BALASORE ALLOYS LIMITED

A GLOBAL SOURCE FOR CORE SECTOR

23rd
Corporate Report
2010-11

Shri R K Jena, Managing Director is being felicitated at CII Odisha.


Shri R K Jena, Managing Director receiving "Think Odisha Leadership Award" (for commendable efforts in education support system) from Hon'ble Governor of the state.


Shri R K Jena at the CII Member's Meet with the Hon'ble Chief Minister of the state.

Shri R C Samal, Sr VP (P&A) receiving "Grow Green Award" (for outstanding efforts of the Company towards environmental protection) from Hon'ble Chief Minister of the state.

BALASORE ALLOYS LIMITED

BOARD OF DIRECTORS

Mr Pramod Mittal, *Chairman*
Mr Mahesh Trivedi
Mr S Mohapatra
Mr S K Pal
Dr A K Bhattacharyya
Prof S K Majumdar
Mr K P Khandelwal
Mr S M Ali, *Nominee Director, SBI*
Ms Vartika Mittal, *Additional Director*
Mr R K Jena, *Managing Director*
Mr C R Pradhan, *Director - Operations*

SR. GM & COMPANY SECRETARY
Mr Trilochan Sharma

BANKERS
State Bank of India
State Bank of Hyderabad
Allahabad Bank

AUDITORS
M/s S R Batliboi & Co
Chartered Accountants
22, Camac Street, 3rd Floor, Block "C",
Kolkata - 700 016, India
Tel.No + 91-33-6615 3400

REGISTRARS & TRANSFER AGENT
MCS Limited
Unit : Balasore Alloys Ltd.
77/2A, Hazra Road,
Kolkata - 700 029, India
Tel No. + 91-33-2454 1892/1893
Fax No. + 91-33-2454 1961
E-mail : mcskol@rediffmail.com

REGISTERED OFFICE & WORKS
Balgopalpur - 756 020
Dist. Balasore, Odisha, India
Tel. Nos. +91-6782-275781-85
Fax No. +91-6782-275724
E-mail: mail@balasorealloys.com
investorshelpline@balasorealloys.com
Website : www.balasorealloys.com

INTERNAL AUDITORS
M/s Das & Prasad
Chartered Accountants
Diamond Chambers,
4, Chowringhee Lane,
8th Floor, Room No. 8F, Block - 3rd,
Kolkata - 700 016, India
Tel. No. +91-33-2252-1911 (3 Lines)

MINES OFFICE
(I) Chrome Ore
Plot No. 1003, (Opp. PWD IB),
Dhabalgiri, Post Sobra,
Jajpur Road - 755 019, Dt. Jajpur
Tele Fax No. + 91-6726224384

(II) Manganese Ore
(a) Ward No. 5, At & PO Katangi,
Dt. Balaghat (M.P.) - 481 445
(b) Joda, Dist. Keonjhar
Odisha - 758 035

ADMINISTRATIVE OFFICE
Park Plaza, 71, Park Street, 1st Floor,
Kolkata - 700 016
Phone No. +91-33-2217 8192
Fax No. +91-33-2229 2278
E-mail: mail@balasorealloys.com
investorshelpline@balasorealloys.com
Website : www.balasorealloys.com

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From the Managing Director's Desk

Vision
"To be a globally trusted Supplier of Ferro Alloys as well as to Create Sustained Value Addition for all Stakeholders"

Dear Shareholder,

I feel honored and privileged to be at the helm of affairs at a time when your Company shall declare dividend after a long pause of about 14 years. It is only because of your unparalleled dedication and support that your Company could bravely combat severe financial crunch, stubbornly endure the worst economic meltdown and recession, and successfully negotiate turbulent waters rocking the Steel sector in particular and Ferro chrome Industry in general. I and my colleagues on the Board place on record our immense appreciation for the faith and trust you have reposed in us for all these years.

The global economy continued to tread on the recovery path robustly during the final months of 2010 and into early 2011, when the earthquake and tsunami in Japan and political turmoil in Middle east and North Africa modestly slowed down the global industrial production and trade. According to World Bank, global GDP is projected to slow to 3.2 % in 2011 from 3.8% in 2010. It is expected to stabilize at 3.6% in 2012 and 2013. Interestingly, outshining the large economies, the emerging and developing economies have grown at 7.3% in 2010 and their growth is expected to firm at 6.2% in 2012. India, one of the leading developing economy, registered an impressive growth rate of about 8%. While serious concerns on account of surge in headline inflation, firming interest rates and slow down in manufacturing sector because of international developments shall impede the future growth, nonetheless it is projected to be in the range of 7.4% and 8.5% in 2011-12.

The Stainless Steel industry witnessed a significant recovery in the year 2010 after the Global Meltdown of 2008-09. China remained the largest as well as the fastest growing producer of Stainless Steel with encouraging signs of recovery across the global Stainless Steel Market and a corresponding positive impact was witnessed on the Ferro Alloys Industry during the first half of the financial year under review. However, the subsequent increase in Ferro Alloys production by the domestic and international manufacturers, coupled with another slowdown in Stainless Steel output saturated the market towards the later part of the year 2010-11. Braving all challenges, your Company was able to operate at full capacity while maintaining finished goods stock level of 2 to 4 days.

Your Company worked on a sustainable business model with focus on operational excellence, cost optimization and market penetration which helped us to improve the top as well as the bottom line performance during the year 2010-11. The steep increase in cost of power tariff and raw materials did not deter your Company from continuing with full scale operation and ensuring value addition for shareholders. Your Company also took proactive measures for maintaining excellent Supplier and Customer Relationship which helped in optimizing input cost as well as penetration into niche markets. This also helped us in generating additional revenue during the year through trading activity.

However, several challenges like steep hike in Power and Water Tariff and restriction on their usage, Increase in Raw Material Cost and Fluctuating Ferro Alloys Market have to be surmounted to remain competitive and profitable. The business environment and policy decisions relating to the Mining Sector is becoming increasingly complex and unpredictable. However, your Company is taking necessary steps to insulate itself against these challenges and successfully overcome the hurdles.

It is my privilege to inform the esteemed shareholders that the profitability of your Company has improved significantly as compared to the previous year. During the financial year 2010-11, we achieved PBT of Rs. 4079 lacs and PAT of Rs. 2689 lacs as against the previous year's PBT of Rs. 2085 lacs and PAT of Rs. 1255 lacs. Despite several adverse developments like steep increase in power tariff and escalating raw material prices, your Company has achieved sound financial performance with an increase of 31% in the Turnover (excluding Trading) and increase of 114% in the Profit after Tax. The coming year also appears encouraging as stainless steel production and world consumption of ferrochrome is anticipated to grow by over 8% with corresponding firming up of prices, though certain challenges are expected in global economy.

While taking care of the core business activities, your Company remains committed to meet the aspirations of all stakeholders including the employees and the people living in the nearby areas. I would like to place on record my acknowledgement and appreciation to the contribution made by the highly committed and motivated workforce which has enabled us to meet the different challenges and emerge victorious against all odds. The dedicated team of professionals in your Company also takes pride in joining hands to work for the betterment of people in the plant periphery. Your Company is conscious of its Corporate Social Responsibilities and has contributed significantly in the areas of Healthcare, Education and Infrastructure Development in the region.

I extend my sincere appreciation to my colleagues on the Board for their wise and matured counsel for the smooth functioning of the Company. I also take this opportunity to thank all our stakeholders, customers, business associates, bankers, employees, vendors and shareholders for their unflinching support and trust reposed upon us which has helped us to achieve new milestones. I am sure that the Company will continue to receive similar support, trust and understanding from all of you in the years to come so that we can march ahead in our journey of excellence.

Thanking you,

R K Jena
Managing Director

BALASORE ALLOYS LIMITED

Regd. Office : Balgopalpur - 756 020
Dist. Balasore, Odisha.

NOTICE

NOTICE is hereby given that the Twenty-Third Annual General Meeting of the Members of Balasore Alloys Limited will be held at the Registered Office of the Company at Balgopalpur - 756 020, Dist. Balasore, Odisha, on **Thursday 29th September, 2011, at 9.30 A.M.** to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and Profit & Loss Account of the Company for the financial year ended 31st March, 2011 together with the Report of the Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Mr S K Pal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr A K Bhattacharyya, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company for the period commencing from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

   "RESOLVED that Ms Vartika Mittal, who, pursuant to Section 260 of the Companies Act, 1956 holds the office of Additional Director of the Company upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to retire by rotation."

7. To consider, and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

   "RESOLVED that pursuant to the provisions of Section 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such consents, approvals or permissions as may be necessary, the Agreement approved by the Board of Directors of the Company at their meeting held on 26th May, 2011 containing the revised remuneration of Mr R K Jena, Managing Director of the Company, as set out in the Explanatory Statement annexed to this Notice convening the meeting, be and is hereby approved."

   "RESOLVED FURTHER that Mr R K Jena is entitled to such annual increments as may be decided by the Board on the basis of his performance and such increment shall become effective from 1st April every year."

   "RESOLVED FURTHER that pursuant to the provisions of Section 198 of the Act, in the event of there being inadequate or no profits in any year during the currency of the agreement, the remuneration as contained in the said agreement (including annual increments, if any) be paid to Mr R K Jena as minimum remuneration notwithstanding that such remuneration is in excess of the limits specified in the Companies Act, 1956 including Schedule XIII thereof."

   "RESOLVED FURTHER that the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board of Directors and Mr R K Jena from time to time and the terms of the aforesaid Agreement shall be suitably modified to give effect to such alteration and/or variation."

8. To consider, and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

   "RESOLVED that pursuant to the provisions of Section 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such consents, approvals or permissions as may be necessary, the Agreement approved by the Board of Directors of the Company at their meeting held on 26th May, 2011 containing the revised remuneration of Mr C R Pradhan, Director-Operations of the Company, as set out in the Explanatory Statement annexed to this Notice convening the meeting, be and is hereby approved."

NOTICE - (Contd.)

"RESOLVED FURTHER that Mr C R Pradhan is entitled to such annual increments as may be decided by the Board on the basis of his performance and such increment shall become effective from 1st April every year."

"RESOLVED FURTHER that pursuant to the provisions of Section 198 of the Act, in the event of there being inadequate or no profits in any year during the currency of the agreement, the remuneration as contained in the said agreement (including annual increments, if any) be paid to Mr C R Pradhan as minimum remuneration notwithstanding that such remuneration is in excess of the limits specified in the Companies Act, 1956 including Schedule XIII thereof. "

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Board of Directors and Mr C R Pradhan from time to time and the terms of the aforesaid Agreement shall be suitably modified to give effect to such alteration and/or variation."

By Order of the Board

Kolkata
5th August, 2011

Trilochan Sharma
Sr. General Manager & Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THIS MEETING**.
2. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority, as applicable, issued on behalf of the nominating organisation.
3. The Explanatory Statement, pursuant to section 173(2) of the Companies Act, 1956, in respect of business at item Nos. 6, 7 & 8 above is annexed hereto.
4. In accordance with the provisions of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Register of the Company will remain closed from Monday, 26th September, 2011 to Thursday, 29th September, 2011 (both days inclusive).
5. Members, who have multiple accounts in identical names or joint accounts in the same order in more than one folio, are requested to send all the Share Certificate(s) to the Registrars and Transfer Agent of the Company for consolidation of all such shareholdings into one folio to facilitate better service.
6. All requests for transfer of Equity Shares and allied matters along with the relevant transfer deeds, share certificates and copy of PAN Card should preferably be sent directly to the Company's Registrars and Transfer Agent, M/s MCS Limited, Unit- Balasore Alloys Ltd, and those Members who are holding shares in dematerialized form may send their advise on transfer and allied matters through their Depository Participants (DP) to the Depository.
7. Members are requested to notify immediately of any change in address to:
   a) Their respective DPs in respect of holding of shares in dematerialized form.
   b) The Registrars & Transfer Agent, M/s MCS Limited, Unit - Balasore Alloys Ltd, 77/2A, Hazra Road, Kolkata - 700 029 in respect of shares held in physical form.
8. Members are requested to intimate to the Company queries, if any, regarding the audited accounts / notice at least ten days before the Annual General Meeting to enable the Management to keep the information ready at the Meeting.
9. In accordance with Clause 49 of the Listing Agreement, the brief profile regarding each of the Directors seeking re-appointment / appointment in respect of business under Item Nos. 3, 4 and 6 of this Notice for the forthcoming Annual General Meeting is annexed hereto.
10. Section 109A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the Company. Therefore, Shareholders having physical holdings and willing to avail of this facility may make nomination in the prescribed Form 2B. In case shares are held in dematerialized form, the shareholders would have to approach their respective DP for registering their nomination. The prescribed nomination form can be obtained from the Company's Registrars and Transfer Agent. The members may take advantage of this facility, if they so desired.

ANNEXURE TO NOTICE - (Contd.)

11. **Members may note that the shares of the Company are to be compulsorily traded in dematerialized form and hence, those members who are still holding their share certificates in physical form are requested to get the same dematerialized.**
12. **Members / Proxies are requested to bring their copy of Annual Report to the Meeting and the attendance slip sent herewith, duly filled in with correct Folio No.(s) (in case of physical shareholding) and correct Client ID and DP ID numbers (in case of shares held in demat form) for easy and quick identification of attendance at the time of the meeting.**
13. **The Ministry of Corporate Affair ("MCA") has taken a " Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars on April 21, 2011 inter-alia stating that a company would have complied with Section 53 of the Companies Act, 1956, if the service of document has been made through electronic mode. In that case, the company is required to obtain email addresses of its members for sending the notice / documents through email by giving an advance opportunity to every shareholder to register their email addresses and changes therein, if any, from time to time with the company.**

    A separate Notice relating to Registration of e-mail addresses of members is attached to this Annual Report to enable the Company to comply with the Green Initiative undertaken by the Ministry of Corporate Affairs. The Company expects whole hearted support from its members towards the Green Initiatives of MCA and request all its members to communicate their email ID in the manner prescribed in the said Notice and subsequent changes thereto from time to time to the Depository Participant/ Company's Registrar & share Transfer Agent, to enable the Company to send all its reports, notices and communication to its members via email.

    Please note that the member will be entitled to receive, free of cost, all report, notices and other communication that may be sent to the member by the Company, from time to time, electronically via email, upon receipt of a requisition from the member of the Company.
14. **Mr V V Jamnis, Director of the Company, had resigned from the Directorship of the Company w.e.f. 30th July, 2011.**

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.6

The Board of Directors of the Company, at its meeting held on 26th May, 2011, appointed Ms Vartika Mittal as an Additional Director of the Company with effect from that date. In terms of Section 260 of the Companies Act, 1956 (the 'Act') read with Article 141 of the Articles of Association of the Company, Ms Vartika Mittal will hold office of Additional Director upto the date of this Annual General Meeting. The Company has received a notice in writing along with the requisite deposit from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Ms Vartika Mittal for appointment as a Director of the Company. Pursuant to Section 264 of the Companies Act, 1956, Ms Vartika Mittal has consented to act as a Director, if appointed.

The Board recommends the resolution for your approval in the interest of the Company.

None of the Directors, other than Ms Vartika Mittal and Mr. Pramod Mittal being father of Ms Vartika Mittal, is concerned or interested in this resolution.

Item No. 7

Mr R K Jena has been associated with the Company for the past 20 years and has since held various positions in the Company. His array of exposure has extended to areas like Project Planning and Execution, Mining, Production, Marketing, Finance, Liaison with all Govt. bodies, Costing and Cost control, Commercial handling including contracts, legal matter (both domestic as well as ICC jurisdictions), Management Quality System and Modern Management Initiatives etc. The Company has benefited from his rich and varied experience. Mr Jena has been instrumental in the growth of the Company to its present level.

Mr R K Jena was re-appointed as Managing Director of the Company with effect from 1st April, 2009 for a further period of 3 years on such terms and conditions and Remuneration as contained in the Agreement dated 31st January, 2009. Subsequently, the remuneration payable to Mr R K Jena for the year 2009-10 was revised by the Board of Directors at their meeting held on 29th July 2010 and approved by the Shareholders at the Annual General Meeting of the Company held on 9th September 2010.

NOTICE - (Contd.)

Having regard to the performance of the Company, contemporary pay scales of professional managers and with a view to suitably remunerate Mr Jena in order to enable him to effectively discharge his duties and responsibilities in his capacity as Managing Director of the Company, the Board of Directors at their meeting held on 26th May, 2011 revised the remuneration payable to him for the year 2011-12 based on the recommendations of Remuneration Committee, at a basic salary of Rs. 10,50,000/- per month in the scale of Rs.8,50,000/- per month to Rs.15,00,000/- per month, along with perquisites and allowances upto a maximum of 125% of his annual salary as aforesaid.

The proposed remuneration even in the event the Company has no profits or its profits are inadequate during any year during the currency of his tenure, shall be the minimum remuneration payable to Mr Jena notwithstanding the limits prescribed in the Companies Act, 1956 including Schedule XIII thereof.

The Resolution set out in Item No.7 of the accompanying Notice is intended to obtain the consent of the shareholders relating to remuneration payable to Mr R K Jena.

Information pursuant to Schedule XIII of the Companies Act, 1956 is annexed to this Notice.

The Board recommends the resolutions as set out in the accompanying Notice for your approval in the interests of the Company. Mr R K Jena may be deemed to be concerned or interested in the Resolution. No other Director has any concern or interest therein.

This may also be treated as compliance under the provisions of Section 302 of the Companies Act, 1956.

The following additional information as required under Schedule XIII to the Companies Act, 1956 is given below :-

I. GENERAL INFORMATION

1) Nature of Industry: Manufacturing

   The Company manufactures Ferro Chrome, Charge Chrome from its five submerged Electric Arc Furnaces utilizing Chrome Ore which is available to the company for its captive consumption in the Chromite Mines located at Sukinda Valley, Jajpur, Odisha.

2) Expected date of commencement of Commercial Production: Not Applicable

3) In case of new companies expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus: Not Applicable

4) Financial Performance during last three years:

(Rs. in lacs)

Financial Parameters	2010-11	2009-10	2008-09
Sale / Income from Operation	63866.19	41518.56	63873.43
Total Income	64729.33	44454.23	64997.05
Total Expenditure including Prior Period Items	60650.54	42369.45	64288.90
Profit before Taxes	4078.79	2084.78	708.15
Profit after Taxes	2688.54	1254.91	93.59

5) Export Performance and net foreign exchange earnings and outgoings :

(Rs. in lacs)

Export Performance	2010-11	2009-10	2008-09
Export made during the year	22244.93	20608.87	49474.53
Foreign Exchange Earnings (on Accrual Basis)	21246.97	19768.88	47935.49
Foreign Exchange Outgoings	7997.87	3308.06	9384.01

6) Foreign Investments or Collaborations, if any : Foreign Investments in wholly owned subsidiary USD 4.36 Million (Rs.1994.25 lacs approx.)

ANNEXURE TO NOTICE - (Contd.)

II. INFORMATION ABOUT THE APPOINTEE

Mr R K Jena

1.1 Educational Qualification

Technical	Degree in Mechanical Engineering
Management	MBA from XIM, Bhubaneswar

1.2 Experience

Mr R K Jena joined Balasore Alloys Limited as Graduate Trainee in the year 1990 & after successful completion of training period, he joined as Executive, DG Power Plant of the company.

In 1991, he was made In-charge of the DG Power Plant and thereafter covered many milestones to gradually reach the position of Managing Director in 2009.

2. Past remuneration (including contribution to PF, superannuation fund and gratuity fund) for the last three years.

(Rs. in lacs)

2010-11	2009-10	2008-09
256.69	180.22	179.46

3. **Recognition, Awards & Achievements**

a) Has been awarded as the “Best Plant Head” for Turning around BAL in 2004, by “Kalantaka”, a leading News Paper in Eastern Odisha.

b) Has been awarded as the “The Youngest Director” in Ispat Group.

c) Has been elected as the Chairman of the reconstituted Odisha State Council of Confederation of Indian Industry (CII), Odisha for the year 2010-2011.

d) Received various awards in the field of Excellence in Industrial Development & Social Services such as:

- National Industrial Excellence Award for outstanding achievements & contribution made by the Company in the field of Industrial Development & Social Services, 2006.
- Life time achievement award for National Leadership - 2006.
- Sambhardhana Patra from Sj. Rameswar Thakur, Hon'ble Governor, Odisha 2005.
- Excellence Award 2005 from Hon'ble Chief Minister of Odisha for turning around the Company from a Sick Unit.
- Balasore Sanman 2005.
- Rashtriya Udhyog Gold Award 2005.
- International Award “Leader in Prestige and Quality” - Europe 2006.
- Rashtriya Ekta Samman 2005.
- Dhwani Pratidhwani Sanman 2005.
- Gem of India Award 2004.
- Arch of Excellence (Business Award 2004).
- “Think Odisha Leadership Award” from Times of India for commendable work in Education Support System.

4. **Job Profile and his Suitability**

a) Job Profile

Mr Jena's responsibilities include:

- Making operations of the Company profitable through effective and optimum utilization of Company's resources.
- To maintain Profitability as per Business Plan.
- Increase in the level of Production.
- Increase in turnover of the company.

NOTICE - (Contd.)

- To maintain desired level of OPM.
- To acquire new Mines.
- To enhance Mines Production.
- Development of New Businesses.
- Planning and implementation of growth of the Company.
- Employee and Customer Satisfaction.
- Enhancing Shareholders' value.
- Bring laurels for the company at National & International level.

b) Suitability

- Mr R K Jena has served the company for over 20 years and has handled various assignments with distinction.
- Mr Jena is credited with turning around the Company from a sick and loss making unit to a profitable and viable operating unit through his technical and commercial acumen and relentless pursuit for excellence.
- Mr Jena has been conferred with several prestigious awards for his outstanding contributions made in the field of Industrial Development and Social Service.
- Mr Jena's array of exposure percolates to areas like Project Planning & Execution, Liaisioning, Costing & Cost Control, Commercial matters including contract & legal aspects (both Domestic & as well as International Jurisdictions), Management of Quality System and Modern Management Initiatives etc.

