
Communication Expenses	22,21,855	20,33,665
Commission to Other Directors	-	6,00,000
Directors Sitting Fees	1,93,000	1,95,000
Travelling Expenses	51,39,969	70,24,463
<b>Repairs &amp; Maintenance :</b>		
Plant & Machinery	1,40,23,580	57,81,091
Buildings & Others	28,62,817	22,87,935
Insurance Expenses	22,57,914	9,72,931
Legal Expenses	7,84,000	51,57,100
Professional Charges	36,59,139	34,26,774
Security service charges	34,90,113	43,73,682
Printing and Stationery	5,77,485	6,27,346
Auditors Remuneration		
For Audit	5,22,236	50,000
For Taxation Matters	-	30,000
Rent	22,71,338	22,03,046
Rates & Taxes	18,12,884	9,51,305
Subscription	11,92,149	10,03,547
Donation	12,56,401	22,62,531
Sales Promotion expenses	5,47,661	8,28,720
Sales Commission & Discount	63,15,328	16,01,389
Exchange Fluctuation (Net)	80,65,749	96,04,446
Loss on Sale of Assets	2,11,034	-
Miscellaneous Expenses	28,77,478	19,57,769
<b>Total</b>	<b>6,02,82,128</b>	<b>5,29,72,740</b>
<b>2.28 EARNING PER SHARE</b>		
<b>Basic EPS :</b>		
Net Profit after Tax	28,24,520	10,03,46,135
Weighted average number of equity shares (Face value of ₹ 10 each)	1,58,86,792	1,58,86,792
<b>Basic EPS (₹)</b>	<b>0.18</b>	<b>7.18</b>
<b>Diluted EPS (₹)</b>	<b>0.18</b>	<b>7.18</b>



## NOTES TO FINANCIAL STATEMENTS (Contd.)

### I. SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Preparation

- i) The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies are consistent with those used in the previous year.

#### b) Use of Estimates

- i) The preparation of financial statements requires the management of the Company to make 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 expenses during the year. Examples of such estimates include provision for doubtful debts, Employees' retirement benefit plan, provision for Income and other taxes, useful life of fixed assets, etc. Actual results could differ from the estimates made. Any revision to accounting estimates is recognized prospectively in the year in which the events are materialized.

#### c) 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 ₹5,000/- or less are depreciated fully in the year of purchase.

#### d) 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.

#### e) 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 and estimated net realisable value.

#### f) 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.

#### g) 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.

#### h) 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.

## **i) Retirement Benefits**

### **i) Defined Contribution Plans:**

"The Company's defined contribution plans are Employees' Provident Fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) & ESI (under the provisions of Employees State Insurance Act, 1948). Hence, the Company has no further obligation beyond making the contributions. The Company's contributions to Provident Fund and Employer's State Insurance are made at a pre-determined rates and are charged to the Statement of Profit and Loss. Hence, the Company has no further obligation beyond making the contributions."

### **ii) Defined Benefit Plans:**

The Company is required to pay gratuity under The Payment of Gratuity Act 1972. The liability for gratuity, being a defined benefit plan, is determined by an independent actuary at each balance sheet date and actuarial gains / losses are charged to the statement of profit & loss. The difference between the actuarial liability and the fund balance, if any, is shown as Liability or an Asset as the case may be.

### **iii) Short term employee benefits:**

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits, which include benefits like salaries, wages, short term compensated absences and performances incentive and are recognized as expenses in the period in which the employee renders the related service.

## **j) Employee Stock Option Plan**

In respect of Employees stock Options 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.

## **k) 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.

## **l) Borrowing Cost**

- i) Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as part of the asset up to the date when such asset is ready for its intended use. Other borrowing costs are charged to the statement of profit and loss.

## **m) Cash and Cash Equivalents**

Cash flow are reported using the indirect method, where by 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.



## NOTES TO FINANCIAL STATEMENTS (Contd.)

### n) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### o) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share (after deducting preference dividends and attributable taxes if any) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### p) MAT Credit Entitlement

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 statement of Profit and Loss 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.

### q) Leases

"Finance leases, where substantially all the risks and benefits incidental to ownership of the leased item, are transferred to the Company, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged to income. Lease management fees, legal charges and other initial direct costs are capitalized. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of Profit and Loss on a straight-line basis over the lease term."

## II. OTHER NOTES ON ACCOUNTS:

### 2.29 CONTINGENT LIABILITIES

	As at 30.6.2013 ₹	As at 30.6.2012 ₹
a) Claims against the Company not acknowledged as debts	-	-
b) Contingent liabilities in respect of Bills discounted (fully secured by LCs)	89,75,471	2,70,91,558
c) Letters of Credit issued by Banks on behalf of the Company	2,80,24,250	11,28,59,194
d) Guarantees issued by Banks on behalf of the Company	2,13,70,691	2,13,71,840
e) Corporate guarantee given on behalf of subsidiary	9,00,00,000	17,00,00,000



## NOTES TO FINANCIAL STATEMENTS (Contd.)

- f) 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.

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

30.6.2013

30.6.2012

₹

₹

#### i) Defined Contribution Plans:

36,81,596

29,76,128

Employers' Contribution to Provident and Other Funds

ii) Defined Benefit Plans (Non-Funded):	Gratuity		Earned leave encashment	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
Reconciliation of opening and closing balances of	103,17,958	65,99,823	-	5,58,834
Defined Benefit obligations:	8,10,766	5,25,665		
Defined Benefit obligation at the beginning of the year	8,39,005	7,51,411		
Interest cost	(4,92,673)	(3,78,536)		
Current service cost	(4,88,346)	28,19,595		
Benefits paid	<u>109,86,710</u>	<u>103,17,958</u>	<u>-</u>	<u>5,58,834</u>
Actuarial loss/(gain) on obligation				-
Defined Benefit obligation at the end of the year	8,39,005	7,51,411	-	-
Expenses recognised during the year in the	8,10,766	5,25,665	-	-
Statement of Profit & Loss :				
Current service cost	-	-	-	-
Interest cost	(4,88,346)	28,19,595	-	-
Expected return on plan assets	<u>11,61,425</u>	<u>40,96,671</u>	<u>-</u>	<u>-</u>
Actuarial (gain)/loss	8%	8%	-	8%
Expenses recognised in the Statement of Profit & Loss	6%	6%	-	6%
<b>Principal Actuarial Assumptions:</b>	4%	4%	-	4%
Discount rate	0%	0%	-	0%
Salary Escalation rate				
Withdrawal rate				
Expected rate of return on plan assets				

The above information is certified by an Actuary.