In view of the above, and also in view of the high esteem in which he is held in the Corporate Sector for his technical & commercial knowledge and business acumen, the Board considers Mr R K Jena as the most suitable professional for shouldering responsibilities pertaining to various facets governing the operations of the Company.

5. Remuneration Proposed

Salary	Rs.10,50,000/- p.m. w.e.f. 1st April, 2011
Perquisites and Allowances	Not exceeding 125% of the annual salary of Mr R K Jena
Minimum remuneration only in case of absence or inadequacy of profits.	To be paid by way of salary, perquisites and allowances, notwithstanding the limits specified in Part II of Schedule XIII of the Companies Act, 1956.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The remuneration structure offered is not higher than what is drawn by Mr Jena's peers in the industry.

7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:

Save what is set out herein, Mr Jena will not be entitled to remuneration from the Company under any other head. He has no direct or indirect interest in any contract by or with the Company. No relative of Mr Jena is employed by the Company.

III. OTHER INFORMATION:

1. Inadequate Profits

The Company expects to have adequate profits during the currency of his tenure. However, in the event of any inadequacy of profits in any year during the currency of his tenure, the proposed remuneration shall be paid at the minimum remuneration notwithstanding the fact that the company has no profits or has inadequate profits in any such financial year.

2. Steps taken or proposed to be taken for improvement

i) <u>Steps taken:</u>

Management has taken various steps primarily in following areas for a sustained Business Operation :-

a) Reduction in Cost of Production

b) Minimum Finished Goods Inventory

c) Market Breakthrough

d) Additional Revenue Generation

ANNEXURE TO NOTICE - (Contd.)

a) Reduction in Cost of Production

i. Substantial reduction in administrative costs as compared to previous year by implementing several austerity measures in various areas.

ii. Re-lining of Furnace Nos. 4 & 5 (risk of deteriorating shell condition mitigated).

iii. Restructuring of existing Bank Loan Liabilities w.r.t.:

- Re-scheduling of all RTL instalments
- Deferment of payment of existing unpaid interest liability upto May 2011 and conversion thereof to New FITL
- Reduction in existing Interest Rates
- Conversion of existing working capital requirement into Working Capital Term Loan

b) Minimum Finished Goods Inventory

i. BAL has continuously maintained Low Inventory of Finished Goods [1-3 Days Only] thus avoiding blockage of working Capital.

ii. Low Inventory had a Significant Contribution in Continuous Operation of Plant as compared to other Production Facilities

c) Market Breakthrough

The Company has been successfully making value added exports to quality conscious countries in Europe, Asia and Latin America. Global competiveness, international quality of our products and superior logistical capabilities has enabled the Company to also establish its presence in 31 countries across the globe.

d) Additional Revenue Generation

The Additional Revenue generation during the period through trading activity by procuring FeCr from Market and Selling to International Customers had a significant contribution towards enabling the Organization for a sustained operation.

ii) Steps proposed to be taken:

a. Targeting for Captive Generation of Chrome Ore Lumpy from New Mines with further reduction in the Cost of Production and also obviating dependence from open Market.

b. Targeting for setting up of Captive Power Plant.

c. Resumption of production of Manganese Ore from Hatoda Mines will facilitate additional revenue generation.

d. Exploring new markets / niche markets.

3. Expected improvement in Productivity and Profits in measurable terms

- The re-lining of the furnaces and use of Lumpy Ore from own mines will definitely increase the productivity and the input ore cost will come down by another 5%.
- The income from Hatoda Mines will further boost the profitability.

IV. Disclosures:

(1) The details of remuneration to Mr R K Jena are given in the proposed resolution and the explanatory statements annexed herewith. This may be treated as an Abstract for the purpose of Sec. 302 of the Companies Act, 1956.

(2) The remuneration package and other terms applicable to the Directors shall be disclosed in the Corporate Governance Report forming part of the Annual Report of the Company.

Item No. 8

Mr C R Pradhan is a Graduate in Mechanical (Engineering) with more than 42 years of experience and is associated with the Company for past four years. He is presently heading the operations of the plant and proposed power project. Mr Pradhan had a long experience in the field of Erection, Commissioning, Operations & Maintenance of Coal & Gas based Power Projects.

Mr C R Pradhan was appointed as Director-Operations with effect from 29th May, 2009 for three years on the remuneration as contained in the Agreement dated 30th May, 2009 entered into by and between the Company and Mr Pradhan. The same was confirmed by the shareholders at their Annual General Meeting held on 18th September, 2009.

NOTICE - (Contd.)

Having regard to the performance of the Company, contemporary pay scales of professional managers and with a view to suitably remunerate Mr C R Pradhan in order to enable him to effectively discharge his duties and responsibilities in his capacity as Director-Operations of the Company, the Board of Directors at their meeting held on 26th May, 2011 revised the remuneration payable to him based on the recommendations of the Remuneration Committee, at a basic salary of Rs. 1,00,000/- per month, in the scale of Rs. 50,000/- per month to Rs. 2,00,000/- per month, along with perquisites and allowances upto a maximum of 125% of his annual salary as aforesaid.

The proposed remuneration shall also in the event the Company has no profits or its profits are inadequate during any year during the currency of his tenure shall be the minimum remuneration payable to Mr C R Pradhan notwithstanding the limits prescribed in the Companies Act, 1956 including Schedule XIII thereof.

The Resolutions set out in Item No.8 of the accompanying Notice is intended to obtain the consent of the shareholders relating to revised remuneration payable to Mr C R Pradhan.

The Board recommends the resolutions as set out in the accompanying Notice for your approval in the interests of the Company.

Mr C R Pradhan may be deemed to be concerned or interested in the Resolution. No other Director has any concern or interest therein.

This may also be treated as compliance under the provisions of Section 302 of the Companies Act, 1956.

The following additional information as required under Schedule XIII to the Companies Act, 1956 is given below :-

I. GENERAL INFORMATION

Please refer to General Information given in the explanatory statement for item No. 7 of this Notice

II. INFORMATION ABOUT THE APPOINTEE

Mr C R Pradhan

1.1 Educational Qualification

Technical	B.Sc - Engineering (Mechanical)

1.2 Experience

Mr C R Pradhan is being associated with the Company for the past four years and had held key position in the Company. He has rich experience and expertise, inter-alia, in the areas of Project Planning & Execution and Setting-up of Thermal Power Plant. During his career, he was associated with various reputed organization like NTPC, Bhilai Electric Supply Company, BHEL and Odisha State Electricity Board over a period of 42 years.

2. Past remuneration (including contribution to PF, superannuation fund and gratuity fund) for the last two years

(Rs. in lacs)

2010-11	2009-10
19.08	14.63

3. **Recognition, Awards & Achievements**

Mr. Pradhan has been awarded with Gold & Silver Medals by Govt. of India (Ministry of Power) for outstanding performance in Operation & Maintenance of Singrauli & Rihand Super Thermal Power Stations.

4. **Job Profile and his Suitability**

a) Job Profile

Mr Pradhan's responsibilities include:

- Effective and optimum utilization of Company's resources for making operations of the Company profitable.
- Execution of expansion Projects of the Company.
- Setting up a Captive Power Plant of 2 X 60 MW.
- Planning and implementation of growth of the Company.
- Employee Satisfaction.
- Enhancing Shareholders' value.

ANNEXURE TO NOTICE - (Contd.)

b) Suitability

- Mr C R Pradhan has served the company for more than 4 years and has handled various assignments with distinction.
- Mr Pradhan is credited with securing Statutory Clearances and Coal Linkage for the Captive Power Plant of the Company within least possible time.
- Mr Pradhan's array of exposure percolates to areas like Project Planning & Execution, Liaisioning, Commercial matters including contract & legal aspects, Management of Quality System and Modern Management Initiatives etc.

In view of the above, and also in view of the high esteem in which he is held in the Corporate Sector for his technical and commercial knowledge, the Board considers Mr C R Pradhan as the most suitable professional for shouldering responsibilities pertaining to various facets governing the operations of the Company.

5. Remuneration Proposed

Salary	Rs.1,00,000/- p.m. w.e.f. 1st April, 2011
Perquisites and Allowances	Not exceeding 125% of the annual salary of Mr. C R Pradhan
Minimum remuneration only in case of absence or inadequacy of profits.	To be paid by way of salary, perquisites and allowances, notwithstanding the limits specified in Part II of Schedule XIII of the Companies Act, 1956.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The remuneration structure offered is not higher than what is drawn by Mr Pradhan's peers in the industry.

7. **Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:**

Save what is set out herein, Mr Pradhan will not be entitled to remuneration from the Company under any other head. He has no direct or indirect interest in any contract by or with the Company. No relative of Mr Pradhan is employed by the Company.

III. OTHER INFORMATION:

Please refer to other Information given in the explanatory statement for Item No. 7 of this Notice.

IV. Disclosures:

(1) The details of remuneration to Mr C R Pradhan are given in the proposed resolution and the explanatory statements annexed herewith. This may be treated as an Abstract for the purpose of Sec. 302 of the Companies Act, 1956.

(2) The remuneration package and other terms applicable to the Directors shall be disclosed in the Corporate Governance Report forming part of the Annual Report of the Company.

By Order of the Board

Kolkata
5th August, 2011

Trilochan Sharma
Sr. General Manager & Company Secretary

ANNEXURE TO NOTICE - (Contd.)

DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE 23RD ANNUAL GENERAL MEETING.

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	:	**Mr S K Pal**	**Dr A K Bhattacharyya**	**Ms Vartika Mittal**
Date of Birth	:	03.01.1943	11.04.1950	24.06.1984
Date of Appointment	:	27.06.2003	30.06.2004	26.05.2011
Qualifications	:	B.Sc.(Hons), M.Tech. (Chem.Engg & Chem. Technology)	B.Com.(Honours),M.Com. FCA, FICWA, Diploma in Management Accountancy, D.Phil.	Graduated in BSc Business Studies with a focus in finance from Cass Business School, City University, London. Graduate Diploma in Law from the College of Law, London.
Expertise in specific functional areas	:	Has a long term profile and experience in Finance , Risk Management . He is a retired General Manager (Credit) Allahabad Bank.	Director, International Management Institute (IMI) Kolkata, Ex-Professor of Finance and Control, Indian Institute of Management Calcutta (IIMC), Member- National Group of the Accounting Standard Board of the Institute of Chartered Accounatants of India, Member- Cost Accounting Standard Board, Member- Standing Committee of Accounting of the Insurance Regulatory and Development Authority (IRDA) and Member- Thesis Advisory Committee of West Bengal University of Technology.	Experience in Iron and Steel making, Coke, Mining, Minerals and Metals as well as Marketing, Finance and Legal.
List of Companies in which outside Directorship held	:	**Director** Greenply Industries Ltd. Websol Energy System Ltd.	**Director** Escorts Asset Management Ltd. Balmer Lawrie & Co. Ltd.	Nil
Chairman/Member of the committees of the Board of other Companies on which he is a Director	:	**Audit Committee** Greenply Industries Ltd.- Chairman Websol Energy System Ltd.- Chairman **Shareholders Grievance Committee** Websol Energy System Ltd..- Member	**Audit Committee** Escorts Asset Management Ltd.- Member	Nil
Details of shareholding (Both own or held by/ for other persons on a beneficial basis), if any in the Company.		Nil	Nil	Nil

DIRECTORS' REPORT

Dear Members

Your Directors have pleasure in presenting the 23rd Report of your Company along with the Audited Accounts for the financial year ended 31st March, 2011. The Report also includes the consolidated financial statements and the Management's Discussion in accordance with the guidelines on Corporate Governance.

FINANCIAL RESULTS

The financial performance of the Company, for 2010-2011, is summarised below:

(Rs. in Lacs)

			Financial year ended 31st March, 2011		Financial year ended 31st March, 2010
1.	Sales/Income from operations		**66901.65**		43261.75
	Less: Excise Duty		**3035.46**		1743.19
			63866.19		41518.56
2.	Other Income		**863.14**		2935.67
3.	Total Income (1+2)		**64729.33**		44454.23
4.	Total expenditure		**54028.26**		37056.77
5.	Profit before Interest & Finance charges and Depreciation (3-4)		**10701.07**		7397.46
6.	Interest and Finance Charges		**5038.16**		4221.37
7.	Depreciation/Amortisation		**1545.68**		1404.55
8.	Profit before Prior Period Items & Taxes (5-6-7)		**4117.23**		1771.54
9.	Prior Period Items (Net)		**38.44**		(313.24)
10.	Profit before Taxes (8-9)		**4078.79**		2084.78
11.	Provision for Taxes				
	– Current Tax	**1093.92**		1039.43	
	– Prior Year Tax written back	**(16.93)**		(21.02)	
	– Deferred Tax Charge/(Credit)	**313.26**	**1390.25**	(188.54)	829.87
12.	Profit after Taxes (10-11)		**2688.54**		1254.91
13.	Profit brought forward from the Previous Year		**10834.21**		9579.30
14.	Profit available for Appropriation (12+13)		**13522.75**		10834.21
15.	Appropriations:				
	– Proposed Dividend	**321.45**		–	
	– Tax on Dividend	**53.39**	**374.84**	–	–
	Surplus carried to the Balance Sheet (14-15)		**13147.91**		10834.21

TRANSFER TO RESERVE

Reserves and surplus of the Company stood at Rs.22978.88 lacs (excluding revaluation reserve of Rs.71019.59 lacs) at the end of the current financial year as against Rs.20928.23 lacs (excluding revaluation reserve of Rs.76337.69 lacs) at the end of the previous year.

FINANCIAL REVIEW

The Company recorded a robust performance in the Financial Year 2010-11, achieving a 54% increase in turnover with a Net Profit of Rs. 2688.54 Lacs.

DIRECTORS' REPORT (Contd.)

During the Financial Year 2010-11, your Company achieved a turnover of Rs. 63866.19 Lacs compared to Rs. 41518.56 Lacs in the Financial Year 2009-10. The gross earnings before interest, depreciation and taxes stood at Rs. 10701.07 Lacs as against Rs.7397.46 lacs during the previous financial year, registering a growth of 45%. Profit before taxes increased by 96% to Rs. 4078.79 Lacs as against Rs. 2084.78 Lacs during the corresponding previous year. The Net Profit after taxes stood at Rs. 2688.54 Lacs as against Rs. 1254.91 Lacs in previous fiscal registering a growth of 114%. Basic earning per share of your Company has registered a growth of 114% to Rs.4.18 as against Rs.1.95 during the corresponding previous year.

DIVIDEND

After a long hiatus of 14 years, your directors are happy to mention that they have recommended a 10% Dividend for the financial year ended 31.03.2011 subject to the approval of Shareholders at the ensuing Annual General Meeting and necessary approval from Lenders under CDR mechanism. Under the Income Tax Act, 1961, the receipt of Dividend is tax free in the hands of the shareholders.

OPERATIONS

The production during the year under review was 90,544 MT as against 83,936 MT in the previous year 2009-10.

Recuperating from the economic crisis and difficult market conditions that prevailed in 2009, global demand for stainless steel increased in 2010 driven mainly by consumer-led industries and demand from Asia. The world output of crude stainless steel in the calendar year of 2010 came up to more than 32 Millions Tonnes, having had a substantial increase of 23% compared with that in the preceding year of 2009, when stainless steel industry had suffered from a serious depression, and shown a brilliant revival.

The pick-up in overall demand of Ferrochrome was also clearly evident as the rising chrome ore prices and tight Ferro-chrome supply continued to steer the market upwards. However, the ferrochrome market is entering a period of seasonal weakness, with output and prices both soft at present, although the longer-term prospects are better. Further, credit tightening in China has prompted stainless steel and ferrochrome producers to reduce inventories in stainless steel and ferrochrome, while the uncertainty about the sustainability of the global economic recovery has inhibited buying. Balancing this weakness is the strong outlook for this year and next year, with CRU forecasting record stainless steel production for 2011 and again for 2012.

However, substantial increase in Power Tariff by about 25% during the year under review has severely impacted the margins and is a matter of concern for future.

EXPORT

Export of Ferro Chrome constitutes to 43% of the turnover (excluding trading) of the Company. The Company exported 34,996 MT valued at Rs. 22,244.93 lacs during the year ended 31st March, 2011 under review as against 42,497 MT valued at Rs. 20,608.87 lacs in the previous year.

FUTURE OUTLOOK

Though the year 2011 started on a promising note, sentiment has subsequently deteriorated reflecting almost unprecedented levels of uncertainty surrounding the global economic outlook. Global ferrochrome consumption while will continue to grow in 2011 and 2012, it shall be at a much slower pace than was experienced in 2010. To compound the problem, ferrochrome production need to be curbed because the stocks are to be kept in check in view of the decelerating Stainless Steel production.

Buying activity should again resume in October, following destocking in the stainless industry in April-June Quarter and the holiday slowdown in July and August. The combination of cuts to ferrochrome production and improved demand later in the year should leave the market in better shape for securing price increases. Longer term, the extent to which China aims to move towards self sufficiency in ferrochrome production will be a key factor influencing market dynamics.

The Indian Economy is expected to grow at an accelerated growth of 8.5% to 9.0%. Steel production is expected to be 132 Million Tonnes by 2016-2017. Present Indian Stainless Steel production is over 2 Million Tonnes and expected to grow 10% every year. The growth in Stainless Steel production in the country augurs well for the Ferrochrome industry and your Company shall endeavour to expand its market share in the given scenario.

Indian Ferro Alloy Producers have to tackle the high utility power tariff in India, for which your company has already initiated their captive power plant project to counter and mitigate the burden of increasing Power cost.

DIRECTORS' REPORT (Contd.)

PROJECTS

Though, the power supply during the year under review remained stable, there has been steep hike in the tariff by about 25%. Power, therefore, continues to remain a major area of concern and impediment in the growth of the company.

As already informed in the previous year, your company had acquired land, coal linkage and requisite statutory clearances for setting up the Captive Power Plant. However, the project being very capital intensive, efforts were made to bring in joint venture partners for the Project. In this regard, your company is in advanced stage of negotiations with a Joint Venture Partner for setting up a Power Plant through a Special Purpose Vehicle (SPV).

The capacity addition project i.e. New Ferro Chrome Furnace project of 16.5 MVA is also under revival. We are in the process of having a financial tie-up with one of our major customers.

MINES

The Company is having Chromite ore mines located at Sukinda Valley, Jajpur, Odisha, Manganese Ore mines located at Balaghat District, Madhya Pradesh and at Joda, Keonjhar District, Odisha and attempts are on to acquire a new manganese ore mine lease in Chindwara District, Madhya Pradesh.

The Chromite mines in Sukinda Valley (ISO 9001 certified) is being worked in a systematic manner with due regard to safety and environment. The **ISO 9001:2008 has been successfully renewed for another three years up to April-2014.** Our mine has bagged several prizes during this year as detailed under:

- **Seven Prizes during the Mines Safety Week Celebration of Bhubaneswar Region for the year 2010-11.**
- **The Mine also bagged 6 No of Prizes at the Annual Safety Week Function in Dec 10 organized by DGMS, Bhubaneswar, Odisha.**
- **1st Prize from Indian Bureau of Mines, Bhubaneswar for Waste Dump Management during MEMC week Celebration in Feb-11.**

AWARD AND RECOGNITION

The Company has been conferred awards by various organizations in recognition of its contribution to the industry and society. Some of the awards during the financial year 2010-11 are mentioned below:

- "**Think Odisha Leadership Award**" from Times of India for commendable work in Education Support System.
- "**Grow Green Award**" for outstanding efforts of the company towards environmental protection.
- "**Special Achievement Award**" (Twenty One Numbers) for greenery development from Rotary Club.
- "**EEPC Award**" for outstanding Export Performance from Eastern Region in Large Enterprise Category by Engineering Export Promotion Council (EEPC), Eastern India.
- "**NALCO QC Convention Award**" for Best Performance in TPM Circle (Workman Category). Runners-Up Award was also received by the Company.
- Award for "**Best Practices in Industrial Relation**" by Confederation of Indian Industries, Odisha.

CORPORATE DEBT RESTRUCTURING

As the members are aware, the Company is under CDR mechanism. With its continued improvement and better financial performance compared to the projections made under the CDR package and keeping in view of its ongoing need based projects, your Company has taken up the matter with its Lenders to come out of CDR. This will enable the company to tie-up funding of the projects at a competitive terms.

MANAGEMENT INITIATIVES

Your Company continues to practice various strategic management initiatives such as Six Sigma, Total Productive Maintenance (TPM), Performance Management System (PMS) and Supply Chain Management (SCM) with a view to continually improving the productivity. To augment the process, your Company has taken up an integrated approach of various Initiatives with focus on Business Excellence. 100% involvement of employees across the organization and structured review mechanism put in place at the apex level has made these initiatives contributing towards growth of the organization.

DIRECTORS' REPORT (Contd.)

BOARD OF DIRECTORS

The Board of Directors accepted with deep regret the resignation of Mr R N Pandey from the Directorship of the Company w.e.f. 17th May, 2011and place on record, its sincere appreciation for the valuable contribution made by him during his tenure to the Company.

The Board of Directors of the Company had appointed Mr V V Jamnis as an additional Director w.e.f. 29th July, 2010 and Ms Vartika Mittal as an additional Director w.e.f. 26th May, 2011.

In accordance with the provisions of the Companies Act, 1956 and Article 149 of the Articles of Association of the Company Mr S K Pal and Dr A K Bhattacharyya, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible to offer themselves for reappointment.

SUBSIDIARY COMPANY

Milton Holdings Limited (MHL), Mauritius, a wholly-owned subsidiary, shall implement, through joint-venture, proposed Manganese-ore mining projects in Brazil. As at the date of Balance Sheet, the Company has investment in shares of MHL aggregating, in value, to USD 4.36 million (Equivalent to Rs.1994.25 lacs).

The Directors' Report of MHL, the wholly-owned subsidiary, and its audited Statement of Accounts alongwith Auditors' Report thereon for the year ended 31st March, 2011 form part of this Report. Statement pursuant to Section 212 of the Companies Act, 1956 relating to MHL as at 31st March, 2011 is also annexed to this Report.

CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statements of the Company and its subsidiary, prepared and presented in accordance with Accounting Standard (AS) 21, are attached to and form part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

i. In the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed and there have been no material departures;

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that year;

iii. 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; and

iv. The Directors have prepared the annual accounts for the financial year ended 31st March, 2011 on a going concern basis.

AUDITORS

The Company's Auditors M/s S R Batliboi & Co, Chartered Accountants, retires at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to be reappointed.

The Company has obtained a letter from the Auditors to the effect that reappointment, if made, will be within the limits specified in section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT

In relation to the matters dealt with by the Auditors in their Audit Report, we have to state that:

1. As regard to loans of Rs. 962.00 lacs and interest receivable of Rs. 585.79 lacs (including Rs. 42.66 lacs in respect of loans where no principal amount is outstanding), negotiations are going on with the parties. Management is hopeful to receive the amount in full.

2. Necessary follow up is being made on regular basis for recovery of the balance amount of advances of Rs.500 lacs and expect to recover full amount during current financial year.

3. The Company strongly refuted the decision of NESCO citing various correspondences, regulations in the true spirit of the settlement scheme and requested NESCO to withdraw the amount so levied in the monthly bill. The proposal is under process/negotiation with the Authorities of NESCO.

DIRECTORS' REPORT (Contd.)

4. The Company has been regular in making payment of its statutory dues except as pointed out by the Auditors against point no. ix (a) referred to in the Annexure to the Auditors Report.
5. The Company has taken necessary steps to regularise the matter in regard to use of short term funds to the extent of Rs.3039.44 lacs for long term investment as referred to in the point no. xvii of Annexure to the Auditors' Report. It was necessitated to meet certain long term requirements and future growth of the Company.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement with Stock Exchanges, the Management Discussion and Analysis and Corporate Governance Report together with the Certificate from the Auditors of the Company confirming compliance of the conditions of Corporate Governance form a part of the Annual Report.

CODE OF CONDUCT

The Code of Conduct for the Directors and Senior Management Executives has been made applicable to all the Directors whether executive or non-executive including all Senior Management Executives of the Company. The Board members and Senior Management Executives of the Company have affirmed compliance with the Code of Conduct during the year and no violation of the same was reported. The Code of Conduct is also posted on the Company's web-site.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The statement of particulars pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and forms part of the report.

PERSONNEL

Your company during the period under review continued to take proactive measures to maintain harmonious Industrial relations and develop an environment of transparency and mutual trust. A performance oriented work culture has been developed in the organization and the motivated workforce has helped in overcoming the different challenges faced by the company.

The company has taken steps for constantly upgrading the knowledge and skill level of employees which shall help to meet the present and future organizational requirements and also lead to self development of the employees.

As the company looks to expand its business, it aims to develop a cohesive work force with well defined roles and responsibilities having belongingness for the company. The human resource policy of the company focuses on equal opportunity and fair treatment for all and there is a focus on attraction and retention of best talent.

The Board records its appreciation for the support of employees at all levels and looks forward to their continued support and involvement for all round development and growth of the Company.

ACKNOWLEDGEMENT

Your Directors express their sincere appreciation for the continued co-operation and support extended to the Company by the Central Government, the Government of Odisha, Government Agencies, Company's Bankers, Business Associates, Shareholders and Community at large. Your Directors also express their warm appreciation to all employees for their diligence and contribution.

For and on behalf of the Board

Kolkata
26th May, 2011

R K Jena
Managing Director

M Trivedi
Director

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

i. Reduction of Energy Consumption in water circuit: Borewell motor capacity increased from 7.5 KW to 11 KW and connected directly to overhead tank to eliminate an intermediate pump of 11 KW.

ii. Switchyard lighting connected through lighting transformer.

iii. Maintaining near unity Power Factor on drawl of energy from Grid on continuous basis every month.

iv. New Air Conditioners being procured only on seeing their label (Stars).

v. Removal of incandescent lamps totally from plant premises except for test lamp.

b) Additional investments and proposals, if any, being implemented for Energy conservation

Investment of Capital nature are included in Fixed Assets and Revenue nature are charged to expenses.

c) Impact of measures at (a) & (b) above for reduction of energy consumption & consequent impact on the cost of production

The above measures have reduced the power consumption and cost of direct and auxiliary power.

d) Total energy consumption and energy consumption per unit of production.

The required data with regard to conservation of Energy as applicable to our Industry is furnished below:

	For the year ended 31.03.2011	For the year ended 31.03.2010
i Power & Fuel Consumption		
1) Electricity		
a) Purchased Units (in '000')	**335703**	318129
Total Amount (Rs. in lacs)	**12372**	9462
Rate/Unit (Rs)	**3.69**	2.97
b) Own Generation through		
Diesel Generator Units (in '000')	**Nil**	Nil
Unit per ltr of LDO/Furnace oil	**Nil**	Nil
Cost/Unit(Rs)	**Nil**	Nil
2) Coal & Coke (Low Ash Coal used in process)		
Quantity (MT)	**53573**	55056
Total cost (Rs. in Lacs)	**9521**	8357
Average Rate (Rs./MT)	**17772**	15180
3) Furnace Oil / LDO		
Quantity (Ltr. in '000')	**1010**	971
Total Amount (Rs. in lacs)	**272**	238
Average Rate (Rs./ Ltr)	**26.93**	24.51
Consumption per MT of production		
Electricity (Unit)	**3708**	3790
Coal (MT)	**0.59**	0.66

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

B. TECHNOLOGY ABSORPTION

1) Research & Development (R & D)

a) Specific areas in which R & D was carried out by the Company

i) The unusable coke dust was mixed with ore for production of briquettes on experimental basis and it resulted in reduction of coke usage in the furnaces by corresponding level.

ii) The (-1) mm Metal Powder has no market value. It is now being briquetted and remelt to obtain prime metal.

iii) Charge Mix has been adjusted to get maximum Power Factor.

iv) Flux Mix: The usage of Dolomite has been partially replaced with Magnesite to extend the life of furnace lining.

b) Benefit derived as a result of the above R & D

The R & D efforts helped in reduction of cost of production, improvement in production process and metal recovery.

c) Future plans of action

Feasibility of Production of Value Added Products

d) Expenditure on R & D

i)	Capital	Expenses incurred are charged to respective heads and not allocated separately.
ii)	Recurring	
iii)	Total	
iv)	Total R & D Expenditure (% of total turnover) :	Not determinable.

2) Technology Absorption, Adaptation & Innovation

a) Efforts, in brief, made towards technology absorption, adaptation and innovation.

i) Online Taphole Repair has been successfully developed. Earlier, the furnaces were shutdown to carry out the repairs.

ii) Paste Lined Ladle, which is costlier and contaminates the metal surface, has been totally replaced with Refractory Lining resulting in substantial savings in cost of production.

iii) Slag Pot's life has been enhanced by 2.5 times by redesigning indigenously.

iv) The blending of Low Grade Ore with High Grade Ore and usage of low grade Quartz from our Captive Mines have also resulted in reduction in cost of production.

v) Tapping Fumes Collection system has been devised in-house to maximize Ambient Air Quality.

vi) Higher capacity Cranes have been inducted to avoid frequent break downs.

b) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.

The above efforts have helped in cost reduction.

c) Future plans of action

Development of captive Chrome Mines.

d) Particulars of technology imported during the last five years

Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to Exports, Initiatives taken to increase Exports, Development of new export markets for products and Export Plan.

i) Activities relating to Exports

The Company exported 34996 MT valued at Rs. 22244.93 lacs during the financial year ended 31st March, 2011. Long term assured volume contracts with customers have been developed. Special emphasis has been given on timely shipment and strict adherence to all quality and product norms of foreign buyers.

ii) Initiatives taken to increase exports

a) **Value addition to customers** : Supply in 1mt double layer HDPE bags to minimise onward transit losses and to facilitate easy handling and movement with minimum costs.

b) **More focus on CNF contract** : Identification of low cost means of shipping lines with minimum transit time and offer free holding of stock at discharge ports without any additional costs to the customer.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

c) **Easy payment terms**: To minimise the financial costs of the customer, accepting payment terms convenient to the customers.

d) **Staggered delivery terms:** To minimise the inventory costs of the customer, facilitating staggered deliveries as per requirements of the customers.

e) **Assurance of quality**: To provide required comfort to customers, accepting the quality verification at discharge ports by any third party agency.

f) **Pre-shipment service**: Continuously informing the status of the order to the customer from acceptance of the order till execution.

g) **Post shipment service**: A Technical team has been developed to provide full technical support to the customer while usage of our product in their production process.

h) **Regular Customer Visits**: Inviting customers to visit our plant and mines in order to make a bonding with the customers and for repeat purchase.

i) **Increase customer Base**: Visiting various untapped countries with the help of channel partners to expand our market reach and increase customer base.

j) **New Website development**: In order to mark our presence in international market we are upgrading our website matching international standards.

k) **Customer Satisfaction Survey:** Conducting Customer Satisfaction Survey at regular intervals by an Independent Agency to get true and fair feedback of the customers on the quality and other services. Voice of the customers are captured for identifying opportunities to improvement.

iii) Development of new export markets for products: To promote our product in different parts of the world, new customers are identified by participating in seminars and also agents are appointed in different regions/areas.

2. Total Foreign Exchange used and earned

	(Rs. in Lacs)
– Foreign Exchange Earnings (on Accrual Basis)	
FOB Value of Exports	21246.97
– Foreign Exchange Outgo	
1. CIF Value of Imports	
– Raw Materials	7870.66
– Stores & Spares	–
2. Other Expenditure	127.21

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report

Name	Age	Designation/ Nature of Duties	Gross Remuneration	Net Remuneration	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment
Jena, R K	44	Managing Director	2,56,69,403	1,62,91,003	AMIE-Mech & MBA	21	30.04.1990	—
Pradhan, C R	68	Director Operations	19,07,541	15,28,751	B.Sc-Engineering (Mechanical)	42	29.05.2009	API Ispat and Power Tech. Private Limited

Notes :
1. Gross remuneration comprises salary, allowances, medical reimbursement, production incentive, leave travel assistance, contribution to provident fund, monetary value of other perquisites etc.
2. Net Remuneration is after Income Tax, Professional Tax, Employee's own contribution to Provident Fund and recreation club membership.
3. The nature of employment is contractual. The employee is not a relative of any Director of the Company.

For and on behalf of the Board

Kolkata
26th May, 2011

R K Jena
Managing Director

M Trivedi
Director

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

The Global Economy in the year 2010 continued to remain unstable. While the growth in world output in the first half of the year stood at 5.25%, the downward trend was evident in the second half which recorded a growth rate of 3.75%. However, compared to 2009, the global economy retraced growth despite global economic & political uncertainty and natural disasters.

As per the Monetary Policy Statement 2011-12 issued by RBI on 3rd May 2011, the global economy during the first quarter of 2011 continued with the momentum of late 2010. While the global manufacturing purchasing managers' index (PMI) for February 2011 was close to a record high, the global services PMI recorded its fastest pace of expansion in almost five years. Although these indices slipped somewhat in March 2011, they signalled continuing expansion. According to the International Monetary Fund (IMF), world real GDP growth for 2011 is forecast at 4.4%, with emerging and developing economies forecasted to grow by 6.5% as against forecast of 2.5% growth rate for advanced economies.

Slip in GDP growth in the US owing to a decline in government spending, deceleration in private consumption and increase in imports, surge in the Brent crude price, political developments in the Middle East and North African (MENA) region, natural disasters in Japan have impacted the growth rate, which is now predicted to remain modest till 2012.

During 2010, the Indian economy saw acceleration in the pace of its growth due to rebound in rural income with increase in agricultural production and a good industrial and service sector growth.

During the year 2010-11, the Indian economy is estimated to have grown by 8.6 per cent. While the growth in the Agricultural Sector is fantastic following a very good monsoon, the index of industrial production (IIP), which grew by 10.4 per cent during the first half of 2010-11, moderated subsequently, bringing down the overall growth for April-February 2010-11 to 7.8 per cent. The main contributor to this decline was a deceleration in the capital goods sector and Inflation remained the primary macroeconomic concern throughout 2010-11.

Tighter monetary and fiscal policy aid in controlling inflation but are also impediments to growth due to credit squeeze, slow down of investments and consumer demand. Concerted and coordinated monetary, fiscal and policy measure are required to tackle these challenges head on. Despite these challenges, in the medium to long term, India has many positive factors in its favour to strengthen its emergence as an economic powerhouse.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Ferro Alloys industry established over 50 years ago is part of the Core Sector under the Ministry of Steel, and is engaged in supplying crucial intermediates to the Steel Industry. The installed capacity of the industry with a capital investment of 4,000 crore in 2002-03 was about 1.7 Million Tonnes of Bulk and Noble Ferro Alloys. The Industry has developed remarkably during the last seven years and installed capacity increased to 4.30 Million Tonnes of Bulk and Noble Ferro Alloys with investment of over Rs. 7500 crores on capital goods by way of plant and machinery. This Industry annually earns more than Rs. 4000 crores of valuable foreign exchange for the country, after fulfilling the domestic requirements. The Industry presently employs more than two lakh people, both directly and indirectly.

Your company is engaged in the production of High Carbon Ferro Chrome, one of the important ferro Alloys which is backed up by captive Chrome Ore Mines. Basically, ferro chrome is used in metallurgical operations (especially stainless steel) as a raw material.

Chrome ore is a key, irreplaceable input for production of chrome alloys. The availability of resources of this metalliferrous ore is limited in the country. It is for this reason, that Government has been reviewing the export policy of chrome ore every year.

Global overview:

World stainless production grew by 24% during 2010 as real demand began to recover from the downturn and re-stocking boosted off take further. Real demand will continue to improve but the absence of re-stocking will limit the increase in 2011. Growth in global stainless output will decelerate sharply this year and will also be adversely affected by the earthquake and tsunami in Japan, tighter credit in China and events in the Middle East. This year, growth in stainless output should be closer to growth in industrial production which implies a sharp deceleration in stainless production growth from 24% to 5.5%. World stainless production was strong in 2011 Q1 and output surprised on the upside. But a sharp downward correction in nickel prices triggered a phase of de-stocking in all key regions from which the industry has yet to emerge. Q3 is seasonally weak suggesting any sustained pick-up in demand will be postponed until September 2011. But real demand for stainless steel is still thought to be healthy suggesting that 2011 Q4 could be uncharacteristically strong for melted production.

Last year, world ferrochrome consumption rebounded rapidly after the sharp downturn in 2008-09. Global output fell heavily in 2009 (-24%) as the downturn in demand and prices led most producers to cut production. A revival in output took place in 2010 as furnace reactivations gradually took place. World ferrochrome production has surpassed pre-recession levels but the market remains vulnerable to oversupply. World capacity utilisation dropped to a low of 54% in 2009, but recovered to 71% last year. Further modest gains are expected this year, to a level of 74% on a global basis. But there remain variations by region. South African capacity utilisation is forecast to average 76% in 2011, while Kazakh capacity utilisation is likely to be closer to 90%.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

The prices also continued their northward journey and the benchmark price of South Africa Charge chrome in the year 2010 rose by 42.7% as compared to that in the preceding year of 2009. However, market price of high carbon ferro chrome in the second half of 2010 had unexpectedly weakened and an aftereffect of this bearish tone has been carried over to 2011.

This year growth is forecast to decelerate mirroring developments in the stainless steel market. Japanese FeCr consumption is forecast to fall this year, in the aftermath of the tsunami, but rebound in 2012 as the reconstruction effort gathers pace. When a global expansion in production of stainless steel grows by 5% to 6% on an annualized base for a long period, the restricted production of charge chrome in South Africa driven by the controlled supply of electric power is anticipated to cause tightness on supply of charge chrome in an earlier time than 2012. In China, tighter monetary policy will reduce growth rates but ferrochrome consumption is expected to increase at a solid pace.

Indian Overview:

The Indian ferro alloys industry has a capacity of 4.30 Million Tonnes which can comfortably cater the requirement of Ferro Alloys for the domestic Steel sector till it attains the production level of 150 Million Tonnes. The Industry is plagued with over-capacity and presently operating at around 65% capacity as the Steel Industry's capacity and production has not increased to the envisaged level. The Ferro Alloy Industry therefore largely depends for its survival on exports. India has the potential to be a major player in the global ferro alloy industry in the coming years.

OPPORTUNITIES AND THREATS

Opportunity

South Africa has an overwhelming share of the chrome market but has currently lost their oligopoly in production of charge chrome. The quantity of high carbon ferrochrome (charge chrome) produced by South Africa, which stood at about 40% of the world output, is threatened because of critical supply of power. Eskom, national electric power corporation of South Africa, has announced its inability to guarantee the supply of electric power for new projects until 2012.

As already stated above, the Stainless Steel industry is expected to continue to grow at 5-6%. Consequently, the demand for Ferrochrome, notwithstanding the capacity increase, is likely to remain buoyant. The Japanese rebuilding efforts and Indian Government's increasing thrust on infrastructure shall provide further fillip to the fortunes of Ferro chrome industry.

Threats

The mushrooming growth of Ferro Alloy Plants at a time when the Industry is already struggling to cross 70% capacity utilization rate, despite favourable market conditions, is a major area of concern. High carbon ferrochrome consumption in the world in 2010 was nearly 8.20 Million Tonnes as against world output of 8.40 Million Tonnes. To compound the problem further, China, which accounts for more than 35% of the world Stainless Steel production is setting up facilities to produce more high carbon ferrochrome by themselves for fulfilment of the chrome requirements. This is explicitly manifested by the decline in imports of high carbon ferrochrome by China in 2010 when compared from those in 2009. China imported 2.16 Million Tonnes of high carbon ferrochrome in 2009 registering an impressive increase of 20% from that in 2008 but imported only 1.81 Million Tonnes of this ferroalloy in 2010. However, Chinese imports of Chrome ore continue to expand.

Ferro Alloys is a power intensive industry and increasing power cost is a major threat for the industry. Power tariff in India is 3 to 5 times costlier compared to other competing countries like South Africa, Kazakhstan or CIS.

FUTURE PROSPECTS & COMPANY'S STRATEGIES

In addition to stainless steel, various alloy steels have become significant users of chrome, also in smaller Asian markets. Outside the group of the top 5 chrome importing countries, chrome requirements within the smaller markets has reached some 22000 tonne last year (including 2000 tonne low carbon grades), but expanding rapidly by almost 20% annually. Future stainless plants in Malaysia (e.g. Bahru Stainless) and potential stainless investments in Indonesia make small markets increasingly attractive.

Power cost largely drive Ferro Chrome's cost curve and much of the world's supply comes from South Africa, where power constraints continue to provide a drag on supply growth. Utilization rates in South Africa are low by historic standards and new power supply is a medium-to-long term proposition to rectify. Meanwhile, various other sources are providing some incremental increase in supply, notably Kazakhstan, Russia and India, but most of them will not be until about 2013.

Your company is on the verge of setting up a Captive Power plant to become self reliant and competitive. It is making strenuous efforts to gain foothold in emerging and lucrative smaller markets and foresees for itself reasonable opportunity for growth and increase in its dominance in the Industry owing to the global and Indian developments in the sector.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

MANAGEMENT OF RISKS AND CONCERNS

The Company believes that business projections have an inherent element of uncertainty owing to unknown factors and presumed that managing risks is a paramount need for ensuring present and future growth plan. Over the years, the Company has encountered several risks and concerns during the process of its business. In keeping with problem solving approach that characterized the Company, it has taken several steps to counter and mitigate these, while simultaneously pursuing every possible risk.

Any economic slowdown can adversely impact the demand-supply dynamics and profitability. Flux in prices will also affect operating margins. Our Company too is vulnerable to these changes. Supply of quality as well as consistent power by the local distribution company continues to be a concern area where monopoly in future can be envisaged.

The State of Odisha as well as your Company witnessed the worst power shortage during the early part of the year under review as hydro power stations of the State, most of the time, remained non-functional due to insufficient rain. However, the issue has been taken up with concerned authority to arrange adequate and quality power supply. Since power constitutes one of major ingredients of the Variable Cost of the Company's product, your Company has initiated all its efforts to set up the proposed Captive Power Plant to become self-reliant.

Wherever possible and necessary, appropriate insurance cover is taken for financial risk mitigation. Confirmation of compliance with applicable statutory requirements are obtained from the respective unit/divisions and subjected to an elaborate verification process. Quarterly Reports on Statutory Compliances, duly certified, are submitted to the Audit Committee as well as the Board of Directors for review. Compliance(s) with exception(s), if any, are duly reported to the Audit Committee and the Board of Directors. Status of Demand/Notices on the Company, under various Acts and Rules, as well as status of litigations are reported to the Board of Directors every quarter.

The Company recognizes that risk management is an integrated and process oriented approach for managing its business risks and opportunities. Accordingly, the Company has clearly identified and segregated its risks into separate components, i.e., potential, operational, financial, strategic and growth execution. All the identified risks are inter-linked with the Annual Business Plans of the Company so as to facilitate Company-wide reviews.

A Risk Management Committee of Board of Directors, comprising of Board Members, has been constituted to review periodically updates on identified risks, implementation of mitigation plans and adequacy thereof, identification of new risk areas etc. The risk Management Committee constantly monitor the pro-active approach and meets periodically to identify and assess new risks, formulate mitigation plans, review the updates on the identified risks and implementation of the mitigation plans etc. The Board of Directors also reviews the Risk identification process and mitigation plans regularly.

OPERATIONAL PERFORMANCE

For the year ended 31st March, 2011, the production stood at 90,544 MT as against 83,936 MT in the previous year 2009-10. Your Company exported 34,996 MT valued at Rs. 22,244.93 Lac during the year under review as against 42497 MT valued at Rs. 20,608.87 Lac during the previous year 2009-10. Due to the fluctuations in exchange rate, your Company treaded the most advantageous path by having an optimum mix of both Export and Domestic Sales Mix.