Amount for the current period :	As at 30.06.13	As at 30.06.12	As at 30.06.11	As at 30.06.10
	₹	₹	₹	₹
Present Value of obligation	1,09,86,710	1,03,17,958	65,99,823	63,24,321
Plan Assets	-	-	-	-
Surplus / (Deficit)	1,09,86,710	1,03,17,958	65,99,823	63,24,321
Experience adjustments on plan Liabilities	(4,88,346)	28,19,595	(6,63,999)	-
Experience adjustments on plan assets	-	-	-	-



## NOTES TO FINANCIAL STATEMENTS (Contd.)

### 2.31. SEGMENT REPORT

Primary Segments (Business Segments)	30.6.2013 ₹	30.6.2012 ₹
<b>1. Segment Revenue</b>		
a. Smelter	97,61,47,324	56,85,68,854
b. Hydro Power	7,49,87,824	14,24,39,580
	105,11,35,148	71,10,08,434
Less : Intersegment Revenue	7,49,87,824	14,24,39,580
Net Revenue	97,61,47,324	56,85,68,854
<b>2 Segment Results</b> (Profit / Loss before Financial charges & Tax)		
a. Smelter	(4,24,55,354)	(2,95,38,617)
b. Hydro Power	7,53,80,506	14,58,94,136
	3,29,25,152	11,63,55,519
Add / Less : Unallocable Income/Expenses	9,82,538	26,95,944
Operating Profit	3,39,07,690	11,90,51,463
Less : Financial Charges	2,95,52,170	2,48,43,572
Total Profit / (Loss) before Tax and extraordinary items	43,55,520	9,42,07,891
<b>3 Capital Employed</b> (Segment Assets - Segment Liabilities)		
a. Smelter	26,87,37,304	12,76,82,838
b. Hydro Power	80,36,99,135	75,60,60,251
	107,24,36,439	88,37,43,089

### 2.32 RELATED PARTY DISCLOSURES:

a) Subsidiary	: Sree Mahalakshmi Smelters Private Limited Indsil Hydro Global (FZE), Sharjah Airport International Free Zone
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 ₹
<b>Current Year (30.6.2013)</b>					
Sale of Raw Material	8,61,13,514	4,43,722	1,48,31,955	-	-
Royalty paid	-	-	41,01,278	-	-
Rent paid	-	-	12,97,216	2,88,000	-
Directors' Sitting Fees	-	-	-	30,000	-
Managerial Remuneration	-	-	-	12,13,764	-
Unsecured Loan granted to Subsidiary/Others	7,63,15,071	19,97,423	7,486	-	-
Balance outstanding	3,85,97,355	-	-	(69,07,654)	-
<b>Previous Year (30.6.2012)</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 1.7.2012	Purchased/ Reinvested during the year	Redeemed during the year	Balance as on 30.6.2013
SBI SHDF ULTRA SHORTTERM FUND	-	1,46,00,003	146,00,003	-
	-	10,147 Units	10,147 Units	-
ICICI Prudential Flexbile Income Plan	55,62,327	1,55,715	57,18,042	-
	55,466 Units	1,551 Units	57,017 Units	-
HDFC Liquid Fund	-	2,20,15,571	2,20,15,571	-
	-	21,94,672 Units	21,94,672 Units	-
HDFC Cash Management Fund	-	3,15,52,345	3,15,52,345	-
	-	29,66,450 Units	29,66,450 Units	-
DSP Blackrock Money Manager Fund	439,791	27,392		4,67,180
	439 Units	27		466 Units
Total (₹)	60,02,118	6,83,51,026	7,38,85,961	4,67,180

### 2.34 CHAIRMAN'S REMUNERATION

	2012-13 ₹	2011-12 ₹
Salary	6,00,000	6,00,000
Commission	-	30,68,389
Perquisites	13,764	85,513
	<u>6,13,764</u>	<u>37,53,902</u>

### 2.35. MANAGING DIRECTOR'S REMUNERATION

Salary	6,00,000	6,00,000
Commision	-	30,68,389
Perquisites	-	49,442
	<u>6,00,000</u>	<u>37,17,831</u>

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

Net Profit before Tax as per Statement of Profit & Loss	43,55,520	9,42,07,891
Add: Chairman's Remuneration	6,13,764	37,53,902
Managing Director's Remuneration	6,00,000	37,17,831
Commission to Non-Executive Directors	-	6,00,000
Net Profit as per Sec. 349 of the Companies Act	<u>55,69,284</u>	<u>10,22,79,624</u>
a) Commission payable to Chairman - 3% of Net profits	-	30,68,389
b) Commission payable to Managing Director - 3% of Net profits	-	30,68,389
c) Commission payable to Non-Executive Directors -1% of Net profits subject to a maximum of ₹ 6,00,000/-	-	6,00,000



## NOTES TO FINANCIAL STATEMENTS (Contd.)

	30.6.2013 ₹	30.6.2012 ₹
<b>2.37 Value of imports (on CIF basis)</b>		
Raw Materials	24,78,15,735	17,46,57,708
<b>2.38 Expenditure in foreign currency:</b>		
Travelling	2,66,811	1,26,929
Subscription & Others	9,45,512	6,36,279
<b>2.39 Dividend in Foreign currency</b>	2,666	2,666
<b>2.40 Earnings in foreign exchange (on FOB basis)</b>	57,77,36,623	36,47,82,287

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

	2012-13		2011-12	
	1st Set	2nd Set	1st Set	2nd Set
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	16,125	4,625
Options exercised during 2012-13	11,750	4,625	-	-
Options lapsed during 2012-13 (due to resignation of employees)	4,375	-	-	-
Shares transferred from ESOS Trust	64,500	13,875	48,375	9,250
Balance unvested options	-	4,625	16,125	9,250

2.42 Dividends recommended by Board of Directors is provided for in accounting pending Shareholder's approval.

2.43 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.

2.44 Operating Lease:

The Company has entered into operating lease, having a lease period ranging from 1-5 years, with an option to renew the lease. The future minimum lease payments are as follows

Particulars	30.06.2013	30.06.2012
not later than one year	13,50,816	12,86,496
later than one year and not later than five years	61,13,292	58,22,196
later than five years	-	-



## 2.45 Interest In Joint Venture

The Company has, 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 OMR 37,500 in the capital of 1,50,000 equity shares of OMR 1 each which is equivalent to an ownership interest of 25%

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

	Year Ended 31.12.2012	Year Ended 31.12.2011
	₹	₹
Balance Sheet:		
Reserves and Surplus	(67,49,716)	(16,64,045)
Non Current Liabilities	12,84,89,431	2,34,363
Current Liabilities	1,02,46,634	8,34,535
Fixed Assets (Net)	22,17,56,118	38,99,507
Current Assets	15,16,557	6,73,595
Statement of Profit and Loss		
Income	-	-
Expenses	49,46,876	15,59,836
Profit Before Tax	(49,46,876)	(15,59,836)
Provision of Taxes	-	-
Profit After Tax	(49,46,876)	(15,59,836)

Note: The audited accounts of Al-Tamman Indsil Ferro Chrome LLC., Joint Venture for the year ended 31st December 2012 is based on the international Financial Reporting Standards (IFRS). For the purposes of consolidation with Indsil Hydro Power and Managanese 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 enterprises have been included as a part of construction work in progress (CWIP - RO.11,964 Previous year - RO. 58,525) in the consolidated financial statements as per Indian Accounting Standards as the same is specifically attributable to the Ferro Chrome Project.