Optimum capacity utilization is a critical factor for achieving sustained profitability, which we have been achieving continuously, even during the Global Meltdown period. Sustainability has continued to be our core strategy. Safe working conditions, planned production schedules, cost savings in raw materials and procurement, lowest inventory level and the provision of clean working environments have been strengths to further improve the sustainability of our operations. Further, the continued practice by the Company of the initiatives such as TPM, JIT, Six Sigma, SCM etc., has helped in optimization of cost and plant performance.

The electricity tariff in the State of Odisha has witnessed an unprecedented increase of about 25% to 30% for last two years, which is fast becoming cost prohibitive for our Ferro Alloy plant. The present peak load requirement in the State is 3300- 3400 MW which will increase to about 3700 MW in 2012. Odisha, having about 2000 MW of Hydro power, is not been able to run at the desired level due to inadequate rains; as a result there is always a power shortage even after getting allotted quota from the Central sector and surplus power from the Captive generation. The capacity addition plants of private parties in the State for about 38000 MW is not encouraging due to issues related to land acquisition, coal linkage, water availability and R&R. Hence, setting up of captive power plant by your Company has been accorded top most priority.

QUALITY ASSURANCE

The Company continues to have ISO 9001: 2008 and ISO 14000 accreditations from the Bureau of Indian Standards through commitment to quality and technological excellence and Environmental Management System. The Company is committed to maintain the highest quality of its products and stringent quality assurance procedures with continuous efforts to maintain the Environmental system.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

ENVIRONMENTAL AND SAFETY MEASURES

Your Company accords highest priority on environmental protection and creation of a safe work environment and constant review is being done to avoid any hazardous situation. The company adheres to necessary legal and statutory norms in all matters related to Environment and Safety.

The Company continues to be ISO-14001 certified signifying the effective implementation of the Environmental Management System which has been put into place. A systematic approach has been developed to identify and address all significant aspects so that adverse impact is not there on air, water pollution or land resources. There is constant monitoring of emissions and suspended particulate matters and the results are much below the statutory norms. The plant works on a Zero Discharge model and the entire waste water is recycled and is used in system and horticulture. The solid waste is now established as a good replacement for stone chips and used extensively for construction purposes with significant revenue generation. A massive plantation programme has been successfully carried out by your company during the period under review with plantation of 50,000 trees in around 800 Villages covering 9,788 Houses in 28 Panchayats of the District.

Workplace safety has remained the top priority and company has been focusing on its goal to develop a safe and productive workplace, free from hazards. There has been constant effort to ensure safety of all employees through effective safety policies, procedures and practices. A Safety Committee is effectively guiding and monitoring the efforts to achieve the target of Zero Accident through identification and elimination of unsafe conditions and unsafe practices. Employee involvement in safety awareness, education and training is given high priority and periodic Safety Audit and Hazard Analysis is done to take care of Near Miss Situations. Round the clock Ambulance and Fire Tender Service is maintained by your Company to meet any emergency in the factory as well as in neighbouring areas.

CORPORATE SOCIAL RESPONSIBILITY

Your company believes that the Industry can thrive only when there is overall development in the neighbouring areas and the standard of living of the people of the locality improves. The activities in the CSR arena are being carried out in a systematic manner with the active involvement of employees and local people. The company initiatives are taken after Need Identification at the grass root level and the thrust areas are:

1. Infrastructure Development
2. Healthcare and Medical facilities
3. Skill Development
4. Education
5. Environment Protection
6. Drinking Water facilities
7. Assistance to poor and needy people
8. Promotion of Local talent

The proactive steps taken by your Company in this direction has been widely appreciated and several awards have also been conferred like the "Think Odisha leadership Award" from The Times of India Group.

INTERNAL CONTROL SYSTEMS

The Company remains committed to ensure the prevalence of an effective internal control environment commensurate with its size and nature of business that provides reliable financial and operational information to ensure compliance of corporate policies and applicable statutory regulations and safeguards Company's assets. The internal audit process includes review and evaluation of effectiveness of the existing processes, controls and compliance. It also ensures adherence to policies and systems and mitigation of the operational risks perceived for each area under audit.

The full fledged internal audit function is headed by a firm of independent Chartered Accountants to monitor adherence to all internal policies and procedures as well as compliance with all external regulatory guidelines. The Company has an elaborate financial reporting process which ensures timely review of all financial information. Periodic reviews are undertaken through internal and external audit teams to monitor efficacy of the prevalent systems. Independence of the audit and compliance function is ensured by a direct line of reporting to the Audit Committee comprising of all Independent Directors as members to maintain the objectivity. All significant audit observations and follow-up actions were reported to Audit Committee. The Audit Committee's observations and suggestions were acted upon timely by the Management.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Financial Performance with Respect to Operational Performance

(Rs. in Lacs)

		Financial year ended 31st March, 2011	Financial year ended 31st March, 2010
1.	Turnover	**63,866.19**	41,518.56
2.	Total Income	**64,729.33**	44,454.23
3.	PBDIT	**10,701.07**	7,397.46
4.	Profit before Taxes	**4,078.79**	2,084.78
5.	Profit after Taxes	**2,688.54**	1,254.91

The net profit for the year was at Rs. 2,688.54 lacs and the Company has announced a dividend of 10% after a long period of 14 years.

The Company delivered impressive performance with the improvements across key parameters. The turnover achieved for the year ended March 31, 2011 was Rs.63,866.19 lacs, a growth of 54% over the previous year. During the year export was Rs. 22,244.93 lacs, higher by 8 % over the previous financial year despite low demand and price pressure in the international market.

The consumption of raw materials increased by 18% from Rs. 18,987.89 lacs to Rs. 22,332.74 lacs. This was mainly on account of price increase of coal and coke and higher production over corresponding financial year.

Power and fuel cost increased by 31% from Rs. 9,462.34 lacs to Rs. 12,371.50 lacs. The increase was mainly on account of increase in power tariff about 25% and increased volume of production as compared to previous year.

PBDIT increased by 45% from Rs. 7,397.46 lacs to Rs. 10,701.07 lacs.

Interest and finance charges increased by 19% from Rs. 4,221.37 lacs to Rs. 5,038.16 lacs. The increase was mainly due to increased business activities during the year.

PBT stood at Rs. 4,078.79 lacs as against Rs. 2,084.78 lacs for the previous year, an increase of 96%.

Profit after taxes stood at Rs.2,688.54 lacs as against Rs. 1,254.91 lacs for the previous year, an increase of 114%.

The Basic Earning per Share (EPS) for the year was Rs. 4.18 as against Rs. 1.95 for the previous year, an increase of 114%.

Shareholders' funds (Net worth) increased from Rs. 24,564.79 lacs to Rs. 27,066.78 lacs as on March, 2011, an increase of 10%.

HUMAN RESOURCES OF THE COMPANY

Your Company recognizes that the Human Resource is the primary source of its competitive advantage in the national as well as international market. Efforts are made to engage the employees in an optimum manner so that the best talent can be retained and there is ease in attracting fresh talent. The Company believes in equal opportunity and fair practices in respect of all matters related to employees and it encourages free flow of information. Efforts are always made to implement best people practices in the Company to foster a culture of learning, belongingness and care. A well-developed performance management system has been put into place to make the employees aware of their roles and goals and enhance their performance. This is complimented with a well-planned reward and recognition system and a variable pay structure that promotes a performance driven culture in the organization. The total regular manpower strength of the organization as on 31st March, 2011 was 628.

INITIATIVES TOWARDS OPERATIONAL EXCELLENCE

The Company has undertaken various strategic management initiatives with a view to operate at optimum condition, exploit favourable market condition & continually improve upon the performance. The enthusiasm demonstrated by these initiatives being championed by various head of functions and the results of these efforts have enabled these initiatives to gather momentum under the Business Excellence approach.100% involvement of employees and structure review mechanism put in place at the apex level has made these initiatives contributing towards growth of the organization.

Business excellence is the systematic use of quality Management principles and tools in business Management with the goal of improving performance based on the principles of customer focus, stakeholder value and process management.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

We are practicing European Foundation for Quality Management (EFQM) Excellence Model as a framework for organizational management systems, designed for helping organizations in their drive towards being more competitive. The (EFQM) Business Excellence Model that enables organization to:

- Assess where they are on path of excellence, helping them to understand their key strengths & potential gaps in relation to their stated Vision & Mission.
- Facilitates effective communication systems both within and outside the organization.
- Integration of existing and new initiatives, removing duplication and identify gaps.
- Provide a basic structure for the organization's management system.

Organization achieves & sustains superior levels of performance that meet or exceed the expectations of all stakeholders. The Excellence Model allows Managers/leaders to understand the cause and effect relationship between what an organization does and results it achieves .The different initiatives function under the umbrella of Business Excellence Model (EFQM) are :

- **SIX SIGMA**

  Six Sigma initiatives has significantly contributed for transforming Business at Balasore Alloys Ltd. and enables to break various myths & shackles of conventional thinking. With robust process and demonstrated results Six Sigma Initiatives has led to break through improvements and enhanced bottom line by redesigning business process and standard operating practices.

- **TOTAL PRODUCTIVE MAINTENANCE (TPM)**

  The TPM Program was initiated to create a preventive philosophy, total employees participation and building a profitable culture. We started with the basic concept of eight pillars (Autonomous Maintenance, Kobetsu Kaizen, Planned Maintenance, Education & Training, Safety, Health & Environment, Office TPM, Initial Flow Control and Quality Maintenance) for internal improvements. To increase the coverage of TPM culture across the organization, two more pillars i.e Sales & Marketing and Supply Chain Management were initiated to strengthen the Supplier and Customer Relationship.

- **SUPPLY CHAIN MANAGEMENT**

  This initiative is expected to generate significant benefit to the Company by way of value enhancement through reduced cost and risk of inputs, reduced logistic cost, optimize product mix and input feed mix through stream line process and scientific inventory management.

- **PERFORMANCE MANAGEMENT SYSTEM (PMS)**

  First level exercise for this strategic initiative, aimed at optimizing performance of the employees and bringing sharper accountability, has been completed by one of the renowned consultant. This initiative is expected to focus at redefining roles and responsibilities for key positions, realigning the organization structure for impacting functions towards highly performance oriented outfit and removes structural anomalies for smooth control. Lesser hierarchy and greater performance brings transparency and accountability across the organization for attaining common organization mission, vision and goals.

- **QUALITY AUDIT**

  The Company has engaged one of the renowned quality firms towards quality compliance of its product for both domestic as well as international market. This has ensured specified quality products for the customers.

CAUTIONARY STATEMENT

Statements in this Management discussion and Analysis report detailing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand, supply conditions, raw material prices, finished goods prices, cyclical demand and pricing in the Company's products and their principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries with which the Company conducts business and other factors such as litigation and / or labour negotiations.

REPORT ON CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE

Sound Corporate Governance practices are guided by culture, conscience and mindset of an organization and are based on principles of openness, fairness, professionalism, transparency and accountability with an aim to building confidence of its various stakeholders and paving way for its long-term success. In Balasore Alloys Limited, Corporate Governance is defined as a systematic process by which companies are directed and controlled keeping in mind the long-term interests of all their stakeholders. Achievement of excellence in good Corporate Governance practices requires continuous efforts and focus on its resources, strengths and strategies towards ensuring fairness and transparency in all its dealings with its stakeholders including society at large. Corporate Governance has indeed assumed greater significance as the world has moved towards closer integration and free trade.

COMPANY'S PHILOSOPHY ON GOVERNANCE:

Your Company's philosophy on the Corporate Governance is founded upon a rich legacy of fair and transparent governance practices which are essentially aimed at ensuring transparency in all dealings and hence seeks to focus on enhancement of long-term shareholder value without compromising on integrity, social obligations and regulatory compliances. Your Company has continued its pursuit of achieving these objectives through the adoption and monitoring of Corporate strategies and prudent business plans, thereby ensuring that the Company pursues policies and procedures to satisfy its legal and ethical responsibilities. The Company's comprehensive written code of conduct serves as a guide for your company and its employees on the standards of values, ethics and business principles, which should govern their conduct. Your company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its stakeholders. Even in a fiercely competitive business environment that the Company is operating in, the management and employees of your Company are committed to uphold the core values of transparency, integrity, honesty and accountability, which are fundamental to the Company and for achieving Corporate Excellence.

CORPORATE GOVERNANCE PRACTICES:

The Company's Corporate Governance practices seek to go beyond the regulatory requirements and with a view to ensuring commitment to transparent, law abiding behaviour and good Corporate Governance, the Company has put in place the following practices:-

a) **Code of Conduct:** The Company's Code of Conduct is based on the principle that business should be conducted in a professional manner with honesty, integrity and law abiding behaviour and thereby enhancing the reputation of the Company. The Code ensures lawful and ethical conduct in all affairs and dealings of the Company.

b) **Business Policies:** The Business Policies of Company ensures transparency and accountability to its stakeholders. The policies provide motivation and support for professional development of employees, fair market practices and high level of integrity in financial reporting. The policies recognize Corporate Social Responsibility of the Company and also seek to promote health, safety and quality of environment.

c) **Prohibition of Insider Trading:** The Code on prevention of Insider Trading, which applies to the Board Members and all officers and employees, seeks to prohibit trading in the securities of the Company based on unpublished price sensitive information. Trading window remains closed so long unpublished price sensitive information is not made public.

d) **Risk Management:** The Company has developed and implemented a comprehensive risk management policy for risk identification, assessment and minimization procedure. The risk management procedures are clearly defined and periodically reviewed by the Board of Directors with a view to strengthening the risk management framework and to continuously review and reassess the risk that the Company may confront with.

e) **Safety, Health and Environment Policy:** The Company is committed to conducting its business in a manner that values the environment and helps to ensure the safety and health of all its employees and society at large. The policy is aimed towards strengthening pollution prevention and control measures.

f) **Equal Employment Opportunity:** The employment policy of the Company assure that there shall be no discrimination or harassment against an employee or applicant on the grounds of race, colour, religion, sex, age, marital status, disability, national origin or any other factor made unlawful by applicable laws and regulations. The policy also ensures fair and respectful treatment of all fellow employees.

REPORT ON CORPORATE GOVERNANCE (Contd.)

2. Board of Directors

The Company has optimum composition of Executive and Non-Executive Directors in conformity with Clause 49 of the Listing Agreement with the Stock Exchanges. The Board as on 31st March, 2011, consists of 12 directors out of which 9 directors are Independent Directors. The composition and category of the directors on the Board are as follows:

Category	Name of the Director
Promoter Director	Mr Pramod Mittal, Chairman
Executive Director	Mr R K Jena, Managing Director Mr C R Pradhan, Director Operations
Non-Executive Independent Director	Mr M Trivedi Mr S Mohapatra Mr S K Pal Dr A K Bhattacharyya Prof S K Majumdar Mr K P Khandelwal Mr R N Pandey Mr Vilas V Jamnis*
Nominee Director	Mr S M Ali

* Appointed as an Additional Director w.e.f. 29.07.2010.

Four Board meetings were held during the period 01.04.2010 to 31.03.2011. The Company has held at least one Board Meeting in every three months and the gap between such two meetings was not more than four months. The dates on which the Board meetings were held are as follows:

25.05.2010, 29.07.2010, 02.11.2010 and 29.01.2011.

Attendance at aforesaid Board Meetings, at the last Annual General Meeting and the number of Directorships and Committee Chairmanship / Memberships in other Companies of each of the Directors as on the date of this report are below:-

Director	Board Meeting Attended	Attendance at last AGM held on 09.09.2010 at Registered Office	No. of Directorship in other Companies @		No. of Membership in Committees of Directors in other Companies.^^	
			Chairman	Director	Chairman	Member
Mr Pramod Mittal (Chairman)	Nil	No	3	1	Nil	Nil
Mr V K Mittal*	Nil	NA	NA	NA	NA	NA
Mr M Trivedi	4	Yes	Nil	1	2	Nil
Mr S Mohapatra	4	Yes	Nil	Nil	1	Nil
Mr S K Pal	4	No	Nil	2	2	1
Dr A K Bhattacharyya	3	No	Nil	2	Nil	1
Mr R K Jena (Managing Director)	4	Yes	Nil	1	Nil	1
Prof S K Majumdar	4	No	Nil	Nil	Nil	Nil

REPORT ON CORPORATE GOVERNANCE (Contd.)

Director	Board Meeting Attended	Attendance at last AGM held on 09.09.2010 at Registered Office	No. of Directorship in other Companies @		No. of Membership in Committees of Directors in other Companies.^^	
			Chairman	Director	Chairman	Member
Mr K P Khandelwal	4	No	Nil	2	Nil	3
Mr R N Pandey	2	No	Nil	1	Nil	1
Mr C R Pradhan (Director-Operations)	4	Yes	Nil	Nil	Nil	Nil
Mr S M Ali (Nominee Director)	4	No	Nil	Nil	Nil	Nil
Mr Vilas V Jamnis**	2	No	Nil	1	Nil	1

* Ceased to be a Director w.e.f. 28.07.2010

** Appointed as an Additional Director w.e.f. 29.07.2010.

@ Excludes Directorship held in Indian Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956.

^^ The Committee membership includes Audit Committee and Shareholders Grievance Committee.

Board Procedure

The Board ensures that the Company's reporting and disclosure practices meet the highest standards of Corporate Governance and that the business practices followed by the Company are oriented towards meeting obligations towards various stakeholders and enhancing shareholders value.

The Agenda of the meeting is circulated well in advance to the Board members backed by comprehensive background information to enable them to take appropriate decisions. In addition to the information required under Annexure I A to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary. The Managing Director at the Board Meetings keep the Board apprised of the overall performance of the Company.

3. Audit Committee

The Company has a qualified and independent Audit Committee. The terms of reference, role and scope of Audit Committee are in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The Committee acts as a link between the management, the statutory and internal auditors and Board of Directors and oversee the financial reporting process. All the members of the Committee are independent Directors.

As at 31st March, 2011 the Committee consists of Eight Directors, who bring with them vast experience in the field of operations, finance and accounts and the Company has immensely benefited from the deliberations of the Audit Committee. Besides the Committee members, functional heads and Auditors of the Company attend the meeting of the Committee on the invitation of the Committee.

The Chairman of the Audit Committee is an Independent Director and the Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit Committee attended the previous Annual General Meeting held on 9th September, 2010.

Four Meetings of Audit Committee were held during the year 01.04.2010 to 31.03.2011. The dates on which the meetings of the Audit Committee were held are:

25.05.2010, 29.07.2010, 02.11.2010 and 29.01.2011.

REPORT ON CORPORATE GOVERNANCE (Contd.)

The composition of the Audit Committee and the meeting attended by the members are as under:

Name of Director	No. of Meetings attended during the period
Mr M Trivedi (Chairman of the Committee)	4
Mr S Mohapatra	4
Mr S K Pal	4
Dr A K Bhattacharyya	3
Prof S K Majumdar	4
Mr K P Khandelwal	4
Mr R N Pandey	2
Mr V V Jamnis	2

4. Remuneration Committee

The Committee was assigned with the responsibility to consider the policy and the matters relating to the remuneration payable to its Managing Director/Whole-time Directors based on the performance and defined assessment criteria.

As at 31st March, 2011, the Committee in line with the requirements of Clause 49 of the Listing Agreement and Schedule XIII of the Companies Act, 1956, comprised of four members, of which all of them are Independent Non-Executive Directors. Mr M Trivedi, an Independent Non-Executive Director, is the Chairman of the Committee.

During the financial year ended 31st March, 2011, one meeting of the Committee was held on 29.07.2010. Attendance at the meeting is as under:

Name of Director	No. of Meetings Attended
Mr M Trivedi (Chairman of the Committee)	1
Dr A K Bhattacharyya	1
Mr S K Pal	1
Prof S K Majumdar	1

5. Remuneration to Directors

(a) Remuneration to Non-Executive Directors:

The Non-executive Directors of the company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The Company had increased the sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors and Audit Committee of Board of Directors from Rs. 10,000/- to Rs. 15,000/- per meeting w.e.f. 29th July, 2010. However, sitting fees for attending other Committee meetings i.e. Remuneration Committee, Share Transfer and Investor Grievance Committee, Risk Management Committee, and Project Committee remained the same at Rs. 5,000/- per meeting. Beside the sitting fees they are also entitled to reimbursement of expenses. The Non-executive Directors of the Company were not paid any other remuneration or commission.

(b) Remuneration to Executive Directors:

Remuneration policy/criteria of payment to Executive Directors: The Company has a credible and transparent policy in determining and accounting for the remuneration of the Managing Director/Whole Time Directors (MD/WTDs). Their remuneration is governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. The remuneration determined for MD/WTDs is subjected to the approval of the Board of Directors and Members in due compliance of the provisions of Companies Act, 1956.

REPORT ON CORPORATE GOVERNANCE (Contd.)

As a policy, the Executive Directors are neither paid sitting fee nor any commission.

Details of remuneration paid to Whole-time Directors for the period ended 31st March, 2011:

Director	Salary & Perks	Commission	Total	Service Contract (Years)	Period
Mr R K Jena (Managing Director)	Rs.256.69 lacs	Nil	Rs.256.69 lacs	3	(01.04.2011 to 31.03.2012)
Mr C R Pradhan (Director-Operations)	Rs.19.08 lacs	Nil	Rs.19.08 lacs	3	(29.05.2009 to 28.05.2012)

Relationship of Non-Executive Directors with the Company and interse: There is no pecuniary relationship or transactions of the Non-Executive Directors visa-vis the Company and interse themselves except for the sitting fees paid to them for attending the Board and Committee meetings.

6. Share Transfer and Investors Grievance Committee

The object of the Committee is to approve transfer of shares, consolidation/sub-division of shares, issue of duplicate shares, redressal of investor grievance/ complaints and other allied matters. The Committee meets monthly, while the Registrars and Transfer Agent of the Company, to whom the requisite authority is delegated in this regard, attend the transfer formalities fortnightly.

Mr M Trivedi is the Chairman of the Committee. The Committee has met twelve times during the period 01.04.2010 to 31.03.2011. The dates on which the meetings of the Share Transfer and Investors Grievance Committee were held are as follows:

26.04.2010, 24.05.2010, 14.06.2010, 08.07.2010, 10.08.2010, 23.09.2010, 20.10.2010, 16.11.2010, 21.12.2010, 20.01.2011, 22.02.2011 and 25.03.2011.

The composition and the meetings attended by the members are as under:

Name of Director	No. of Meetings Attended during the period
Mr M Trivedi, Chairman of the Committee	12
Mr R K Jena, Managing Director	12
Prof S K Majumdar	12
Mr S K Pal	12

Name and Designation of Compliance Officer:

Mr Trilochan Sharma — Sr. GM & Company Secretary

Name and Designation of Contact Person of Registrars and Transfer Agent to the Company:

Mr Aloke Mukherjee - Manager

Share Transfers/Transmissions etc. as approved by the Committee are notified to the Board at regular intervals. During the year i.e. from 01.04.2010 to 31.03.2011, the status of complaints are as under:

Complaints pending as on 01.04.2010	—	Nil
Complaints received from Investors	—	47
Complaints replied/resolved	—	47
Complaints pending as at 31.03.2011	—	Nil

REPORT ON CORPORATE GOVERNANCE (Contd.)

During the period under review 1, 17,595 Equity Shares were transferred in physical form and no such request was pending as on 31.03.2011. 3,49,134 Equity Shares were dematerialized during the period under the review. As on 31.03.2011, 5,30,10,653 Equity Shares constituting 82.45% of equity shares of the Company were held in dematerialized form.

7. Other Committee

The Company also have a Project Committee to overview implementation of various capital projects including status of progress and critical areas affecting projects implementation schedule and a Risk Management Committee of the Board constituted by the Board at its meeting on 29th May, 2009 assigned with the task, inter-alia, of reviewing the risk management process on continuous basis, considering the alternatives for mitigating the risk and updating the Board about the major risks.

8. General Body Meetings:

1. Details on Annual / Extra Ordinary General Meetings:

Year	Location	Date	Time
2009-2010 (12 Months)	Registered Office	09.09.2010	9.30 A.M.
2008-2009 (12 Months)	Registered Office	18.09.2009	9.30 A.M.
2007-2008 (15 Months)	Registered Office	25.09.2008	9.30 A.M.

2. Whether any special resolution passed in the previous 3 AGMs/EGM : Yes

3. Whether special resolutions:

a) (i) Were put through postal ballot last year : No

(ii) Details of voting pattern : NA

(iii) Person who conducted the postal ballot exercise : NA

b) (i) Are any Special Resolution proposed to be conducted through postal ballot this year : No

(ii) Procedure for postal ballot : NA

9. Code of Conduct

The Code of Conduct (hereinafter referred to as 'Code') is applicable to all its Directors whether executive or non-executive including Nominee Directors and all senior management personnel of the Company. All Board members and senior management personnel had affirmed compliance with the Code during the year and no violation of the same was reported. A declaration to the effect that all Board members and senior management personnel have complied with the Code during the financial year 2010-11, duly signed by Managing Director of the Company is hereinbelow enclosed. The Code has also been posted on the Company's Web-site.

Affirmation of Compliance with the Code of Conduct for Directors and Senior Management Executives

I, R K Jena, Managing Director of Balasore Alloys Limited, hereby declare that the Company has received affirmation of compliance with 'Code of Conduct for Directors and Senior Management Executives' laid down by the Board of Directors, from all the Directors and Senior Management Executives of the Company, to whom the same is applicable, for the financial year ended 31st March, 2011.

R K Jena
26th May, 2011 *Managing Director*

REPORT ON CORPORATE GOVERNANCE (Contd.)

10. Disclosures

a. The particulars of transactions between the Company and its related parties as required by Accounting Standard (AS)-18 issued by the Institute of Chartered Accountants of India are set out in point 21 of Schedule 22 of the Annual Report.

b. In preparation of financial statement, the Company has followed the applicable Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. The significant accounting policies which are consistently applied are set out in the annexure to the Notes to the Accounts.

c. The Company has formulated and implemented a Risk Management Policy for risk assessment and mitigation procedures which is an ongoing process within the Company. In this connection, Risk Management Committee of the Board was constituted and assigned with the task, inter-alia, of reviewing the risk management process on continuous basis, considering the alternatives for mitigating the risk. These risk management procedures are periodically placed and reviewed by the Board of Directors with a view to strengthen the risk management framework.

d. The Company has not made any fresh capital issue during the year under review.

e. During the last three years, there were no strictures or penalties imposed on the Company either by SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter related to capital market.

f. There is no Whistle Blower mechanism in the Company.

g. The Management Discussion and Analysis Report is a part of the Annual Report.

11. ADOPTION OF MANDATORY AND NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

The Company has adopted and complied with all the mandatory requirements under Clause 49 of the Listing Agreement and there is no case of violation or infringement of the same during the period. The Company has adopted non-mandatory requirements under Clause 49 of the Listing Agreement to the extent relating to setting up of Remuneration Committee. Please refer to details provided under the section “Remuneration Committee” of the Report on Corporate Governance. Other non-mandatory requirements, in the opinion of the Board, have no material bearing on the current standards of Corporate Governance followed by the Company and hence will be addressed as appropriate in future.

12. Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held in electronic mode with NSDL and CDSL.

13. Means of communication.

Half-yearly report sent to each household of shareholders	Not required.
Quarterly results. Which newspapers normally published .	Financial Express / Economic Times /Business Standard (in English) Sanbad / Samaja (Oriya version)
Web sites where quarterly results are displayed.	www.balasorealloys.com
Whether it also displays official news releases.	Yes
Whether Management Discussion & Analysis is a part of Annual Report	Yes

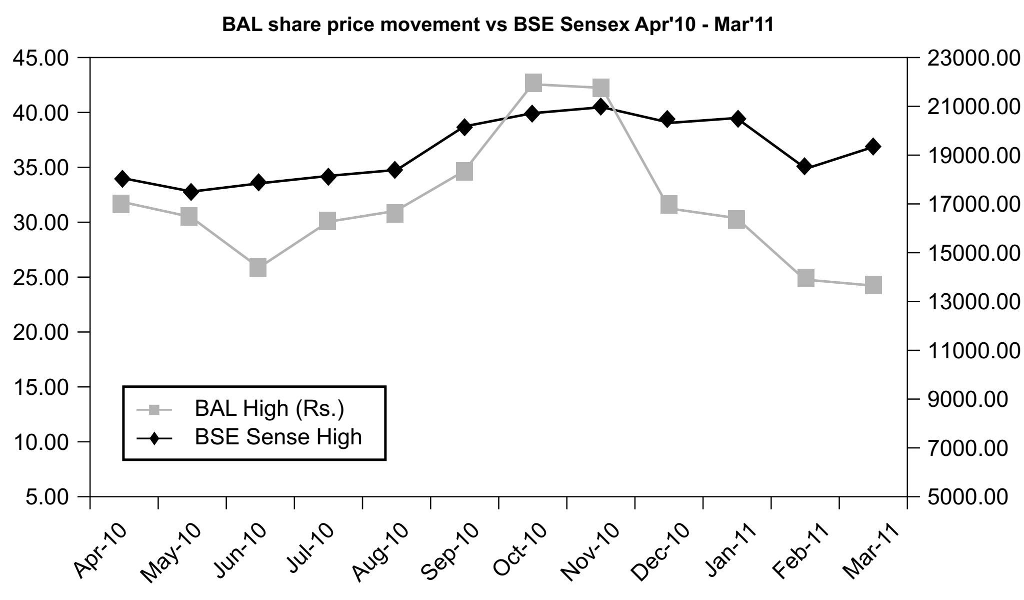
REPORT ON CORPORATE GOVERNANCE (Contd.)

14. GENERAL SHAREHOLDERS' INFORMATION

1	**Annual General Meeting**	
	Day, Date & Time	Thursday, 29th September, 2011 at 9.30 A.M.
	Venue	Registered Office at Balgopalpur– 756 020 Balasore, Odisha, India
2	**Tentative Financial Calendar 2011-12**	
	Financial Reporting for the quarter ending June 30, 2011.	On 5th day of August, 2011
	Financial Reporting for the quarter ending September 30, 2011	By 15th day of November, 2011
	Financial Reporting for the quarter ending December 31, 2011	By 15th day of February, 2012
	Financial Reporting for the quarter ending March 31, 2012	Last week of May, 2012
	Annual General Meeting for the year ending March 31, 2012	September, 2012
3	**Book Closure Date**	26th September, 2011 to 29th September, 2011 (both days inclusive)
4	**Dividend Payment Date**	The dividend warrants will be posted on and from 01.10.2011
5	**Registered Office**	Balgopalpur – 756 020, Balasore, Odisha
6	**Listing on Stock Exchanges**	i) Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 ii) The Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata -700 001
Note: Annual Listing Fees is regularly paid to the Bombay Stock Exchange and the Calcutta Stock Exchange Association Limited.		
7	**Stock Market information:**	
	(i) Stock Code:	
	Bombay Stock Exchange Ltd,	: 513142
	The Calcutta Stock Exchange Association Ltd.	: 10019059
	ISIN No. for Fully Paid-up Equity Shares	: INE135A01024

REPORT ON CORPORATE GOVERNANCE (Contd.)

7	(ii) **Market Price**	Share Price data on BSE		BSE Sensex	
	Months	High (Rs.)	Low (Rs.)	High	Low
	April, 2010	31.75	22.85	18,047.86	17,276.80
	May, 2010	30.60	23.00	17,536.86	15,960.15
	June, 2010	26.00	23.75	17,919.62	16,318.39
	July, 2010	30.10	24.00	18,237.56	17,395.58
	August, 2010	31.15	24.05	18,475.27	17,819.99
	September, 2010	34.80	24.80	20,267.98	18,027.12
	October, 2010	42.90	29.80	20,854.55	19,768.96
	November, 2010	42.50	27.00	21,108.64	18,954.82
	December, 2010	31.70	22.55	20,552.03	19,074.57
	January, 2011	30.90	23.00	20,664.80	18,038.48
	February, 2011	25.35	18.55	18,690.97	17,295.62
	March, 2011	24.80	19.40	19,575.16	17,792.17



8 Share Price Performance in comparison to BSE Sensex.

The BSE Sensex open on 1st April, 2010 at 17,555.04 and on 31st March, 2011, the Sensex closed at 19,445.22. The market price of the shares of the Company on the BSE has varied from Rs. 22.90 to Rs. 21.85 during the period under review.

REPORT ON CORPORATE GOVERNANCE (Contd.)

9	**Depository Connectivity**	**National Securities Depository Limited** **Central Depository Services (India) Ltd.**
10	**Registrars & Transfer Agent:** (Share transfer and communication regarding share certificates, Dividends & change of Addresses)	MCS Limited, Unit: Balasore Alloys Limited 77/2A, Hazra Road Kolkata – 700 029 Ph. Nos. +91 33 24541892 - 1893 Fax Nos. +91 33 24541961 E-mail: mcskol@rediffmail.com (Registered with SEBI as Share Transfer Agent – Category I)

11 Share Transfer System:

The physical shares received for transfer are processed and the same is registered in the name of transferee, if case is not of bad delivery or incomplete documents. In order to expedite the process of transfer of Shares, the Company, for effecting transfers, has authorized M/s MCS Limited, Registrar and Share Transfer Agent, who attend to share transfer formalities on fortnight basis. Those who are desirous of holding their shares in the Company in dematerialized form have to approach their respective Depository Participant for dematerialization of their shares.

12 Investor Grievance Redressal System:

The Investor grievances/shareholders complaints are handled by the Company's Registrars and Share Transfer Agent M/s MCS Limited, Kolkata, in consultation with the Secretarial department of the Company. The Registrar has adequate skilled staff with professional qualifications and advanced computer systems for speedy redressal of the investor grievances.

Periodical review meetings are held between the officials of the Registrar and Share Transfer Agent and the Company to discuss the various issues relating to share transfer and other allied matters, dematerialization of shares, Investor complaints, etc.

13 Compliance Certificate of the Auditors:

The Statutory Auditors' certificate, that the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is annexed to the Report on Corporate Governance.

14 a) Distribution of Shareholding as at 31st March, 2011.

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Capital
1 to 500	132328	97.34	12088008	18.80
501 to 1000	2176	1.60	1564201	2.43
1001 to 2000	702	0.52	1015686	1.58
2001 to 3000	272	0.20	689602	1.07
3001 to 4000	61	0.05	211027	0.33
4001 to 5000	50	0.04	233919	0.37
5001 to 10000	134	0.09	1131312	1.76
10001 to 50000	167	0.12	3684853	5.73
50001 to 100000	27	0.02	2024272	3.15
100001 And Above	34	0.02	41647531	64.78
TOTAL	**135951**	**100.00**	**64290411**	**100.00**

REPORT ON CORPORATE GOVERNANCE (Contd.)

b) Categories of Shareholders as on 31st March, 2011

Category	No. of Shares of held	% of Total Shareholding
Promoter Group	29935186	46.56
Mutual Funds / UTI	15100	0.02
Financial Institution / Banks	592257	0.92
NRIs / OCBs / Foreign Institutional Investors /Other Foreign Shareholders (Other than Promoter Group)	7538486	11.73
Bodies Corporate	4874039	7.58
Indian Public	21314461	33.16
Others	20882	0.03
GRAND TOTAL	**64290411**	**100.00**

Approximately 82.45 % of the Equity shares have been dematerialized as on 31st March, 2011. Trading in Equity Shares of the company is permitted only in dematerialized form with effect from 26.06.2000 as per notification issued by the Securities and Exchange Board of India in this regard.

15	**Plant Location:**	Balgopalpur Balasore – 756 020 Odisha
	Mines Location:	
	1. Chrome Ore	● Sukinda Valley, Dist. Jajpur (Odisha)
	2. Manganese Ore	● Joda, Dist. Keoajhar (Odisha) ● Hathoda, Dist. Balaghat (M.P.), Village - Baghjumpha
	3. Quartize Mine	● Subdivission: Mayurbhanj Dist. Mayurbhanj (Odisha)
16	**Address for Investor Correspondence :** 16.1 Registrar and Transfer Agent	MCS Limited Unit: Balasore Alloys Limited 77/2A, Hazra Road Kolkata – 700 029 Ph. Nos.+ 91 33 24541892 - 1893 Fax Nos. +91 33 24541961 E-mail: mcskol@rediffmail.com
	16.2 Company's Address.	The Sr. GM & Company Secretary Balasore Alloys Limited Balgopalpur – 756 020 Dt. Balasore, Odisha. Ph. Nos.: +91 6782-275781-85 Fax Nos.: +91 6782-275724 E-Mail: mail@balasorealloys.com investorshelpline@balasorealloys.com Website: www.balasorealloys.com

Note: Shareholders holding shares in dematerialized form should address all correspondence to their respective depository participants.

17 Shareholder Reference

Dematerialise your shares

All the investors are requested to convert your physical share into demat holdings. This will facilitate the immediate transfer of shares, no need of paying any stamp duty on transfer of shares and risks associated with physical share certificates such as forged transfer, fake certificates and bad deliveries are avoided.

Consolidate Multiple Folios

The Investors having multiple folios are advised to consolidate the same. This would result in the one-stop tracking of all corporate benefits on the shares and would reduce time and effort required to monitor multiple folios.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Nomination

Shareholders holding shares in physical form and desirous of submitting / changing nomination in respect of their shareholding in the company may submit Form 2B (in duplicate) as per the provisions of Section 109A of the Companies Act, 1956 to the Company's Registrar & Transfer Agent. This would help the successors to get the shares transmitted in their favour without any hassle.

Confidentiality

Folio no., DP and ID no., as the case may be, should not be disclosed to and blank signed transfer form should not be given to any unknown persons.

General Points While Writing to Company or Registrar and Transfer Agent

While writing to the Company and/or Registrar and Transfer Agent, investor should mentioned their Folio no., DP ID no., full name, address in the letter and sign the same. Signature should be as per the company's record. In case of joint holders, all the joint holders should sign the documents and in case of transfer, the transfer form accompanied with original share certificates should be delivered to the Registrar and Transfer Agent. Shareholders are requested to also mention your telephone no. and/or e-mail ID, if any, in your correspondence for speedy and immediate communication.

Permanent Account Number (PAN)

SEBI has clarified that for securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTAs for registration of such transfer of shares.

Accordingly all shareholders are requested to submit duly attested photocopy (both side) of their PAN card alongwith duly executed transfer form to facilitate the speedy transfer of shares.

Shareholders holding shares in electronic form are required to furnish their PAN details to their Depository Participants with whom they maintain their account alongwith the documents as required by them.

18 Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members are requested to register their e-mail addresses, in respect of electronic holdings through their concerned Depository Participants and in respect of physical holdings with MCS Limited, the Registrar and Transfer Agent of the Company. A notice in this respect is also separately enclosed in this Annual Report of the Company.

Members are requested to please co-operate in this regard and register their e-mail addresses without any further delay to achieve the desired environment friendly initiative of the MCA.

CERTIFICATION BY
CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)

26th May, 2011

The Board of Directors
Balasore Alloys Limited
Park Plaza, 1st Floor
71, Park Street
Kolkata - 700 016

We, R. K. Jena, Managing Director and R. K. Sharma, Chief Financial Officer of Balasore Alloys Limited, together certify to the Board that we have reviewed the financial statements and the cash flow statement of the Company for the financial year ended 31st March, 2011 and to the best of our knowledge and belief, we certify that

1. The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. There are no transactions entered into by the Company during the financial year ended 31st March, 2011, which are fraudulent, illegal or violative of the Company's Code of Conduct;
4. For the purposes of financial reporting, we accept the responsibility for establishing and maintaining the internal controls which are monitored by the Company's Internal Auditor and we have evaluated the effectiveness of the internal control systems of the Company based on feedbacks received from the Company's Internal Auditor and accordingly state that there are no deficiencies in the design or operation of the internal controls, of which we awareof;
5. There have been no significant changes in internal controls during the year, nor has there been any significant changes in the Accounting policies during the financial year ended 31st March, 2011 which requires to be disclosed in the notes to the financial statements;
6. There have been no instances of frauds, of which we are awareof, for the financial year ended 31st March, 2011.

R K Sharma
Chief Financial Officer

R K Jena
Managing Director

AUDITORS' CERTIFICATE

To
The Members of Balasore Alloys Limited

We have examined the compliance of conditions of corporate governance by Balasore Alloys Limited, for the year ended on 31st March, 2011, 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 the 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 S.R. BATLIBOI & CO.
Firm Registration Number : 301003 E
CHARTERED ACCOUNTANTS

per Sanjoy K Gputa
Partner
Membership No.:54968
Place : Kolkata
Date : 26th May, 2011

AUDITORS' REPORT

TO THE MEMBERS OF BALASORE ALLOYS LIMITED

1. We have audited the attached Balance Sheet of Balasore Alloys Limited ('the Company') as at 31st March, 2011 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   ii. 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 and proper returns adequate for the purposes of out audit have been received from the Company's overseas branch not visited by us;
   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with the unaudited returns from the branch;
   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
   v. On the basis of the written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
   vi. Without qualifying our opinion, attention is drawn to Note No. 18(b) on Schedule 22 regarding loans of Rs 962.00 lacs and interest receivable of Rs 585.79 lacs (including Rs 42.66 lacs in respect of loans where no principal amount is outstanding) which are overdue but based on the current status of negotiation with these parties, the management is hopeful to recover the amount in full. However, pending receipt of confirmation from these parties, we are unable to offer our comments in the matter.
   vii. *Attention is drawn to the following notes on Schedule 22.*
      a) *Note No. 18(a) regarding certain advances of Rs. 500 lacs (Rs 500 lacs as at 31st March, 2010) against supply of raw materials which are pending beyond the stipulated delivery schedules. We are unable to opine on the recoverability/adjustment of these advances through supply of such materials and thus its consequent impact, if any, on the Company's profit. This had also caused us to qualify our audit opinion on the financial statements relating to the preceding year.*
      b) *Note No. 6 regarding North Easter Electricity Supply Company of Odisha Limited (NESCO) who has revoked the waiver of dues granted under a settlement in an earlier year and raised demand for Rs 9,874.34 lacs (including delayed payment surcharge). The Company has made necessary representation to NESCO and the matter is under negotiation. Pending the outcome of the negotiation, we are unable to comment upon its consequential impact on the Company's profits.*
   viii. *Subject to the effect of matter contained in para vii above whose impact is presently not ascertainable* and read with our observation in para vi above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
      a) in the case of balance sheet, of the state of affairs of the Company as at 31st March, 2011;
      b) in the case of profit and loss account, of the profit of the Company for the year ended on that date; and
      c) in the case of cash flow statement, of the cash flows of the Company for the year ended on that date.

For S. R. BATLIBOI & CO.
Firm Registration Number : 301003E
Chartered Accountants
per Sanjoy K Gupta
Partner
Membership No. 54968

Place : Kolkata
Date : 26th May, 2011

ANNEXURE TO THE AUDITORS' REPORT
(REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF BALASORE ALLOYS LIMITED AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2011)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification in a phased manner to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(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.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) According to information and explanations given to us, 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 of clauses 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness of continuing failure to correct any major weakness in the internal control system of the company in respect of these areas. There is no sale of service during the year.