Vide our report of date attached

For **HARIBHAKTI & Co.,**  
Chartered Accountants  
Firm Reg. No. : 105323 W

Sd/-  
**C.S. SATHYANARAYANAN**  
Partner  
Membership No.028328

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

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Place : Coimbatore  
Date : 26.08.2013

Sd/-  
**S. INDERCHAND**  
Director

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

Sd/-  
**R. MURALI**  
Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013**

Particulars	Year ended 30.06.13 ₹	Year ended 30.06.12 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit / (loss) before tax	43,55,520	9,42,07,891
Adjustments for		
Interest Receipts	(86,37,054)	(1,90,03,422)
Income from Mutual Funds	(9,82,538)	(26,95,944)
Depreciation	3,79,55,437	3,67,08,462
Employee compensation - ESOS amortisation	1,24,090	3,15,214
Financial charges & Interest	2,95,52,170	2,48,43,572
Written off provision	7,16,000	-
Profit/Loss on sale of assets	2,11,034	(2,21,209)
Provision for gratuity and Encashment of earned leave	11,61,424	40,96,671
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>6,44,56,083</b>	<b>13,82,51,235</b>
Adjustments for changes in		
Inventories	(1,79,38,013)	(3,35,86,766)
Trade receivables	(3,26,39,384)	(57,57,189)
Other advances	(8,89,37,438)	(15,17,48,327)
Current liabilities	(98,27,600)	7,36,44,358
Cash generated from operations	(8,48,86,352)	2,08,03,311
Income Tax Payments	(84,45,922)	(2,58,21,236)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>(9,33,32,275)</b>	<b>(50,17,925)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,17,84,054)	(3,02,12,381)
Sale of Fixed Assets	2,25,050	9,10,000
Purchase of investments	(12,39,57,545)	(3,36,56,300)
Increase / Decrease in Investment	(64,70,210)	(70,52,323)
Interest received	86,37,054	1,90,03,422
Income from Mutual Funds	9,82,538	26,95,944
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(14,23,67,166)</b>	<b>(4,83,11,639)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of share capital	-	-
Repayment of Long term Borrowings	(1,71,56,250)	-
Increase in Long term Borrowings	-	(1,48,76,520)
Increase in Short term Borrowings	22,91,09,671	7,50,05,888
Financial Charges & Interest	(2,95,52,170)	(2,48,43,572)
Payment of Dividend & Tax	(1,87,30,449)	(1,89,50,235)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>16,36,70,802</b>	<b>1,63,35,561</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(7,20,28,639)</b>	<b>(3,69,94,003)</b>
Cash and Cash Equivalents as on 1.7.2012 (Opening Balance)	8,42,85,683	12,12,79,686
<b>Cash and Cash Equivalents as on 30.6.2013 (Closing Balance)</b>	<b>1,14,27,043</b>	<b>8,42,85,683</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	1,09,59,862	7,82,83,564
Short term Investments in debt based liquid funds	4,67,180	60,02,119
	<b>1,14,27,043</b>	<b>8,42,85,683</b>

Vide our report of date attached

For **HARIBHAKTI & Co.,**  
Chartered Accountants  
Firm Reg. No. : 105323 W

Sd/-  
**C.S. SATHYANARAYANAN**  
Partner  
Membership No.028328

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

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Place : Coimbatore  
Date : 26.08.2013

Sd/-  
**S. INDERCHAND**  
Director

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

Sd/-  
**R. MURALI**  
Chief Financial Officer



## 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 2013
Holding Company's interest in the subsidiary	51% (21,88,847 Equity shares of ₹ 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	₹ (91,51,809)
b) for the previous financial year of the subsidiary Company	₹ (4,23,423)
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

Sd/-  
**S.INDERCHAND**  
Director

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

Sd/-  
**R. MURALI**  
Chief Financial Officer

### 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>2012-13</b> ₹
a) Share Capital	4,29,18,570
b) Reserves & Surplus	(5,33,95,521)
c) Total Assets	39,77,23,334
d) Total Liabilities	39,77,23,334
e) Turnover	29,39,23,166
f) Details of Investment	-
g) Profit/( Loss) Before tax	(2,77,94,871)
h) Provision for taxation	(98,50,148)
i) Profit/( Loss) After tax	(1,79,44,723)
j) Proposed Dividend	-
k) Reporting currency	Indian Rupee ( ₹ )



## INDEPENDENT AUDITORS' REPORT

### ON THE CONSOLIDATED FINANCIAL STATEMENTS OF INDSIL HYDRO POWER AND MANGANESE LIMITED

To

#### The Board of Directors of Indsil Hydro Power and Manganese Limited

We have audited the accompanying consolidated financial statements of Indsil Hydro Power and Manganese Limited ("the Company"), its subsidiary and joint venture (the Company, its subsidiary and joint venture constitute "the Group") which comprise the consolidated balance sheet as at June 30th 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Indsil Hydro Power and Manganese Limited, its subsidiary and joint venture.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiary and joint venture as mentioned in the 'Other Matter' paragraph below, the 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 June 30th 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

#### Other Matter

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets (net) of ₹ 10.48 Mn. as at March 31st 2013, total revenues of ₹ 303.95 Mn. and net cash outflows amounting to ₹ 3.03. Mn. for the year then ended. We also did not audit the financial statements of the joint venture, whose aggregate share of net loss amounting to ₹ 4.95 Mn. is also included in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management except in the case of financial statements of the subsidiary. Our opinion is based solely on the reports of the other auditor and in the case of above said subsidiary, which is based on unaudited management accounts. Our opinion is not qualified in respect of this matter