(v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

(ix) (a) 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 have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in few cases.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(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 material 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 records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows :

Name of the statute	Nature of dues	Amount (Rs in lacs)	Period to which the amount relates	Forum where dispute is pending
Odisha Value Added Tax Act, 2004	Disallowance of Input tax credit set off	7.76	2005-06	Appellate Tribunal
Central Sales Tax Act, 1956	Non Submission of Forms, Consignment sales, transit sales tax on DEPB sales and sales tax deferment (including interest and penalty on delayed payment)	155.06	1991-92, 1994-95 to 2000-01, 2002-03	Commissioner, Appellate Tribunal and Odisha High Court
Central Excise Act, 1944	Demand on advances received from customers	16.27	1993-94 & 1994-95	High Court
Odisha Electricity (Duty) Act, 1961	Electricity Duty	6.96	2001	High Court

(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) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the banks. There are no dues to financial institution and debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and 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 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) As indicated in Note No. 10 on Schedule 22, the Company has given a guarantee for loans taken by a related party from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, *we report that funds amounting to Rs 3039.44 lacs raised on short-term basis have been used for long-term investment representing acquisition of fixed assets, investments and repayment of long term loans.*

(xviii) The Company has not made any preferential allotment of shares to parties or 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 any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S. R. BATLIBOI & CO.
Firm Registration Number : 301003E
Chartered Accountants
per Sanjoy K Gupta
Partner
Membership No. 54968

Place : Kolkata
Date : 26th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs.in Lacs)

		Schedules	As at 31st March, 2011	As at 31st March, 2010
A.	**SOURCES OF FUNDS**			
	SHAREHOLDERS' FUNDS			
	a) Share Capital	1	**3,366.38**	3,366.38
	b) Reserves & Surplus	2	**93,998.47**	97,265.92
			97,364.85	100,632.30
	LOAN FUNDS			
	a) Secured Loans	3	**13,329.00**	15,967.88
	b) Unsecured Loans	4	**7,842.32**	7,345.79
			21,171.32	23,313.67
	DEFERRED TAX LIABILITY (NET)	7	**721.52**	270.18
	TOTAL		**119,257.69**	124,216.15
B.	**APPLICATION OF FUNDS**			
	FIXED ASSETS			
	a) Gross Block	5	**131,708.38**	130,848.01
	b) Less : Accumulated Depreciation/Amortisation		**25,868.24**	19,835.83
	c) Net Block		**105,840.14**	111,012.18
	d) Capital Work in Progress (including Capital Advance)		**5,983.17**	4,840.84
			111,823.31	115,853.02
	INVESTMENTS	6	**3,702.60**	2,133.42
	CURRENT ASSETS, LOANS & ADVANCES			
	a) Inventories	8	**13,449.38**	11,560.14
	b) Sundry Debtors	9	**4,131.47**	166.29
	c) Cash & Bank Balances	10	**1,534.23**	1,777.17
	d) Other Current Assets	11	**743.79**	1,313.43
	e) Loans & Advances	12	**5,860.32**	6,662.20
			25,719.19	21,479.23
	Less: CURRENT LIABILITIES & PROVISIONS			
	a) Current Liabilities	13	**20,908.47**	14,603.20
	b) Provisions	14	**1,078.94**	646.32
			21,987.41	15,249.52
	Net Current Assets		**3,731.78**	6,229.71
	TOTAL		**119,257.69**	124,216.15
	Significant Accounting Policies & Notes on Accounts	22		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our Report of even date

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Sanjoy K Gupta
Partner
Membership No 54968

22, Camac Street, Block C, 3rd Floor, Kolkata -700 016
Date : 26th May, 2011

For and on behalf of Board of Directors

R K Jena
Managing Director

C R Pradhan
Director - Operations

Trilochan Sharma
Company Secretary

M Trivedi
S Mohapatra
S K Pal
S K Majumdar
A K Bhattacharya
V V Jamnis
S M Ali
Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs.in Lacs)

	Schedules		2010-11		2009-10
INCOME					
Sales (Gross)	15		**66,901.65**		43,261.75
Less : Excise Duty			**3,035.46**		1,743.19
			63,866.19		41,518.56
Other Income	16		**863.14**		2,935.67
Total			**64,729.33**		44,454.23
EXPENDITURE					
Decrease in Stocks	17		**386.67**		680.20
Excise Duty & Cess on Stocks (Refer Note No. 23 on Schedule 22)			**(76.90)**		13.44
Raw Materials Consumed	18		**22,332.74**		18,987.89
Purchases of Traded Goods			**11,587.46**		1,742.31
Personnel Cost	19		**2,161.14**		1,722.09
Power and Fuel			**12,371.50**		9,462.34
Manufacturing, Selling and Administrative Expenses	20		**5,265.65**		4,448.50
Interest and Finance Charges	21		**5,038.16**		4,221.37
Depreciation / Amortisation		**6,766.11**		2,629.96	
Less: Transferred from General Reserve		**–**		1,225.41	
Less: Transferred from Revaluation Reserve		**5,220.43**	**1,545.68**	–	1,404.55
Total			**60,612.10**		42,682.69
Profit before Prior Period Items & Taxes			**4,117.23**		1,771.54
Prior Period Expenses/(Income) (Net) (Refer Note No 19 on Schedule 22)			**38.44**		(313.24)
Profit before Taxes			**4,078.79**		2,084.78
Provision for Taxes					
– Current Tax			**1,093.69**		1,039.01
– Deferred Tax charge/(credit)			**313.26**		(188.54)
Prior Year					
– Current tax written back		**(155.01)**		(21.02)	
– Deferred Tax Charge		**138.08**	**(16.93)**	–	(21.02)
Wealth Tax			**0.23**		0.42
Profit after Taxes			**2,688.54**		1,254.91
Profit brought forward from previous year			**10,834.21**		9,579.30
Profit available for Appropriation			**13,522.75**		10,834.21
Appropriations:					
– Proposed Dividend			**321.45**		–
– Tax on Dividend			**53.39**		–
Surplus carried to the Balance Sheet			**13,147.91**		10,834.21
Earning per share [Nominal value of shares - Rs 5/-]					
– Basic (Rs)			**4.18**		1.95
– Diluted (Rs)			**4.18**		1.94
(Refer Note No.15 on Schedule 22)					
Significant Accounting Policies & Notes on Accounts	22				

The schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account.

As per our Report of even date

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Sanjoy K Gupta
Partner
Membership No 54968

22, Camac Street, Block C, 3rd Floor, Kolkata -700 016
Date : 26th May, 2011

For and on behalf of Board of Directors

R K Jena
Managing Director

C R Pradhan
Director - Operations

Trilochan Sharma
Company Secretary

M Trivedi
S Mohapatra
S K Pal
S K Majumdar
A K Bhattacharya
V V Jamnis
S M Ali
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs in Lacs)

			2010-11		2009-10
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Net Profit before Taxes		**4,078.79**		2,084.78
	Adjustments for :				
	Depreciation/Amortisation	**1,545.68**		1,404.55	
	Dividend on long term investments (Other than Trade, Unquoted)	**–**		(8.25)	
	Interest Income	**(485.20)**		(746.84)	
	Unspent Liability no longer required written back	**(6.66)**		(675.64)	
	(Gain)/Loss on Foreign Exchange Fluctuation/ Forward Exchange Contract (Net)	**(183.77)**		(1,322.83)	
	Provision for Diminition in value of Investment written back	**(28.96)**		(40.88)	
	Irrecoverable debts , deposits & Advances written off	**88.18**		216.11	
	Provision for doubtful debts/advances	**9.83**		24.99	
	Loss on sale/discard of Fixed Assets (Net)	**366.71**		305.48	
	Interest Expenses	**4,277.86**	**5,583.67**	3,739.90	2,896.59
	Operating Profit before working capital changes		**9,662.46**		4,981.37
	Movement in Working Capital for :				
	(Increase)/Decrease in Inventories	**(1,889.24)**		1,638.04	
	(Increase)/Decrease in Sundry Debtors	**(3,789.10)**		1,086.02	
	(Increase)/Decrease in Loans & Advances	**(1,113.41)**		4,631.30	
	Increase/(Decrease) in Current Liabilities	**6,905.21**		(3,759.19)	
	Increase in Provisions	**57.78**	**171.24**	188.38	3,784.55
	Cash generated from Operations		**9,833.70**		8,765.92
	Direct Tax Paid		**(549.87)**		(358.85)
	Net Cash generated from Operating Activities (A)		**9,283.83**		8,407.07
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	**(3,898.97)**		(3,655.38)	
	Acquisition of Investments (other than subsidiary)	**(0.22)**		–	
	Proceeds from sale of Fixed Assets	**21.76**		668.70	
	Interest Received	**439.92**		325.70	
	Dividend on long term investments (Other than Trade, Unqouted)	**–**		8.25	
	Net cash used in Investing Activities (B)		**(3,437.51)**		(2,652.73)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Receipt of Long Term Borrowings	**–**		475.00	
	Repayment of Long Term Borrowings	**(2,802.75)**		(576.07)	
	Net movement in Other Borrowings	**322.97**		(2,540.79)	
	Interest Paid	**(3,921.90)**		(2,558.55)	
	Net cash used in Financing Activities (C)		**(6,401.68)**		(5,200.41)
	Net Increase/(Decrease) in cash & cash equivalents (A+B+C)		**(555.36)**		553.93
	Cash & Cash equivalents as on 01.04.2010 (Opening Balance)		**589.37**		35.44
	Cash & Cash equivalents as on 31.03.2011 (Closing Balance)		**34.01**		589.37
	Cash & Cash equivalents as at the end of the year includes*				
	Cash-on-hand (including cheques in hand)		**8.44**		433.50
	With Scheduled Banks on Current Account		**25.31**		155.82
	With Non Scheduled Banks		**0.21**		–
	With Post Office on Savings Account		**0.05**		0.05
			34.01		589.37

* Represents cash & bank balances as reflected in Schedule 10 excluding restricted Fixed Deposit Account.

As per our attached Report of even date

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Sanjoy K Gupta
Partner
Membership No 54968

22, Camac Street, Block C, 3rd Floor, Kolkata -700 016
Date : 26th May, 2011

For and on behalf of Board of Directors

R K Jena
Managing Director

C R Pradhan
Director - Operations

Trilochan Sharma
Company Secretary

M Trivedi
S Mohapatra
S K Pal
S K Majumdar
A K Bhattacharya
V V Jamnis
S M Ali
Directors

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs.in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
200,000,000 Equity Shares of Rs.5 each	**10,000.00**	10,000.00
	10,000.00	10,000.00
ISSUED AND SUBSCRIBED		
64,290,411 Equity Shares of Rs 5 each, fully paid up	**3,214.52**	3,214.52
Add: Shares forfeited	**151.86**	151.86
	3,366.38	3,366.38

		As at 31st March, 2011		As at 31st March, 2010
SCHEDULE 2				
RESERVES AND SURPLUS				
Capital Reserve				
Central Investment Subsidy (As per last Account)		**41.96**		41.96
Amount arisen on Forfeiture of Equity Warrants		**490.00**		490.00
Revaluation Reserve				
As per last Account	**76,337.69**		–	
Add : Created during the year	**–**		76,337.69	
Less: Transfer to depreciation account	**5,220.43**		–	
Adjustment towards discard/sale of fixed assets (Refer Note No. 1(iv)(d) Schedule 22)	**97.67**	**71,019.59**	–	76,337.69
Securities Premium Account (As per last Account)		**1,550.00**		1,550.00
General Reserve				
As per last Account	**8,012.06**		9,634.77	
Less: Transfer to depreciation account	**–**		1,225.41	
Adjustment towards discard/sale of fixed assets	**263.05**	**7,749.01**	397.30	8,012.06
Balance in Profit and Loss Account		**13,147.91**		10,834.21
		93,998.47		97,265.92

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2011	(Rs.in Lacs) As at 31st March, 2010
SCHEDULE 3		
SECURED LOANS		
From Scheduled Banks		
Term Loans	**7,956.05**	10,573.40
Working Capital Facilities	**4,862.49**	5,005.36
Interest Accrued & Due	**510.46**	389.12
	13,329.00	15,967.88

Notes

i) Term loans are secured by a first charge over Plant & Machinery and other fixed assets (including factory land and building) and by way of second charge over current assets of the Company.

ii) Working capital facilities are secured by first charge over current assets and by second charge over fixed assets of the Company.

iii) The loans are also secured by pledge of a part of shareholding of the promoter group [including shares held by Mr Pramod Mittal (a director) and Mr V K Mittal (ceased to be director w.e.f 28th July, 2010)].

iv) The above loans are further guaranteed by Mr Pramod Mittal and Mr V K Mittal (ceased to be director w.e.f 28th July, 2010) and by corporate guarantee of Shakti Chrome Limited & Ispat Minerals Limited.

v) All the mortgages and charges created in favour of the Banks for Term Loan and Working Capital Facilities rank pari passu inter se.

vi) Term loans aggregating to Rs 1,532.80 lacs (Rs 1,790.80 lacs) are payable within one year.

SCHEDULE 4		
UNSECURED LOANS		
From Bodies Corporate	**7,781.72**	7,315.88
Interest Accrued & Due	**60.60**	29.91
	7,842.32*	7,345.79

* Includes amount falling due for payment within one year Rs 7,396.72 lacs (Rs 6,444.13 lacs)

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 5
FIXED ASSETS

(Rs.in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31.03.2010	Additions/ Adjustments	Deductions/ Adjustments	**As at 31.03.2011**	Up to 31.03.2010	For the Year	On Deductions/ Adjustments	**Up to 31.03.2011**	**As at 31.03.2011**	As at 31.03.2010
Tangible Assets										
Lease Hold Land	222.08	65.69	–	**287.77**	18.65	2.89	–	**21.54**	**266.23**	203.43
Free Hold Land	1,076.07	68.05	–	**1,144.12**	–	–	–	**–**	**1,144.12**	1,076.07
Mining Lease	85,279.23	–	–	**85,279.23**	3,652.51	4,090.51	–	**7,743.02**	**77,536.21**	81,626.72
Buildings	5,343.83	104.57	–	**5,448.40**	1,418.51	160.77	–	**1,579.28**	**3,869.12**	3,925.32
Plant & Machinery	37,527.68	1,744.76	1,278.93	**37,993.51**	14,213.52	2,427.92	728.15	**15,913.29**	**22,080.22**	23,314.16
Vehicles	113.25	31.59	9.85	**134.99**	78.23	9.26	5.55	**81.94**	**53.05**	35.02
Office Equipments, Furniture & Fixtures	572.77	38.25	0.26	**610.76**	403.59	44.36	–	**447.95**	**162.81**	169.18
Intangible Assets										
Mines Development (a)	713.10	96.50	–	**809.60**	50.82	30.40	–	**81.22**	**728.38**	662.28
Total	130,848.01(b)	2,149.41	1,289.04(c)	**131,708.38**(b)	19,835.83	6,766.11	733.70	**25,868.24**	**105,840.14**	111,012.18
Capital work in progress	4,840.84	3,088.16	1,945.83	**5,983.17**(d)	–	–	–	**–**	**5,983.17**	4,840.84
Grand Total	135,688.85	5,237.57	3,234.87	**137,691.55**	19,835.83	6,766.11	733.70	**25,868.24**	**111,823.31**	115,853.02
Previous Year's Total	57,476.59	84,348.16	6,135.90	135,688.85	18,799.38	2,629.96	1,593.51	19,835.83	115,853.02	

Notes

(a) Represents cost of Exploration, Net Present Value of Forest Restoration etc.

(b) Includes Rs 76,337.69 lacs (credited to Revaluation Reserve) and Rs. 23,118.34 lacs (credited to General Reserve in terms of High Court Order) capitalised on account of revaluation of land, buildings, mining lease and plant & machinery of the Company as on 31st March, 2010, and as on 31st December, 2004 respectively at net replacement cost basis based on the report of an approved valuer.

(c) Represents assets sold/discarded during the year.

(d) Includes Capital Advances Rs 341.30 lacs (Rs 553.24 lacs).

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs.in Lacs)

	Nos	Face Value	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE 6				
INVESTMENTS (Long Term)				
A. **GOVERNMENT SECURITIES** (Unquoted, Trade)				
6 years National Savings Certificates (Deposited with Government Departments)			**0.95**	0.73
		(A)	**0.95**	0.73
B. **IN SUBSIDIARY COMPANY** (Unquoted, Trade, Fully Paid-up)				
Equity Shares in Milton Holdings Limited #	43601	USD 100	**1,994.25**	1,994.25
		(B)	**1,994.25**	1,994.25
C. **IN ASSOCIATE COMPANY** (Unquoted, Trade, Fully Paid-up)				
Equity Shares in Balasore Energy Limited	17000	Rs. 10	**1.70**	1.70
		(C)	**1.70**	1.70
D. **OTHER INVESTMENTS-Fully Paid-up** (Other than Trade)				
i) **Unquoted**				
Equity Shares in Elephanta Gases Limited	300000	Rs. 10	**30.00**	30.00
Equity Shares in Ispat Finance Limited	116	Rs. 10	**0.10**	0.10
Magnum units of SBI Mutual Fund	165000	Rs. 10	**10.00**	10.00
12% Unsecured Debenture in Shakti Chrome Limited @	690000	Rs. 100	**690.00**	—
12% Unsecured Debenture in Krish Trexim Private Limited@	850000	Rs. 100	**850.00**	—
			1,580.10	40.10
ii) **Quoted**				
Equity Shares in Ispat Industries Limited (Refer Note No 10 on Schedule 22)	453000	Rs. 10	**293.15**	293.15
0.01% Cumulative Redeemable Preference Shares in Ispat Industries Limited	302000	Rs. 10	**195.43**	195.43
Equity Shares of Ispat Profiles India Ltd.	39950	Rs. 10	**7.99**	7.99
			496.57	496.57
Less: Provision for diminution in the value of Investments			**(370.97)**	(399.93)
			125.60	96.64
		(D)	**1,705.70**	136.74
Total		(A+B+C+D)	**3,702.60**	2,133.42
Aggregate value of investments				
Quoted			**125.60**	96.64
Unquoted			**3,577.00**	2,036.78
			3,702.60	2,133.42
Market Value of Quoted Investments			**125.60**	96.64

Valued at the exchange rate prevailing on the date of transaction

@(Refer Note No 8 on Schedule 22)

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2011	As at 31st March, 2010
		(Rs.in Lacs)
SCHEDULE 7		
DEFERRED TAX LIABILITY (NET)		
(Refer Note No. 13 on Schedule 22)		
As per Last Account	**270.18**	458.72
Less: Deferred Tax Charge / (Credit)	**451.34**	(188.54)
[including Rs 138.08 lacs (Rs Nil) relating to earlier years]		
	721.52	270.18
SCHEDULE 8		
INVENTORIES		
(At lower of cost and net realisable value)		
Stores, Spares & Production Consumables [Includes items related to fixed assets awaiting installation Rs 412.47 lacs (Rs 145.86 lacs)]	**949.45**	775.71
Raw Materials [Includes in transit Rs.2,916.59 lacs (Rs 839.82 lacs)]	**11,884.49**	9,782.32
Goods under process	**129.39**	92.90
Finished Goods	**245.74**	160.18
At estimated net realisable value		
Saleable scraps	**240.31**	749.03
	13,449.38	11,560.14
SCHEDULE 9		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Doubtful	**39.66**	29.83
Other Debts		
Considered Good	**4,131.47**	166.29
	4,171.13	196.12
Less: Provision for Doubtful Debts	**39.66**	29.83
	4,131.47	166.29
SCHEDULE 10		
CASH & BANK BALANCES		
Cash-on-hand [Including Cheques in hand Rs Nil (Rs. 424.00 lacs)]	**8.44**	433.50
With Scheduled Banks on :		
– Current Account	**25.31**	155.82
– Fixed Deposit Account (Receipts lying with Banks as security against guarantees / letters of credit issued by them)	**1,500.22**	1,187.80
With Non Scheduled Banks :		
Bank of China (in RMB) [Maximum amount outstanding during the year is Rs 6.35 lacs (Nil)]	**0.21**	–
With Post Office on Savings Account	**0.05**	0.05
	1,534.23	1,777.17
SCHEDULE 11		
OTHER CURRENT ASSETS		
Interest Receivable (Unsecured)		
Considered Good	**707.79**	1,083.58
Considered Doubtful	**–**	10.11
	707.79	1,093.69
Less: Provision for Doubtful Receivable	**–**	10.11
Assets held for Disposal	**36.00**	229.85
	743.79	1,313.43

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2011	(Rs.in Lacs) As at 31st March, 2010
SCHEDULE 12		
LOANS & ADVANCES		
(Unsecured)		
Loans		
Considered Good	**1,584.00**	2,711.85
Considered Doubtful	**–**	35.81
Advances recoverable in cash or in kind or for value to be received {Including loans to employees Rs. 20.54 lacs (Rs.17.75 lacs)}		
Considered Good	**1,566.96**	1,093.51
Considered Doubtful	**123.52**	132.14
Export Benefits Receivables	**409.66**	266.45
Balance with Central Excise, Sales Tax & other government Authorities	**822.62**	785.77
Advance income tax / Tax deducted at source [Net of provision for taxes Rs 2,625.81 lacs (Rs 1,666.14 lacs)]	**132.24**	398.10
MAT Credit Entitlement	**–**	123.18
Security & Other Deposits	**1,344.84**	1,283.34
	5,983.84	6,830.15
Less: Provision for Doubtful Loans & Advances	**123.52**	167.95
	5,860.32	6,662.20
SCHEDULE 13		
CURRENT LIABILITIES		
Acceptances	**3,892.06**	3,771.65
Sundry Creditors for goods, services, expenses etc.		
a) Due to Micro & Small Enterprises (Refer Note No 4 on Schedule 22)	**130,93**	82.83
b) Due to Others [Including due to a Director Rs 1.83 lacs (Rs 9.30 lacs)]	**14,906.09**	9,651.44
Other Liabilities	**1,068.08**	512.87
Advances from Customers	**892.78**	584.41
Interest accrued but not due on loans	**18.53**	–
	20,908.47	14,603.20
SCHEDULE 14		
PROVISIONS		
For Retirement Benefits		
Gratuity	**325.99**	299.59
Superannuation	**52.10**	58.88
Leave Salary	**308.01**	269.85
For Site Restoration	**18.00**	18.00
Proposed Dividend	**321.45**	–
Provision for Tax on Proposed Dividend	**53.39**	–
	1,078.94	646.32

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rs.in Lacs)

	2010-11	2009-10
SCHEDULE 15		
SALES (Gross)		
Finished Goods	**54,136.49**	40,567.18
Trading Sales	**12,052.85**	1,937.35
Saleable Scraps	**142.67**	169.84
Export Benefits	**569.64**	587.38
	66,901.65	43,261.75
SCHEDULE 16		
OTHER INCOME		
Interest on loans, deposits, etc (Gross) {Tax deducted at source Rs. 15.34 lacs (Rs. 46.99 lacs)}	**485.20**	746.84
Dividend on long term investments (Other than trade, unquoted)	**–**	8.25
Insurance claims	**46.02**	31.91
Unspent liabilities no longer required written back	**6.66**	675.64
Provision for diminution in the value of Investments written back	**28.96**	40.88
Gain on Foreign Exchange Fluctuation /Forward Exchange Contract (net)	**183.77**	1,322.83
Miscellaneous Receipts	**112.53**	109.32
	863.14	2,935.67
SCHEDULE 17		
DECREASE IN STOCKS		
Opening Stocks		
Goods under process	**92.90**	92.51
Finished goods	**160.18**	783.87
Saleable scraps	**749.03**	805.93
	1,002.11	1,682.31
Less : Closing Stocks		
Goods under process	**129.39**	92.90
Finished goods	**245.74**	160.18
Saleable scraps	**240.31**	749.03
	615.44	1,002.11
	386.67	680.20
SCHEDULE 18		
RAW MATERIALS CONSUMED		
Opening Stock	**9,782.32**	10,299.09
Add : Purchases	**24,469.45**	18,507.41
	34,251.77	28,806.50
Less : Sales	**34.54**	36.29
Less : Closing Stock	**11,884.49**	9,782.32
	22,332.74	18,987.89

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rs.in Lacs)

		2010-11		2009-10
SCHEDULE 19				
PERSONNEL COST				
Salaries, Wages, Bonus, etc		**1,613.28**		1,240.56
Contribution to Provident, Gratuity & Other Funds		**172.83**		196.67
Staff Welfare Expenses		**123.81**		99.11
Managerial Remuneration		**251.22**		185.75
(Refer Note No. 14 on Schedule 22)		**2,161.14**		1,722.09
SCHEDULE 20				
MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES				
Contract Labour Charges		**330.93**		367.30
Stores, Spares & Chemicals consumed		**923.45**		734.81
Repairs & Maintenance :				
Plant & Machinery	**409.00**		412.54	
Buildings	**108.88**		71.50	
Others	**26.55**	**544.43**	22.35	506.39
Packing and Carriage charges		**1,334.96**		1,031.00
[Net of Recoveries Rs 644.98 lacs (Rs 411.59 lacs)]				
Commission on Sales (other than sole selling agent)		**60.74**		40.78
Rent and Hire charges		**83.70**		67.71
Insurance		**29.01**		36.99
Rates and Taxes		**24.90**		31.66
Directors' sitting fees		**10.50**		7.95
Charity and Donations		**24.82**		22.26
Irrecoverable debts, deposits and advances written off	**142.72**		216.63	
Less : Adjusted against Provision	**(54.54)**	**88.18**	(0.52)	216.11
Provision for doubtful debts/advances		**9.83**		24.99
Auditors' Remuneration as Auditor :				
Audit Fees		**25.00**		25.00
Limited Reviews		**13.75**		12.25
Tax Audit Fees		**6.50**		6.00
In Other Capacity for Certification etc		**5.00**		4.50
Out of Pocket expenses		**0.81**		0.59
Loss on Sale / Discard of Fixed Assets (Net)		**366.71**		305.48
Legal & Professional Charges		**285.35**		128.21
Travelling and Conveyance		**312.69**		209.00
Postage & Communication Charges		**66.50**		81.97
Peripherial and Site Development Expenses		**136.19**		70.49
Miscellaneous Expenses		**581.70**		517.06
		5,265.65		4,448.50
SCHEDULE 21				
INTEREST & FINANCE CHARGES				
Interest:				
On Fixed Loans				
– To Banks	**1,276.40**		1,252.18	
– On Others	**141.42**	**1,417.82**	73.57	1,325.75
On Other Loans, Deposits etc.				
– To Banks	**1,611.93**		1,719.57	
[(Net of recoveries Rs 398.88 lacs (Rs 262.52 lacs)]				
– To Others	**1,248.11**	**2,860.04**	694.58	2,414.15
(Refer Note No 22 on schedule 22)				
Bank Commission & Finance Charges		**760.30**		481.47
		5,038.16		4,221.37

SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE 22

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

NATURE OF OPERATIONS:

Balasore Alloys Limited ("the Company"), having its manufacturing facility at Balasore, Odisha, is primarily engaged in raising of Chrome Ore and Manganese Ore from its captive mines located in Odisha and Madhya Pradesh and manufacturing and selling of Ferro Alloys of various grades. The Company is also engaged in trading business of various allied products like Coke, Chrome Ore Lumpy etc.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation of Accounts

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis, except in respect of interest income on overdue bills and insurance & other claims / refunds, which due to uncertainty in realization, are accounted for on acceptance/actual receipt basis. The accounting policies have been consistently applied by the Company.

(ii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(iii) Fixed Assets

a) Fixed Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment, if any. The cost of acquisition comprises purchase price inclusive of duties (net of Cenvat), taxes, incidental expenses, erection/commissioning/trial run expenses and interest etc, up to the date the assets are ready for intended use.

b) Expenditure incurred on development of mines subsequent to the allotment of their lease are capitalized as intangible assets.

c) In case of revaluation of fixed assets, the original cost as written up by the approved valuers is considered in the accounts and the differential amount is transferred to revaluation reserve.

d) Machinery spares which can be used only in connection with an item of fixed assets and whose use, as per technical assessment, is expected to be irregular, are capitalized and depreciated over the residual life of the respective assets.

e) Assets awaiting disposal are valued at the lower of written down value and net realizable value and disclosed separately under Other Current Assets.

(iv) Depreciation / Amortization

a) The classification of Plant & Machinery into continuous and non-continuous process is done as per the technical evaluation and depreciation thereon is provided accordingly.

b) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956 or at rates determined based on useful lives of the respective assets, as estimated by the management, whichever is higher.

c) Depreciation on revalued assets is provided at the rates specified in Section 205(2) (b) of The Companies Act, 1956. However in case of fixed assets whose life is determined by the valuer to be less than their useful life under Section 205, depreciation is provided at the higher rate, to ensure the amortisation of these assets over their life determined by the valuer.

d) Additional depreciation arising due to revaluation of fixed assets is adjusted against Revaluation Reserve.

e) Leasehold land is amortised over the period of lease.

f) Mining lease is amortised over the lease period.

g) Mines Development expenditure are amortised over the balance period of respective leases.

SCHEDULE 22 *(Contd.)*

(v) **Impairment of Fixed Assets**

a) The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

b) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

c) A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. (item iii to be given in the second year of impairment and onwards)

(vi) Foreign Currency Transactions

a) **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) **Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) **Exchange Differences:** Exchange differences arising on the settlement / or reporting of monetary items, at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognized as income or expenses in the period in which they arises.

d) **Forward Exchange Contracts not intended for trading or speculation purpose:** The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the period.

e) **Derivative Instruments:** In terms of the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under Accounting Standard -11 “The Effects of Changes in Foreign Exchange Rates”) is done based on the “marked to market” on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored as a matter of prudence.

(vii) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are valued at lower of cost and net realizable value on individual investment basis. Long term investments are valued at cost, unless there is an “other than temporary” decline in value thereof, in which case, adequate provision/write-off is made in the accounts.

(viii) Inventories

a) Raw materials, Stores, spares & consumables are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

b) Goods under process and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials, labour cost and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

c) Obsolete/damaged stores, saleable dust and saleable scrap are valued at estimated net realizable value.

d) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

e) The recovery of Ferro chrome and Silico manganese from slag generated at the plant during the manufacturing operations is accounted for on actual ascertainment of quantity thereof, since it is not feasible to determine the quantum till the re-processing of such slag.

f) Royalty on stock lying at mines is accounted on dispatch of materials.

SCHEDULE 22 *(Contd.)*

(ix) Retirement and Other Employee Benefits

a. Retirement benefits in the form of Provident Fund, Superannuation Fund and Employee State Insurance are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

b. Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year.

c. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method.

d. Actuarial gains/losses are taken to profit and loss account and are not deferred.

(x) Borrowing Costs

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(xi) Taxation

Tax expense comprises of current, deferred and prior year tax expenses, if any (net of MAT credit entitlement).

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier periods are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

(xii) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

<u>Sale of Goods</u>

Revenue from sale of goods is recognized on dispatch of goods to customers, which is incidental to transfer of significant risk and reward of ownership. Sales are net of returns, claims, discounts, sales tax/VAT etc.

<u>Export Benefits</u>

Export benefits are recognized on accrual basis as per schemes specified in Foreign Trade Policy, as amended from time to time.

<u>Interest</u>

Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(xiii) **Identification of segments**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

SCHEDULE 22 *(Contd.)*

Allocation of common costs:

Common allocable costs are allocated to each segment on case to case basis by applying the ratio, appropriate to each relevant case.

Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated - Common"

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(xiv) Provision

A provision is recognized when the company 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 made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on management 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 management estimates.

(xv) Earnings per Share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(xvi) Excise duty & custom duty

Excise duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factories as on the balance sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

(xvii) Cash and Cash equivalents

Cash and cash equivalents as indicated in the cash flow statement comprise cash on hand, cash at bank and short-term deposits with an original maturity of three months or less.

(xviii) Contingencies Liabilities

Liabilities, which are current or possible obligation arising from past events and whose existence is due to occurrence or non-occurrence of one or more uncertain future events that are not within the Company's control.

2. Contingent liabilities not provided for in respect of :

(Rs.in Lacs)

	Particulars	As at 31st March, 2011	As at 31st March, 2010
a)	Sales Tax matters under appeal {Amount paid under appeal Rs 169.21 lacs (Rs. 204.15 lacs)}	**169.41**	225.14
b)	Un-expired Bank Guarantees and Letters of Credit	**606.67**	412.73
c)	Bills discounted with Banks	**6,769.52**	5,189.97
d)	Guarantee given by way of pledge of certain Investments as security. (Refer Note No. 10)	**101.47**	87.88
e)	Liabilities on account of dues under Odisha Rural Infrastructure and Socio Economic Development Act, 2004	Amount Unascertainable	

In respect of above cases based on favourable decisions in similar cases/legal opinions taken by the Company/discussions with the solicitors etc., the management is of the opinion that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in the financial statements.

3. Estimated amount of Capital commitments (net of advances) Rs 4,735.03 lacs (Rs 4,739.21 lacs).

SCHEDULE 22 *(Contd.)*

4. The amounts due to Micro & Small Enterprises in term of Micro, Small and Medium Enterprises Act, 2006 (MSME Act) are as follows:

(Rs. in Lacs)

	Particulars	As at 31st March, 2011	As at 31st March, 2010
a)	Principal Amount	**111.37**	67.81
	Interest Due on Above	**19.56**	15.02
b)	Amount of interest paid in terms of section 16 of the MSME Act	**—**	—
c)	Amount of interest due and payable for the period of delay	**4.54**	5.06
d)	Amount of interest accrued and remaining unpaid as at the Balance Sheet Date	**4.54**	5.06
e)	Amount of further interest remaining due and payable in the succeeding year	**19.56**	15.02

5. Gratuity and other post retirement benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with Life Insurance Corporation of India in form of qualifying insurance policy.

The Company also extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment. This is an unfunded plan.

The following tables summaries the components of net expense recognised in the profit and loss account and balance sheet for the respective plans.

(a) Expenses recognized in the profit and loss account for respective years are as follows: –

(Rs in Lacs)

Particulars	Gratuity		Leave	
	(2010-11)	(2009-10)	**(2010-11)**	(2009-10)
Current service cost	**39.58**	33.61	**22.41**	18.95
Interest cost on benefit obligation	**36.74**	26.89	**22.15**	15.10
Expected return on plan assets	**(13.21)**	(11.01)	**—**	—
Net actuarial (Gain)/losses recognized in the year	**(4.37)**	47.13	**(0.36)**	44.92
Net benefit expense	**58.74**	96.62	**44.20**	78.97
Actual return on plan assets	**15.73**	13.20	**—**	—

(b) Net Liability recognized in the balance sheet as at respective dates are as follows:-

Particulars	**31.3.2011**	31.3.2010	**31.3.2011**	31.3.2010
Defined benefit obligation	**507.97**	451.69	**308.01**	269.85
Fair value of plan assets	**181.98**	152.10	**—**	—
Net liability	**325.99**	299.59	**308.01**	269.85

SCHEDULE 22 *(Contd.)*

(c) Changes in the present value of the defined benefit obligation during respective years are as follows:-

(Rs in Lacs)

Particulars	Gratuity		Leave	
	(2010-11)	(2009-10)	(2010-11)	(2009-10)
Opening defined benefit obligation	451.69	352.01	269.85	198.68
Interest cost	36.74	26.89	22.15	15.10
Current service cost	39.58	33.61	22.41	18.95
Benefit paid	(18.19)	(10.14)	(6.04)	(7.80)
Actuarial (Gain)losses on obligation	(1.85)	49.32	(0.36)	44.92
Closing defined benefit obligation	507.97	451.69	308.01	269.85

(d) Changes in the fair value of plan assets during respective years are as follows:

(Rs in Lacs)

Particulars	Gratuity	
	(2010-11)	(2009-10)
Opening fair value of plan assets	152.10	145.27
Expected return on plan assets	13.21	11.01
Contribution by the Company	32.34	3.77
Benefits paid	(18.19)	(10.14)
Actuarial gains	2.52	2.19
Closing fair value of plan assets	181.98	152.10

(e) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity plan assets as at	
	31st March, 2011	31st March, 2010
Investments with insurer	**100 %**	100 %

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

(f) The principal assumptions used in determining gratuity and leave liability are as shown below:

Particulars	Gratuity		Leave	
	2010-11	2009-10	2010-11	2009-10
Discount rate	8.35%	8.30%	8.35%	8.30%
Rate of increase in salary	**10.00%**	10.00%	**10.00%**	10.00%
Expected average remaining working live of the employees	16.25	16.77	15.96	16.68
Return on Plan Assets (Gratuity Scheme)	8.30%	8.30%	Not Applicable	
Mortality Table	Standard Table LIC (1994-1996)			

SCHEDULE 22 *(Contd.)*

(g) Amounts for the current and previous periods are as follows:-

(Rs in Lacs)

Particulars	**(2010-11) 12 months**	(2009-10) 12 months	(2008-09) 12 months	(2007-08) 15 months
Gratuity				
Defined benefit obligation	**507.97**	451.69	352.01	295.09
Fair value of plan assets	**181.98**	152.10	145.27	54.08
Deficit	**325.99**	299.59	206.74	241.01
Experience adjustments on plan liabilities (gains)/losses	**0.83**	81.42	2.36	—
Experience adjustments on plan assets	**2.52**	2.19	(2.74)	—
Leave				
Defined benefit obligation	**308.01**	269.85	198.68	161.20
Deficit	**308.01**	269.85	198.68	161.20
Experience adjustments on plan liabilities (gains)/losses	**1.39**	65.04	7.90	—

Since Accounting Standard 15 (revised) on Employee Benefits was adopted from 1st January 2007, the above disclosures have been made accordingly.

(h) The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

(i) The Company expects to contribute Rs. 60.00 lacs to gratuity fund in the year 2011-2012.

(j) The amounts provided for defined contribution plans are as follows:

(Rs in Lacs)

Particulars	**(2010-11)**	(2009-10)
Provident Fund	**73.63**	64.85
Employees' State Insurance	**17.85**	13.57
Superannuation Fund	**50.15**	41.07
Total	**141.63**	119.49

6. North Eastern Electricity Supply Company of Odisha Limited (NESCO) has revoked the waiver of dues granted under a settlement in an earlier year and raised demand for Rs 9,874.34 lacs (including delayed payment surcharge). The Company has made necessary representation to NESCO and the matter is under negotiation. Pending such, no provision has been made towards above demand.

7. One of the overseas customer has filed a claim of Rs 603.03 lacs relating to price differential for non supply of materials in earlier years by the Company, which is contested at International Arbitration court. The management is hopeful to resolve the dispute with no additional liability on the Company.

8. During the year, as per mutual agreement, certain loans and its related interest receivable were converted into Unsecured Debentures of Rs 1,540 lacs bearing interest rate of 12% per annum. These debentures are redeemable at the end of 5 years.

9. a) The Company has incurred capital expenditure (including capital advances) on various projects and made investments, in excess of the normal capex approved under Corporate Debt Restructuring (CDR) Scheme, which are pending approval of the monitoring committee of the lenders in terms of the Financial Restructuring Scheme as approved by the CDR Empowered Group in earlier years.

   b) In terms of CDR scheme sanctioned for the Company, the Lenders continue to have the right to recompense on the sacrifices being made over and above the amount of recompense quantified at Rs 3,020 lacs for the period upto 31st March, 2007.

10. Investments in the Equity Shares of Ispat Industries Limited (IIL) (an associate company of the Promoter Group) have been pledged with the lenders of IIL as collateral security against financial facilities provided by the lenders to IIL as a part of debt restructuring arrangement of IIL.

SCHEDULE 22 *(Contd.)*

11. Details of equity shares pledged by the promoter or persons forming part of the promoter group ('Promoter Group') of the Company in compliance to Corporate Debt Restructuring Scheme as on the balance sheet date are as follows :

Particulars	31st March, 2011	31st March, 2010
Total Number of Equity shares held by the Promoter Group	**29,935,186**	29,934,786
Total Number of Equity shares pledged by the Promoter Group	**14,604,790**	14,604,790
Percentage of total shares pledged to total shareholding of the Promoter Group	**48.79**	48.79
Percentage of total shares pledged to total outstanding shares of the Company	**22.72**	22.72

12. Segment Information

Business Segments:

Based on the synergies, risks and return associated with business operations and in terms of Accounting Standard-17, the Company is engaged in following business segments

a) Manufacturing/Mining - Consists of mining and manufacturing of Silicon & Ferro alloys

b) Trading - Consists of trading of Coke, Chrome Ore Lumpy etc.

Geographical Segments:

The Company's secondary geographical segment has been identified based on location of the customers and are demarcated into its Indian and Overseas Operations.

a) Primary Business Segments:

(Rs in lacs)

		Manufacturing/Mining		Trading		Total	
		2010-11	2009-10	**2010-11**	2009-10	**2010-11**	2009-10
A	**Revenues (net of excise duty)**						
	External Sales	**51,813.34**	39,581.21	**12,052.85**	1,937.35	**63,866.19**	41,518.56
	Total Revenue	**51,813.34**	39,581.21	**12,052.85**	1,937.35	**63,866.19**	41,518.56
B	**Results**						
	Segment results	**8,719.86**	5,900.10	**305.60**	167.83	**9,025.46**	6,067.93
	Less: Unallocated Expense net of unallocated Income					**393.71**	508.62
	Operating Profit					**8,631.75**	5,559.31
	Interest Income					**485.20**	746.84
	Interest & Finance Charges					**5,038.16**	4,221.37
	Tax Expense (Net)					**1,390.25**	829.87
	Profit after Taxes					**2,688.54**	1,254.91
C	**Total Assets**						
	Segment assets	**130,763.08**	131,759.65	**2,953.40**	–	**133,716.48**	131,759.65
	Unallocated Corporate Assets					**7,528.62**	7,706.02
		130,763.08	131,759.65	**2,953.40**	–	**141,245.10**	139,465.67
D	**Total Liabilities**						
	Segment Liabilities	**14,743.43**	15,249.52	**6,869.14**	–	**21,612.57**	15,249.52
	Unallocated Corporate Liabilities					**22,267.68**	23,583.85
		14,743.43	15,249.52	**6,869.14**	–	**43,880.25**	38,833.37
E	**Other Information**						
	Capital Expenditure	**3,291.74**	8,092.58			**3,291.74**	8,092.58
	Depreciation	**1,545.68**	1,404.55			**1,545.68**	1,404.55

SCHEDULE 22 *(Contd.)*

(b) Secondary Geographical Segments

(Rs. in Lacs)

Sales Revenue :-	**2010-11**	2009-10
Domestic Revenues (Net of Excise Duty)	**41,621.26**	20,909.69
Overseas Revenues (Including Export Benefits)	**22,244.93**	20,608.87
Total	**63,866.19**	41,518.56

The Company has common fixed assets in India for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished. The year end balance of overseas debtors is Rs 172.25 lacs (Rs 53.44 lacs).

13. In terms of Accounting Standard 22, Net Deferred Tax Liability of Rs 721.52 lacs has been recognized in the accounts up to 31st March, 2011.