#### For Haribhakti & Co.

Chartered Accountants

Firm Registration No.103523W

#### C. S. Sathyanarayanan

Partner

Membership No. 028328

Coimbatore

August 26th, 2013



## CONSOLIDATED BALANCE SHEET AS AT 30<sup>TH</sup> JUNE 2013

PARTICULARS	NOTE No.	30.6.2013 ₹	30.6.2012 ₹
<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	49,01,46,120	60,55,06,404
(c) Minority interest		-	36,59,205
		<u>64,90,14,040</u>	<u>76,80,33,529</u>
<b>Share Application money pending allotment</b>			
<b>Non- current liabilities</b>			
(a) Long-term borrowings	2.03	30,81,65,192	12,33,14,340
(b) Deferred Tax liabilities (Net)		2,61,26,462	1,44,23,260
(c) Other Long term liabilities	2.04	2,83,306	2,34,363
(d) Long-term Provisions	2.05	12,11,12,529	12,05,75,434
		<u>45,56,87,489</u>	<u>25,85,47,397</u>
<b>Current Liabilities</b>			
(a) Short term borrowings	2.06	40,37,75,234	18,95,74,374
(b) Trade payables	2.07	15,55,48,583	15,03,75,827
(c) Other current liabilities	2.08	5,81,83,684	4,55,08,874
(d) Short term provisions	2.09	2,08,21,057	2,73,27,615
		<u>63,83,28,558</u>	<u>41,27,86,690</u>
<b>TOTAL</b>		<u><u>174,30,30,087</u></u>	<u><u>1,43,93,67,616</u></u>
<b>II ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	2.10	55,83,18,010	53,73,13,515
(ii) Intangible assets		3,17,72,895	2,94,79,546
(iii) Capital work-in-progress		27,76,06,739	9,25,74,549
(iv) Intangible assets under development		-	14,73,704
(b) Non-current investments	2.11	21,50,000	20,75,000
(c) Deferred Tax asset (net)		2,00,22,346	-
(d) Long-term loans and advances	2.12	17,18,33,263	14,56,89,705
		<u>106,17,03,253</u>	<u>80,86,06,019</u>
<b>Current assets</b>			
(a) Current investments	2.13	4,67,180	60,02,118
(b) Inventories	2.14	44,02,33,095	34,52,85,085
(c) Trade receivables	2.15	3,90,60,046	5,35,94,712
(d) Cash and Cash equivalents	2.16	3,50,08,635	10,48,32,735
(e) Short-term loans and advances	2.17	14,66,01,338	5,76,83,114
(f) Other Current assets	2.18	1,99,56,540	6,33,63,833
		<u>68,13,26,834</u>	<u>63,07,61,597</u>
<b>TOTAL</b>		<u><u>174,30,30,087</u></u>	<u><u>143,93,67,616</u></u>
Significant Accounting Policies and Notes on Financial Statements	<b>I &amp; II 2.01 to 2.37</b>		

Vide our report of date attached

For **HARIBHAKTI & Co.,**  
Chartered Accountants  
Firm Reg. No. : 105323 W

Sd/-  
**C.S. SATHYANARAYANAN**  
Partner  
Membership No.028328

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

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Place : Coimbatore  
Date : 26.08.2013

Sd/-  
**S.INDERCHAND**  
Director

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

Sd/-  
**R. MURALI**  
Chief Financial Officer



## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013

PARTICULARS	NOTE No.	30.6.2013 ₹	30.6.2012 ₹
I Revenue from operations	2.19	119,61,34,440	67,28,90,979
II Other Income	2.20	3,45,98,936	4,93,14,703
III Total Revenue (I + II)		<u>123,07,33,376</u>	<u>72,22,05,682</u>
IV Expenses :			
Cost of Materials Consumed	2.21	59,19,33,778	30,17,32,885
Purchases of Stock in Trade	2.22	11,53,56,237	2,01,79,238
Changes in inventories of finished goods, work in progress and stock-in-trade	2.23	(7,24,42,140)	(2,53,20,249)
Manufacturing Expenses	2.24	39,11,31,755	14,28,47,799
Employee benefits expense	2.25	6,66,49,879	6,06,30,233
Finance Costs	2.26	4,92,04,525	3,75,48,437
Depreciation and amortization	2.27	4,63,93,167	3,93,87,221
Other expenses	2.28	7,08,92,389	5,16,09,058
Total Expenses		<u>125,91,19,591</u>	<u>62,86,14,621</u>
V Profit before exceptional and extraordinary items and tax		(2,83,86,215)	9,35,91,060
VI Extraordinary items		-	-
Profit before tax & Minority Interest		(2,83,86,215)	9,35,91,060
Add: Profit / (loss) attributable to Minority Interest		-	(3,53,755)
VII Profit before tax		(2,83,86,215)	9,39,44,815
VIII Tax expense:	2.29		
(1) Current tax		8,30,000	1,83,09,482
(2) Deferred tax		(83,19,144)	2,48,45,511
(3) MAT Credit Entitlement		(8,30,000)	(4,76,28,281)
		<u>(83,19,144)</u>	<u>(44,73,288)</u>
IX Profit/(loss) for the period		<u>(2,00,67,071)</u>	<u>9,84,18,104</u>
X Earnings per equity share:	2.30		
(1) Basic		(1.26)	6.19
(2) Diluted		(1.26)	6.19
Significant Accounting Policies and Notes on Financial Statements	I & II 2.01 to 2.37		

Vide our report of date attached

For **HARIBHAKTI & Co.,**  
Chartered Accountants  
Firm Reg. No. : 105323 W

Sd/-  
**C.S. SATHYANARAYANAN**  
Partner  
Membership No.028328

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

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Place : Coimbatore  
Date : 26.08.2013

Sd/-  
**S. INDERCHAND**  
Director

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

Sd/-  
**R. MURALI**  
Chief Financial Officer



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>2.01 SHARE CAPITAL</b>		
<b>AUTHORIZED</b>		
2,00,00,000 equity shares of ₹ 10/- each	20,00,00,000	20,00,00,000
5,00,000 Redeemable Cumulative Preference Shares of ₹100/- each	5,00,00,000	5,00,00,000
	<u>25,00,00,000</u>	<u>25,00,00,000</u>
<b>ISSUED</b>		
1,58,86,792 equity shares of ₹ 10/- each fully paid up	<u>15,88,67,920</u>	<u>15,88,67,920</u>
<b>SUBSCRIBED AND PAID UP CAPITAL</b>		
1,58,86,792 equity shares of ₹ 10/- Each	<u><b>15,88,67,920</b></u>	<u><b>15,88,67,920</b></u>

**(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	30.06.2013		30.06.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sunmet Holdings India Private Limited	55,18,252	34.74%	54,68,252	34.42%
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%

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

Equity shares	No. of Shares	₹
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 2013 (Contd.)

### 2.02 RESERVES & SURPLUS

Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>Securities Premium Account :</b>		
Opening balance	89,51,843	84,38,299
Add: Credit on Excise of ESOS Shares during the year (No. of shares issued : 4,625 shares @ ₹ 62.40 & 16,125 shares @ ₹ 13.95)	4,52,513	5,13,544
	-	-
Closing balance	94,04,356	89,51,843
<b>General Reserves :</b>		
Opening balance	12,52,60,003	12,52,60,003
Add: Additions During the year	15,00,000	-
Closing balance	12,67,60,003	12,52,60,003
<b>Others :</b>		
State Investment Subsidy	-	15,00,000
<b>Surplus :</b>		
Opening balance	46,87,12,995	38,87,58,918
(+) Net Profit/(Net Loss) For the current year	(2,00,67,071)	9,84,18,104
(+) Loss attributable to Minority Interest (to the extent available)	36,59,205	-
(-) Proposed Dividends	(79,43,396)	(1,58,86,792)
(-) Tax on proposed dividend	(13,49,980)	(25,77,235)
Closing balance	44,30,11,753	46,87,12,995
<b>- ESOS Outstanding</b> (Net of Unamortised Deferred Employee Compensation)	2,28,475	5,56,897
Exchange Fluctuation reserve	(8,92,58,469)	5,24,666
<b>Closing Balance</b>	<b>49,01,46,120</b>	<b>60,55,06,404</b>

### 2.03 LONG TERM BORROWINGS

<b>Secured :</b>		
Term loans		
- Rupee Term Loans from Banks	12,69,39,919	5,13,58,720
- Foreign Currency Term Loans	12,82,06,126	-
ECB from Standard Chartered Bank, London	3,43,12,499	5,14,68,480
<b>Unsecured :</b>		
Loans & Advances from Related Parties		
- Indsil Energy and Electrochemicals Ltd	1,87,06,648	2,04,87,140
<b>Total</b>	<b>30,81,65,192</b>	<b>12,33,14,340</b>

- 1) ECB Loan of USD 11,25,000 procured from Standard Chartered Bank is repayable in 12 equal quarterly instalments of USD 93,750 each. 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.
- 2) The company has a term loan facility of RO 7 million (25% considered for consolidation) from Bank of Muscat SAOG. The loan is secured by the personal guarantee of members and the first charge on the assets of the Company. Interest is charged at the rate of 4.75% per annum. The repayment of the loan will start after two years of the first draw down.



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013 (Contd.)

Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>2.04 OTHER LONG TERM LIABILITIES</b>		
Finance Lease Liability	2,83,306	2,34,363
<b>Total</b>	<b>2,83,306</b>	<b>2,34,363</b>
<b>2.05 LONG TERM PROVISIONS</b>		
<b>Provision for Employee Benefits :</b>		
- Provision for Gratuity	1,01,63,099	96,26,004
- Electricity Charges	11,09,49,430	11,09,49,430
<b>Total</b>	<b>12,11,12,529</b>	<b>12,05,75,434</b>
<b>2.06 SHORT TERM BORROWINGS</b>		
<b>Secured :</b>		
From Banks		
- Rupee Loan	10,57,87,424	12,04,76,636
- Foreign Currency Loan	24,24,19,985	6,90,97,738
Loan repayable on demand	5,55,67,825	-
<b>Total</b>	<b>40,37,75,234</b>	<b>18,95,74,374</b>
<p>1) Working capital facilities from State Bank of Travancore, 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 entire fixed assets of the Company. Working capital facilities from State Bank of Travancore, 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>2) 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. For Buyers credit In Foreign Currency is repayable on demand and and carries interest LIBOR plus 90 BPS to LIBOR plus 150 BOS.</p>		
<b>2.07 TRADE PAYABLES</b>		
Dues to Micro, Small and Medium Enterprises	-	-
Dues to others	15,55,48,583	15,03,75,827
<b>Total</b>	<b>15,55,48,583</b>	<b>15,03,75,827</b>
<b>2.08 OTHER CURRENT LIABILITIES</b>		
Advance from Customers	1,40,51,076	28,47,014
Unpaid Dividend	21,43,352	18,76,830
Accrued Employee benefits	91,02,121	1,68,60,944
Statutory liabilities	50,10,138	51,18,891
Current Portion of Long Term Borrowings/Lease Liability	1,74,31,968	1,72,72,323
Accruals	1,04,45,029	10,41,540
Bank Over draft	-	4,91,332
<b>Total</b>	<b>5,81,83,684</b>	<b>4,55,08,874</b>
<b>2.09 SHORT TERM PROVISIONS</b>		
Employee benefits payable	14,41,355	13,37,939
Other Short Term provisions	1,00,86,327	75,25,649
Proposed Dividend & Corporate Dividend Tax on proposed Dividend	92,93,376	1,84,64,027
<b>Total</b>	<b>2,08,21,057</b>	<b>2,73,27,615</b>



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013 (Contd.)

### 2.10 FIXED ASSETS

Particulars	Gross Block			Depreciation			Nett Block		(In ₹)	
	Cost as on 1.7.2012	Additions during the year	Deletions during the year	Cost as on 30.6.2013	Upto 30.6.2012	For the year	Withdrawn on Deletions	Upto 30.6.2013		WDV as on 30.6.2013
Tangible Assets										
Land	3,14,62,692	29,68,318	-	3,44,31,010	-	-	-	-	3,44,31,010	3,14,62,692
Building	33,77,02,828	7,33,003	-	33,84,35,831	12,10,61,502	1,12,69,064	-	132,330,567	20,61,05,264	21,66,41,326
Plant and Machinery	53,78,88,562	6,30,25,074	-	60,09,13,636	30,37,32,678	3,08,43,658	-	334,576,336	26,63,37,300	23,41,55,884
Electrical Equipment	7,18,36,957	12,371	-	7,18,49,328	3,22,58,195	23,30,251	-	34,588,445	3,72,60,883	3,95,78,762
Vehicles	1,08,50,519	10,01,058	4,04,000	1,14,72,552	19,87,384	8,51,554	87,380	2,754,506	87,18,047	88,63,135
Office Equipments	1,74,19,596	12,65,761	5,12,602	1,81,78,731	1,21,26,907	9,78,285	3,93,138	12,713,226	54,65,506	52,92,690
SUB TOTAL (A)	100,71,61,154	6,90,05,585	9,16,602	107,52,81,089	47,11,66,665	4,62,72,812	4,80,518	516,963,079	55,83,18,010	53,59,94,489
Capital Work-in-progress										
	9,38,93,582	21,45,64,456	3,45,24,477	27,76,06,739	-	-	-	-	27,76,06,739	9,38,93,582
SUB TOTAL (B)	9,38,93,582	21,45,64,456	3,45,24,477	27,76,06,739	-	-	-	-	27,76,06,739	9,38,93,582
Intangible Assets										
ERP Software	-	24,13,704	-	24,13,704	-	1,20,355	-	1,20,355	22,93,349	-
Goodwill on Consolidation	2,94,79,546	-	-	2,94,79,546	-	-	-	-	2,94,79,546	2,94,79,546
SUB TOTAL (C)	2,94,79,546	24,13,704	-	3,18,93,250	-	1,20,355	-	1,20,355	3,17,72,895	2,94,79,546
Intangible Assets Under Development										
	14,73,704	9,40,000	2,413,704	-	-	-	-	-	-	14,73,704
SUB TOTAL (D)	14,73,704	9,40,000	2,413,704	-	-	-	-	-	-	14,73,704
Total [A + B + C+D ]	113,20,07,986	28,69,23,745	37,854,783	138,47,81,077	47,11,66,665	4,63,93,167	4,80,518	51,70,83,434	86,76,97,644	66,08,41,321



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013 (Contd.)

Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>2.11 NON-CURRENT INVESTMENTS</b>		
<b>Non Trade Investments - Unquoted Equity</b>		
8,000 fully paid-up equity shares of ₹10/- each in Kurumpetty HPP Ltd	80,000	80,000
8,000 fully paid-up equity shares of ₹10/- each in Palayakkam HPP Ltd	80,000	80,000
8,000 fully paid-up equity shares of ₹10/- each in Upper Poringal HPP Ltd	80,000	80,000
8,000 fully paid-up equity shares of ₹10/- each in Vattapara HP Ltd	80,000	80,000
1,50,000 fully paid-up equity shares of ₹10/- each in Malayalam Communications Ltd.	15,75,000	15,00,000
<b>Trade Investments - Unquoted Equity</b>		
25,500 fully paid-up equity shares of ₹10/- each in Indsil Energy & Electrochemicals Ltd. (extent of Holding 0.65% of 38,69,300 shares)	2,55,000	2,55,000
<b>Aggregate Value of Unquoted Investments</b>	<b>21,50,000</b>	<b>20,75,000</b>
<b>2.12 LONG TERM LOANS AND ADVANCES</b>		
<b>Secured, considered good</b>		
<b>Security Deposits</b>	2,28,42,671	1,57,71,886
<b>Unsecured considered good</b>		
<b>Advance for Capital Expenses &amp; Purchases</b>	77,08,858	69,89,366
<b>Other loans and advances</b>		
- Electricity charges recoverable	5,29,02,873	4,65,00,095
- Security Deposits	2,11,63,877	2,01,07,824
- Other Loans & Advances	16,78,026	85,499
- Rental Advances	11,21,000	10,95,000
- Tax Payment Pending Adjustments	1,59,57,677	75,11,754
- MAT Credit Entitlement	4,84,58,281	4,76,28,281
<b>Total</b>	<b>17,18,33,263</b>	<b>14,56,89,705</b>
<b>2.13 CURRENT INVESTMENTS</b>		
Investment in Mutual Funds		
ICICI Prudential Flexible Income Plan	-	55,62,326
DSP Blackrock Money Manager Fund	4,67,180	4,39,792
<b>Total</b>	<b>4,67,180</b>	<b>60,02,118</b>



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013 (Contd.)

Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>2.14 INVENTORIES</b>		
Raw Materials and components	23,89,07,561	22,41,49,412
Goods in Transit	2,80,41,985	2,55,23,490
Work-in-progress	37,85,655	20,37,216
Finished goods	15,31,99,134	7,98,11,274
Stores and spares	86,30,426	1,31,68,445
Consumables	74,31,142	2,71,556
Packing Materials	2,37,192	3,23,692
<b>Total</b>	<b>44,02,33,095</b>	<b>34,52,85,085</b>
<b>2.15 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	3,70,80,165	3,78,22,415
Unsecured, considered good	16,13,751	1,50,65,364
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Secured, considered good	3,66,131	-
Unsecured, considered good	-	7,06,933
<b>Total</b>	<b>3,90,60,046</b>	<b>5,35,94,712</b>
<b>2.16 CASH AND CASH EQUIVALENTS</b>		
Balances with banks :		
a) In Current Accounts	29,08,447	5,29,78,058
b) In Fixed Deposits	87,50,718	3,47,32,485
c) Earmarked Balances- Unpaid Dividend	21,43,849	18,77,427
d) Margin money	1,92,13,024	1,45,18,359
Bank deposits with more than 12 months maturity	3,19,485	3,19,485
Cheques on hand	78,829	-
Cash on hand	15,94,283	4,06,921
<b>Total</b>	<b>3,50,08,635</b>	<b>10,48,32,736</b>
<b>2.17 SHORT TERM LOANS AND ADVANCES</b>		
<b>Loans and advances to related parties :</b>		
Unsecured, considered good		
- Unsecured Loan	19,97,423	31,76,095
- Advance for Expenses	5,08,406	7,61,235
<b>Others :</b>		
Balance With Revenue Authorities	3,70,27,754	1,41,37,847
<b>Unsecured, considered good :</b>		
- Advance for Expenses and Purchases	6,71,96,534	1,68,64,309
- Staff Advance	7,000	4,80,746
- Other Advance Recoverable	3,82,72,419	2,10,68,765
- Other Advances	-	14,500
- Advance for Expenses	14,62,118	9,71,936
- Prepaid Expenses	1,29,684	2,07,681
<b>Total</b>	<b>14,66,01,338</b>	<b>5,76,83,114</b>
<b>2.18 OTHER CURRENT ASSETS</b>		
Share application money in		
Al-Tamman Indsil Ferro chrome LLC,		
Sultanate of Oman - OMR 371500	-	5,18,79,870
Export Incentives receivable	1,99,56,540	1,14,83,963
<b>Total</b>	<b>1,99,56,540</b>	<b>6,33,63,833</b>



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2013 (Contd.)

Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>2.19 REVENUE FROM OPERATIONS</b>		
Sale of Products:		
- Smelter	118,77,06,505	67,29,45,881
- Power	7,49,87,824	14,24,39,580
Excise duty	(6,85,64,518)	(2,46,29,110)
Sales of Raw Material	2,23,21,642	-
Interdivisional Sale of Power	(7,49,87,824)	(14,24,39,580)
<b>Other Operating Income</b>		
Export Claims	5,46,70,810	2,45,74,207
<b>Total</b>	<b>119,61,34,440</b>	<b>67,28,90,979</b>
<b>2.20 OTHER INCOME</b>		
Interest Income	40,63,992	1,49,80,703
Dividend Income	9,82,538	26,95,944
Income from REC's	2,55,95,141	3,12,12,422
Other non-operating income	39,57,265	4,25,634
<b>Total</b>	<b>3,45,98,936</b>	<b>4,93,14,703</b>
<b>2.21 COST OF MATERIALS CONSUMED</b>		
Consumption of raw materials	59,19,33,778	30,17,32,885
<b>Total</b>	<b>59,19,33,778</b>	<b>30,17,32,885</b>
<b>2.22 PURCHASE OF STOCK-IN-TRADE</b>		
Purchase of Stock-in-Trade	11,53,56,237	2,01,79,238
<b>Total</b>	<b>11,53,56,237</b>	<b>2,01,79,238</b>
<b>2.23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
Finished Goods: Opening Stock	8,25,05,433	2,76,04,993
Less: Closing Stock	(15,43,37,655)	(4,42,64,690)
	(7,18,32,222)	(1,66,59,697)
Work-in-Progress : Opening Stock	20,37,216	17,54,948
Less: Closing Stock	(26,47,134)	(20,37,216)
	(6,09,918)	(2,82,268)
Change in inventory	-	(83,78,284)
<b>Total</b>	<b>(7,24,42,140)</b>	<b>(2,53,20,249)</b>
<b>2.24 MANUFACTURING EXPENSES</b>		
Power & Fuel (Net)	33,36,20,390	11,85,87,670
Packing, Freight & Forwarding	4,65,63,829	2,16,42,574
Direct Contractual Wages	55,51,180	-
Repairs and Maintenance	12,95,078	-
Royalty	41,01,278	26,17,555
<b>Total</b>	<b>39,11,31,755</b>	<b>14,28,47,799</b>



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2013 (Contd.)

Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>2.25 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	5,34,64,388	4,79,01,068
Contribution to provident Fund and other funds	40,17,823	31,79,582
Employee compensation - ESOS amortisation	1,24,090	3,15,214
Provision for Gratuity & Earned Leave Encashment	11,61,424	40,96,671
Staff welfare expenses	78,82,155	51,37,698
<b>Total</b>	<b>6,66,49,879</b>	<b>6,06,30,233</b>
<b>2.26 FINANCE COSTS</b>		
Interest expense	4,00,28,831	3,76,06,988
Other borrowing costs	91,75,694	(58,550)
<b>Total</b>	<b>4,92,04,525</b>	<b>3,75,48,437</b>
<b>2.27 DEPRECIATION</b>		
Depreciation	4,63,93,167	3,93,87,221
<b>Total</b>	<b>4,63,93,167</b>	<b>3,93,87,221</b>
<b>2.28 OTHER EXPENSES</b>		
Communication Expenses	25,68,949	20,33,665
Commission to Other Directors	-	6,00,000
Travelling Expenses	71,66,637	70,24,463
<b>Repairs &amp; Maintenance :</b>		
Plant & Machinery	1,40,23,580	75,40,706
Building & Others	28,62,817	25,47,225
Insurance Expenses	27,18,386	9,72,931
Legal Expenses	7,84,000	51,57,100
Professional Charges	43,76,538	34,26,774
Security service charges	45,33,334	43,73,682
Stationery Expenses	6,96,336	6,27,346
Auditors Remuneration	4,01,236	80,000
Rent	22,95,338	22,03,046
Rates & Taxes	22,73,923	9,51,305
Advertisement & Publicity	-	7,53,083
Subscription & Donation	26,77,686	32,66,078
Sitting Fees	8,93,775	1,95,000
Sales Promotion expenses	5,47,661	75,637
Sales Commission	63,84,256	16,01,389
General Expenses	74,11,155	81,11,614
Exchange Fluctuation(Net)	80,65,749	-
Loss on sale of Assets	2,11,034	68,014
<b>Total</b>	<b>7,08,92,389</b>	<b>5,16,09,058</b>
<b>2.29 CURRENT &amp; DEFERRED TAX</b>		
Current tax	8,30,000	1,83,09,482
Deferred tax	(83,19,144)	2,48,45,511
MAT Credit Entitlement	(8,30,000)	(4,76,28,281)
<b>Total</b>	<b>(8,319,144)</b>	<b>(44,73,288)</b>



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2013 (Contd.)

Particulars	30.06.2013 ₹	30.06.2012 ₹
<b>2.30 EARNINGS PER SHARE</b>		
Profit After Tax	(20,067,071)	98,418,104
No. of shares outstanding - Basic & Diluted (Equity share of ₹ 10 each)	1,58,86,792	1,58,86,792
Basic & Diluted Earnings per share	(1.26)	6.19

### 2.31 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%

### 2.32 INTEREST IN JOINT VENTURE

The Company has, 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 OMR 37,500 in the capital of 1,50,000 equity shares of OMR 1 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 31.12.2012 ₹	Year ended 31.12.2011 ₹
<b>Balance Sheet :</b>		
Reserves and Surplus	(67,49,716)	(16,64,045)
Non Current Liabilities	12,84,89,431	2,34,363
Current Liabilities	1,02,46,634	8,34,535
Fixed Assets (Net)	22,17,56,118	38,99,507
Current Assets	15,16,557	6,73,595
<b>Statement of Profit and Loss:</b>		
Income	-	-
Expenses	49,46,876	15,59,836
Profit Before Tax	(49,46,876)	(15,59,836)
Provision for Taxes	-	-
Profit After Tax	(49,46,876)	(15,59,836)

Note: The audited accounts of Al-Tamman Indsil Ferro Chrome LLC., Joint Venture for the year ended 31st December 2012 is based on the international Financial Reporting Standards (IFRS). For the purposes of consolidation with Indsil Hydro Power and Managanese 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 enterprises have been included as a part of construction work in progress (CWIP - RO.11,964 Previous year - RO. 58,525) in the consolidated financial statements as per Indian Accounting Standards as the same is specifically attributable to the Ferro Chrome Project.



### 2.33 Related Party Transactions with whom transactions have taken place during the year 2012-13 and relationship:

- a) Associates : Sunmet Holdings India P. 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)

(In ₹)			
Particulars	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel
<b>Current Year - (30.6.13)</b>			
Purchase of Raw Materials	52,924,697	-	-
Sale of Finished Goods	21,425,603	-	-
Sale of Raw Materials	28,351,103	-	-
Royalty paid	4,101,278	-	-
Rent paid	1,297,216	288,000	-
Directors' Sitting Fees	-	2,833,200	-
Managerial Remuneration	-	1,213,764	-
Unsecured Loan granted to Subsidiary/ Others	18,714,134	-	-
Balances outstanding	12,435,326	(6,907,654)	-
<b>Previous 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	-	7,471,733	35,000
Balances outstanding	-	(1,24,53,918)	-



<b>2.34 SEGMENT INFORMATION</b>	<b>30.06.2013</b>	<b>30.06.2013</b>
	<b>₹</b>	<b>₹</b>
Primary Segments (Business Segments)		
1. Segment Revenue		
a) Smelter	128,01,01,880	67,28,90,979
b) Hydro Power	7,49,87,824	14,24,39,580
	135,50,89,704	81,53,30,559
Less : Intersegment Revenue	7,49,87,824	14,24,39,580
Net Revenue :	128,01,01,880	67,28,90,979
2. Segment Results :		
(Profit / Loss before Financial charges & Tax)		
a) Smelter	(44,178,318)	(17,447,853)
b) Hydro Power	7,53,80,506	14,58,91,407
	3,12,02,188	12,84,43,554
Add / Less : Unallocable Income/Expenses	982,538	2,695,944
Operating Profit	3,21,84,726	13,11,39,498
Less : Financial Charges	2,95,52,170	3,75,48,437
Total Profit / (Loss) before Tax & extraordinary items and Minority Interest	26,32,556	9,35,91,061
Add : Minority Interest	-	3,53,755
Total Profit/(Loss) before Tax	2,632,556	9,39,44,816
3. Capital Employed :		
(Segment Assets - Segment Liabilities)		
a) Smelter	25,82,60,353	12,76,82,838
b) Hydro Power	80,36,99,135	75,60,60,251
	106,19,59,488	88,37,43,089



### 2.35 Operating Lease:

The Company has entered into operating lease, having a lease period ranging from 1-5 years, with an option to renew the lease. The future minimum lease payments are as follows

Particulars	30.06.2013 ₹	30.06.2012 ₹
not later than one year	13,50,816	12,86,496
later than one year and not later than five years	61,13,292	58,22,196
later than five years	-	-

2.36 Previous year figures have been regrouped where ever necessary to confirm to current year classification.

### 2.37 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 2013" as given in the stand alone Financial Statements of Indsil Hydro Power and Manganese Limited.

Vide our report of date attached

For **HARIBHAKTI & Co.,**  
Chartered Accountants  
Firm Reg. No. : 105323 W

Sd/-  
**C.S. SATHYANARAYANAN**  
Partner  
Membership No.028328

Place : Coimbatore  
Date : 26.08.2013

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

Sd/-  
**S. INDERCHAND**  
Director

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

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Sd/-  
**R. MURALI**  
Chief Financial Officer



## **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 (AS) 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.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013**

Particulars	Year ended 30.06.13 ₹	Year ended 30.06.12 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit / (loss) before tax	(2,83,86,215 )	9,35,91,061
Adjustments for		
Interest Receipts	(40,63,992)	(1,49,80,703)
Income from Mutual Funds	(9,82,538)	(26,95,944)
Depreciation	4,63,93,167	3,93,87,221
Employee compensation - ESOS amortisation	1,24,090	3,15,214
Financial charges & Interest	4,92,04,525	3,75,48,437
Profit/Loss on sale of assets	2,11,034	(2,21,209)
Provision for gratuity and Encashment of earned leave	11,61,424	40,96,671
Bad Debts	7,16,000	-
Other non operating income	-	(4,25,634)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>6,43,77,495</b>	<b>15,66,15,114</b>
Adjustments for changes in		
Inventories	(9,49,48,010)	(11,08,20,195)
Trade receivables	1,38,18,666	(1,41,52,515)
Other advances	(8,02,10,919)	(4,48,11,356)
Other Current Assets	-	(3,89,69,062)
Current liabilities	1,99,36,273	12,56,46,376
Cash generated from operations	(7,70,26,496)	7,35,08,362
Income Tax Payments	(92,75,922)	(2,58,21,236)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>(6,77,50,574)</b>	<b>4,76,87,126</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(25,44,05,072)	(22,88,04,046)
Sale of Fixed Assets	2,25,052	9,10,000
Purchase of investments	(75,000)	-
Sale of Investments	-	45,39,375
Other non operating income	-	4,25,634
Interest received	40,63,992	1,49,80,703
Income from Mutual Funds	9,82,538	26,95,944
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(24,92,08,490)</b>	<b>(20,52,52,390)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Long term Borrowings	18,48,50,852	4,87,93,117
Increase in Short term Borrowings	21,42,00,861	14,54,82,524
Financial Charges & Interest	(4,92,04,525)	(3,75,48,437)
Payment of Dividend & Tax	(1,84,64,027)	(1,84,64,027)
FCTR Movement	(8,97,83,135)	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>24,16,00,025</b>	<b>13,82,63,177</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(7,53,59,039)</b>	<b>(1,93,02,087)</b>
Cash and Cash Equivalents as on 1.7.2012 (Opening Balance)	11,08,34,853	13,01,36,940
Cash and Cash Equivalents as on 30.6.2013 (Closing Balance)	3,54,75,816	11,08,34,853

Note : Cash and Cash Equivalents include current investments which are highly liquid

Vide our report of date attached

For **HARIBHAKTI & Co.,**  
Chartered Accountants  
Firm Reg. No. : 105323 W

Sd/-  
**C.S. SATHYANARAYANAN**  
Partner  
Membership No.028328

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

Sd/-  
**VINOD NARSIMAN**  
Managing Director

Place : Coimbatore  
Date : 26.08.2013

Sd/-  
**S. INDERCHAND**  
Director

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

Sd/-  
**R. MURALI**  
Chief Financial Officer

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**INDSIL****INDSIL HYDRO POWER AND MANGANESE LIMITED**

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

**23<sup>rd</sup> ANNUAL GENERAL MEETING****ADMISSION SLIP**

NAME &amp; ADDRESS OF THE MEMBER

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

I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting of the Company at Chamber Towers, 8/732,  
Avanashi Road, Coimbatore - 641 018 on Friday, the 13<sup>th</sup> December, 2013 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. &amp; 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  
23<sup>rd</sup> Annual General Meeting of the Company to be held on Friday, the 13<sup>th</sup> December, 2013 at 10.15 A.M. or at any  
adjournment thereof.

Signed this .....day of .....2013.

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.



Smelter Facility at Palakkad, Kerala.



## Indsil Hydro Power and Manganese Limited



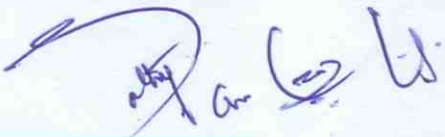
Registered Office : "INDSIL HOUSE", T.V. Samy Road (West),  
R.S. Puram, Coimbatore - 641002. Tamil Nadu, India.

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

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

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

**FORM A**

1	Name of the Company:	M/s. INDSIL HYDRO POWER AND MANGANESE LTD.
2	Annual financial statements for the year ended:	30th June 2013
3	Type of Audit observation:	No Qualification
4	Frequency of observation:	NIL
5	To be signed by-	
	CEO/Managing Director	
	CFO	
	Auditor of the company	
	Audit Committee Chairman	