The break-up of components of such Net Deferred Tax liability is as follows:

(Rs. in Lacs)

Components of Deferred Tax Liability/(Asset)	**As at 31st March, 2011**	As at 31st March, 2010
Timing difference on depreciable assets	**2,039.35**	1870.80
Timing difference due to disallowance under section 43B of the Income Tax Act, 1961	**(1,255.80)**	(1407.05)
Other timing differences	**(62.03)**	(193.57)
Total	**721.52**	270.18

14. Details of remuneration paid to the managing director and a whole time director:

(Rs. in Lacs)

Particulars	**2010-11**	2009-10
i) Salary	**223.68**	166.31
ii) Contribution to Provident and other funds	**27.54**	19.44
iii) Perquisites	**24.55**	9.10
	275.77	194.85

Note:- As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above

15. Basis for calculation of Basic and Diluted Earning per Share is as follows:

Particulars		**2010-11**	2009-10
Present Weighted Average Equity Shares	Nos.	**64290411**	64290411
Equivalent Weighted Average Equity Shares to be allotted against share warrant	Nos.	**–**	320274
Potential weighted Average Equity Shares	Nos.	**64290411**	64610685
Net Profit After Tax	Rs. in Lacs	**2,688.54**	1254.91
Nominal Value of each Shares of Rs 5/-			
Earning Per Share	Basis (Rs)	**4.18**	1.95
	Diluted (Rs)	**4.18**	1.94

16. As per the requirement of Accounting Standard-29, the management has estimated future expenses on site restoration at mines on best judgment basis and due provision thereof has been made in the accounts. The movement of such provision is as follows:

(Rs in Lacs)

Particulars	Balance as at 1st April, 2010	Movement during the year	**Balance as at 31st March, 2011**
Provision for site restoration expenses	18.00	—	**18.00**

SCHEDULE 22 *(Contd.)*

17. Purchases of Raw Materials are inclusive of the following costs incurred for mining activities.

(Rs. in Lacs)

Nature of Expenses	2010-11	2009-10
Salaries, Wages, Bonus etc.	**203.28**	173.21
Contribution to Provident & Other Funds	**9.34**	7.92
Excavation and Peripheral development cost	**1,983.66**	1486.20
Stores and other consumables	**0.82**	0.97
Royalty and Cess	**2221.10**	1490.52
Power & Fuel	**58.44**	43.63
Repair & Maintenance - Plant and Machinery	**39.75**	24.00
Rates & Taxes	**0.24**	0.21
Rent & Hire Charges	**184.78**	157.73
Insurance Charges	**0.04**	0.06
Bank Charges	**0.03**	0.35
Traveling Expenses	**10.51**	8.29
Miscellaneous expenses	**113.03**	101.55

18. a) The supply of raw materials against advances of Rs. 500.00 lacs (Rs 500.00 lacs) to various parties is pending beyond the stipulated time as per the respective purchase orders. The management is following up the matter and expects to recover/adjust such advances in the near future.

b) Confirmation certificates in respect of loans aggregating to Rs 962.00 lacs to certain parties as well as interest receivable thereon amounting to Rs 585.79 lacs (including Rs 42.66 lacs in respect of loans where no principal amount is outstanding) are still awaited from the respective parties. All these loans and interest receivable are, however, considered good of recovery by the management.

19. The break up of prior period expenses/(income) as indicated in the Profit and Loss Account is as follows :-

(Rs in Lacs)

Nature of Expenses	2010-11	2009-10
Income		
Legal & Professional Charges	**—**	1.02
Packing & Carriage Charges	**—**	2.55
Raw Materials Consumption credited	**11.97**	320.34
Miscellaneous Receipts	**—**	0.17
Sub Total (A)	**11.97**	324.08
Expenditure		
Commission on Sales (Other than sole selling agent)	**—**	4.88
Store Consumption	**3.61**	—
Packing & Carriage charges	**0.26**	—
Miscellaneous Expenses	**23.76**	—
Interest & Finance Charges	**22.78**	5.96
Sub Total (B)	**50.41**	10.84
Net Prior Period Items (B - A)	**38.44**	(313.24)

SCHEDULE 22 *(Contd.)*

20. The Company has the following un-hedged exposures in various foreign currencies as at the year end:

(Rs in Lacs)

Sr. No.	Particulars	**As at 31st March, 2011**	As at 31st March, 2010
(i)	Advances	**—**	44.79
(ii)	Sundry Debtors	**172.25**	53.44
(iii)	Trade Payables and Advances from customers	**1,626.73**	572.76
(iv)	Cash and Bank Balances	**0.21**	—
(v)	Investments in Subsidiary Company	**1,994.25**	1,994.25

21. Related Party Disclosures

(a) Names of the related parties :

Subsidiary Company	:	Milton Holdings Limited
Associate Company	:	Balasore Energy Limited
Key Management Personnel and their relative	:	Mr. Pramod Mittal (Chairman)
		Mr. V K Mittal (Brother of Chairman) (ceased to be director w.e.f. 28th July, 2010)
		Mr. R.K Jena (Managing Director)
		Mr C.R. Pradhan (Whole-time Director)
Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence*	:	Ispat Industries Limited
		Navoday Consultant Limited (formerly Mudra Ispat Limited)
		Denro Holdings Private Limited
		Kartik Credit Private Limited
		Navdisha Real Estate Private Limited (formerly Kanoria Plastokem (P) Ltd)
		Shakti Chrome Limited

* The parties stated above are related parties in the broader sense of the term and are included for making the financial statements more transparent.

SCHEDULE 22 *(Contd.)*

(b) Related Party Disclosures :

(Rs in Lacs)

Nature of Transactions / Name of the Related Parties	Subsidiary Company	Associate Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Interest received					
Shakti Chrome Limited				**71.34**	**71.34**
				(127.24)	(127.24)
Navoday Consultant Limited				–	–
				(7.45)	(7.45)
Process Loss Recovered					
Shakti Chrome Limited				–	–
				(19.72)	(19.72)
Processing Charges Paid					
Shakti Chrome Limited				**825.52**	**825.52**
				(716.55)	(716.55)
Rent Paid					
Navdisha Real Estate Private Limited				**64.00**	**64.00**
				(60.00)	(60.00)
Managerial Remuneration					
Mr. R. K. Jena			**256.69**		**256.69**
			(180.22)		(180.22)
Mr. C. R. Pradhan			**19.08**		**19.08**
			(14.63)		(14.63)
Forfeiture of Application Money received towards Equity Warrants					
Denro Holding Private Limited				–	–
				(245.00)	(245.00)
Kartik Credit Private Limited				–	–
				(245.00)	(245.00)
Irrecoverable Written Off					
Navoday Consultant Limited				**43.69**	**43.69**
				(–)	(–)
Conversion of Interest Receivable and Loans into 12% Unsecured Debentures					
Shakti Chrome Limited				**690.00**	**690.00**
				(–)	(–)
Loan Repaid					
Navoday Consultant Limited				–	–
				(126.00)	(126.00)
Shakti Chrome Limited				–	–
				(613.50)	(613.50)
Guarantees Given					
Ispat Industries Limited				**101.47**	**101.47**
				(87.88)	(87.88)
Guarantees Obtained					
Mr. Pramod Mittal			**12818.54**		**12818.54**
			(15578.76)		(15578.76)
Mr. V K Mittal			**12818.54**		**12818.54**
			(15578.76)		(15578.76)
Balances Outstanding as at year end – Credit Balance					
Mr. R. K. Jena			**0.62**		**0.62**
			(8.27)		(8.27)
Mr. C. R. Pradhan			**1.21**		**1.21**
			(1.03)		(1.03)
Balances Outstanding as at year end – Debit Balance					
Milton Holdings Limited	**1994.25**				**1994.25**
	(1994.25)				(1994.25)
Navoday Consultant Limited				–	–
				(43.68)	(43.68)
Shakti Chrome Limited				**450.43**	**450.43**
				(992.94)	(992.94)
Navdisha Real Estate Private Limited				**50.00**	**50.00**
				(44.00)	(44.00)
Balasore Energy Limited		–			–
		(2.58)			(2.58)

SCHEDULE 22 *(Contd.)*

22. The Company has accounted for differential interest of Rs 395.74 lacs (including Rs 206.11 lacs relating to earlier years) on advances which have been converted into unsecured loan in earlier year based on the statement of accounts received from the party during the year.

23. Excise Duty & Cess on stocks represents differential excise duty and cess on opening and closing stock of Finished Goods and processable scrap.

24. Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 :

(i) Quantitative information of goods manufactured/traded.

(A) Installed Capacity and Production:

	Annual Installed Capacity (MT) (b) (on basis)	**Production (MT) (c)**	
		2010-11	2009-10
Silicon & Ferro Alloys	100,000 (100,000)	**90,544**	83,936
Manganese Ore	Not Applicable	**39**	–

(a) Licensed capacity is not applicable as the industry is de-licensed

(b) As certified by the management based on interchangeability of products

(B) Details of Opening Stock, Purchases, Sales & Closing Stock

Class of Product	**Opening Stock ***		**Closing Stock ***		**Purchases (Traded Goods)**		**Sales ** (excluding excise duty)**	
	Quantity MT	**Value Rs in Lacs**	**Quantity MT**	**Value Rs in Lacs**	**Quantity MT**	**Value Rs in Lacs**	**Quantity MT**	**Value Rs in Lacs**
Silicon & Ferro Alloys	**495** (2099)	**159.08** (766.17)	**813** (495)	**245.74** (159.08)	**63** (3141)	**35.96** (1,742.31)	**90,289** (88,681)	**51,706.81** (41,316.22)
Manganese Ore	**171** (1275)	**1.10** (17.70)	**–** (171)	**–** (1.10)	**–** (–)	**–** (–)	**210** (1,109)	**11.67** (32.50)
Chrome Ore Lumpy	**–** (–)	**–** (–)	**–** (–)	**–** (–)	**4479** (–)	**950.20** (–)	**4479** (–)	**968.96** (–)
Coke	**–** (–)	**–** (–)	**–** (–)	**–** (–)	**52086** (–)	**10,601.30** (–)	**52083** (–)	**11,036.08** (–)
Saleable Scrap		**749.03** (805.93)		**240.31** (749.03)				**142.67** (169.84)
Total		**909.21** (1,589.80)		**245.74** (909.21)		**11,587.46** (1,742.31)		**63,866.19** (41,518.56)

* After adjustment of Shortage / Excess

** Including Traded Goods

		(Rs in lacs)
	2010-11	2009-10
(ii) CIF Value of Imports		
Raw Materials	**7,870.66**	3206.43
Stores and Spares	**–**	0.87

		(Rs in lacs)
	2010-11	2009-10
(iii) Expenditure in foreign currency (on actual remittance basis)		
Travelling	**21.82**	3.73
Others	**105.39**	97.03

		(Rs in lacs)
	2010-11	2009-10
(iv) Earning in foreign currency (on accrual basis)		
FOB Value of Exports	**21,246.97**	19,768.88

SCHEDULE 22 *(Contd.)*

(v) Details of raw materials consumed (excluding those used in intermediate product)

	2010-11		2009-10	
	Quantity MT	**Rs. in Lacs**	Quantity MT	Rs. in Lacs
Chrome Ore (including own generation)	**263,144**	**11,018.83**	332,179	9,015.24
Coal and Coke etc.	**53,573**	**9,520.69**	55,056	8,357.39
Carbon Paste	**1,440**	**392.79**	1,470	412.67
Quartz	**24,057**	**335.39**	25,518	285.19
Others (Including handling charges)		**1,065.04**		917.40
Total*		**22,332.74**		18,987.89

* Includes Rs 343.20 lacs (Rs 878.12 lacs) being the value written off towards shortages observed on physical verification.

(vi) Break-up of consumption of raw materials, stores & spares etc. (including items debited to other heads of expenses, unserviceable and / or damaged / obsolete items written down and / or written off)

Particulars	**Raw Materials**		**Stores & Spares & Chemicals Consumed***	
	Rs. In lacs	**%**	**Rs. In lacs**	**%**
Indigenous	**14,918.33** (13,579.46)	**66.80** (71.52)	**1,579.69** (1,175.93)	**99.88** (95.03)
Imported	**7,414.41** (5,408.43)	**33.20** (28.48)	**1.95** (61.45)	**0.12** (4.97)
Total	**22,332.74** (18,987.89)	**100.00** (100.00)	**1,581.64** (1,237.38)	**100.00** (100.00)

* Includes Rs 658.19 lacs (Rs 502.57 lacs) charged to other heads of expenses

(vii) Remittances (Net of Tax) in Foreign Currency on account of Dividend

	As at 31st March, 2011	As at 31st March, 2010
a) No. of non resident shareholders	**1,316**	1,345
b) No. of Equity Shares Held	**856,104**	991,080
c) Amount remitted as dividend	**Nil**	Nil
d) Period to which dividend relates	**NA**	NA

25. The Board of Directors has recommended, dividend of Rs 0.50 per share (10%) subject to approval of CDR Empowered group and shareholders.

26. Previous year's figures including those given in brackets have been regrouped / rearranged where necessary to conform to this year's classification.

Signatories to Schedules 1 to 22

As per our Report of even date

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Sanjoy K Gupta
Partner
Membership No 54968

22, Camac Street, Block C, 3rd Floor, Kolkata -700 016
Date : 26th May, 2011

For and on behalf of Board of Directors

R K Jena
Managing Director

C R Pradhan
Director - Operations

Trilochan Sharma
Company Secretary

M Trivedi
S Mohapatra
S K Pal
S K Majumdar
A K Bhattacharya
V V Jamnis
S M Ali
Directors

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE AS AT & FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2011

1. Registration Details

Registration No. (CIN) :	L27101OR1984PLC001354	State Code	15
Balance Sheet Date	31.03.2011		

2. Capital Raised during the year (Rs. in Lacs)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3. Position of Mobilisation and Deployment of Funds (Rs. in Lacs)

Total Liabilities	119257.69	Total Assets	119257.69
Sources of Funds		**Application of Funds**	
Paid-up Capital	3366.38*	Net Fixed Assets	111823.31
Reserves & Surplus	93998.47	Investments	3702.60
Secured Loans	13329.00	Net Current Assets	3731.78
Unsecured Loans	7842.32		
Deferred Tax Liability (Net)	721.52		

* includes Rs. 151.86 lacs on Forfeited Shares

4. Performance of Company (Rs. in Lacs)

Total Income	64729.33
Total Expenditure	60612.10
Prior Period Items	38.44
Profit Before Taxes	4078.79
Profit After Taxes	2688.54
Earning per Share in (Rs.)	
- Basic	4.18
- Diluted	4.18
Dividend Rate	10%

5. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC) Code	Product Description
72023000	Ferro-Silico-Manganese
72024100	Ferro-Chromium containing by Weight more than 4% of Carbon
72021100	Ferro-Manganese containing by Weight more than 2% of Carbon

For and on behalf of Board of Directors

R K Jena
Managing Director

C R Pradhan
Director - Operations

Trilochan Sharma
Company Secretary

M Trivedi
S Mohapatra
S K Pal
S K Majumdar
A K Bhattacharya
V V Jamnis
S M Ali
Directors

Kolkata
26th May, 2011

Statement Pursuant to Section 212 of the companies Act,1956, relating to Subsidiary Company.

	Particulars	Milton Holdings Limited
1.	The Financial year of the Subsidiary Company ended on	31st March, 2011
2.	Shares of the Subsidiary Company held by Balasore Alloys Limited on the above date	
	a) Number of Equity Shares	43,601
	b) Extent of Holding	100%
3.	The net aggregate of profit/(loss) of the Subsidiary Company so far as it concerns the members of the Balasore Alloys Limited	
	a) Not dealt with in the accounts of Balasore Alloys Limited for the year ended 31st March,2011.	
	i) For the Subsidiary Financial year (Rs. In Lacs)	(2.57)
	ii) For the previous Financial years of the Subsidiary, since it became the Holding company's subsidiary (Rs. In Lacs)	(7.21)
	b) Dealt with in the accounts of Balasore Alloys Limited for the year ended 31st March,2011.	
	i) For the Subsidiary Financial year	Nil
	ii) For the previous Financial years of the Subsidiary, since it became the Holding company's subsidiary	Nil

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS BALASORE ALLOYS LIMITED

1. We have audited the attached consolidated balance sheet of Balasore Alloys Limited, its subsidiary and associate together referred as “the Group”, as at 31st March 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Balasore Alloys Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Milton Holdings Limited, a subsidiary, whose financial statements reflect total assets of Rs. 2012.80 lacs as at 31st March 2011, the total loss of Rs. 2.56 lacs and cash out flows amounting to Rs.0.05 lacs for the year then ended. We also did not audit the financial statement of Balasore Energy Limited, an associate Company, whose share of losses attributable to the Group during the year is Rs 0.09 lacs. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Balasore Alloys Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements and Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).
5. Without qualifying our opinion, attention is drawn to Note No. 18(b) on Schedule 22 regarding loans of Rs. 962.00 lacs and interest receivable of Rs. 585.79 lacs (including Rs. 42.66 lacs in respect of loans where no principal amount is outstanding) which are overdue but based on the current status of negotiation with these parties, the management is hopeful to recover the amount in full. However, pending receipt of confirmation from these parties, we are unable to offer our comments in the matter.
6. *Attention is drawn to the following notes on Schedule 22 :*
   a) *Note No. 18(a) regarding certain advances of Rs. 500 lacs (Rs. 500 lacs as at 31st March, 2010) against supply of raw materials which are pending beyond the stipulated delivery schedules. We are unable to opine on the recoverability/adjustment of these advances through supply of such materials and thus its consequent impact, if any, on the Company’s profit. This had also caused us to qualify our audit opinion on the financial statements relating to the preceding year.*
   b) *Note No. 6 regarding North Eastern Electricity Supply Company of Orissa Limited (NESCO) who has revoked the waiver of dues granted under a settlement in an earlier year and raised demand for Rs. 9874.34 lacs (including delayed payment surcharge). The Company has made necessary representation to NESCO and the matter is under negotiation. Pending the outcome of the negotiation, we are unable to comment upon its consequential impact on the Company’s profits.*
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, *subject to the effect of matters contained in para 6 above whose impact is presently not ascertainable* and read with our observation in para 5 above, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March 2011;
   (b) in the case of the consolidated profit and loss account, of the profit 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.

For S. R. BATLIBOI & CO.
Firm Registration Number: 301003E
Chartered Accountants

per Sanjoy K Gupta
Partner
Membership No. 54968

22, Camac Street
Block 'C', 3rd Floor
Kolkata 700 016.
Date : 26th May, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs.in Lacs)

		Schedules	As at 31st March, 2011	As at 31st March, 2010
A.	**SOURCES OF FUNDS**			
	SHAREHOLDERS' FUNDS			
a)	Share Capital	1	**3,366.38**	3,366.38
b)	Reserves & Surplus	2	**93,970.58**	97,227.18
			97,336.96	100,593.56
	LOAN FUNDS			
a)	Secured Loans	3	**13,329.00**	15,967.88
b)	Unsecured Loans	4	**7,884.85**	7,385.42
			21,213.85	23,353.30
	DEFERRED TAX LIABILITY (NET)	7	**721.52**	270.18
	TOTAL		**119,272.33**	124,217.04
B.	**APPLICATION OF FUNDS**			
	FIXED ASSETS			
a)	Gross Block	5	**131,708.38**	130,848.01
b)	Less : Accumulated Depreciation/Amortisation		**25,868.24**	19,835.83
c)	Net Block		**105,840.14**	111,012.18
d)	Capital Work in Progress (including Capital Advance)		**6,474.76**	5,329.07
			112,314.90	116,341.25
	INVESTMENTS	6	**1,707.28**	138.19
	CURRENT ASSETS, LOANS & ADVANCES			
a)	Inventories	8	**13,449.38**	11,560.14
b)	Sundry Debtors	9	**4,131.47**	166.29
c)	Cash & Bank Balances	10	**1,534.28**	1,777.27
d)	Other Current Assets	11	**743.79**	1,313.43
e)	Loans & Advances	12	**7,381.48**	8,172.96
			27,240.40	22,990.09
	Less: CURRENT LIABILITIES & PROVISIONS			
a)	Current Liabilities	13	**20,911.31**	14,606.17
b)	Provisions	14	**1,078.94**	646.32
			21,990.25	15,252.49
	Net Current Assets		**5,250.15**	7,737.60
	TOTAL		**119,272.33**	124,217.04
	Significant Accounting Policies & Notes on Accounts	22		

The schedules referred to above and notes to accounts form an integral part of the Consolidated Balance Sheet.

As per our Report of even date

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Sanjoy K. Gupta
Partner
Membership No 54968

22, Camac Street, Block C, 3rd Floor, Kolkata -700 016
Date : 26th May, 2011

For and on behalf of Board of Directors

R K Jena
Managing Director

C R Pradhan
Director - Operations

Trilochan Sharma
Company Secretary

M Trivedi
S Mohapatra
S K Pal
S K Majumdar
A K Bhattacharya
V V Jamnis
S M Ali
Directors

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs.in Lacs)

	Schedules		2010-11		2009-10
INCOME					
Sales (Gross)	15		**66,901.65**		43,261.75
Less : Excise Duty			**3,035.46**		1,743.19
			63,866.19		41,518.56
Other Income	16		**863.14**		2,935.67
Total			**64,729.33**		44,454.23
EXPENDITURE					
Decrease/(Increase) in Stocks	17		**386.67**		680.20
Excise Duty & Cess on Stocks (Refer Note No. 23 on Schedule 22)			**(76.90)**		13.44
Raw Materials Consumed	18		**22,332.74**		18,987.89
Purchases of Traded Goods			**11,587.46**		1,742.31
Personnel Cost	19		**2,161.14**		1,722.09
Power and Fuel			**12,371.50**		9,462.34
Manufacturing, Selling and Administrative Expenses	20		**5,268.16**		4,451.50
Interest & Finance Charges	21		**5,038.21**		4,221.89
Depreciation / Amortisation		**6,766.11**		2,629.96	
Less: Transferred from General Reserve		**–**		1,225.41	
Less: Transferred from Revaluation Reserve		**5,220.43**	**1,545.68**	–	1,404.55
Total			**60,614.66**		42,686.21
Profit before Prior Period Items & Taxes			**4,114.67**		1,768.02
Prior Period expenses/(income) (Net) (Refer Note No 19 on Schedule 22)			**38.44**		(313.24)
Profit before Taxes			**4,076.23**		2,081.26
Provision for Taxes					
Current Tax			**1,093.69**		1,039.01
Deferred tax charge/(credit)			**313.26**		(188.54)
Prior Year					
– Current tax written back		**(155.01)**		(21.02)	
– Deferred Tax Charge		**138.08**	**(16.93)**	–	(21.02)
Wealth Tax			**0.23**		0.42
Profit after Taxes			**2,685.98**		1,251.39
Less : Share of loss of Associate Company			**0.09**		0.13
Net Profit			**2,685.89**		1,251.26
Profit brought forward from previous year			**10,826.03**		9,574.77
Profit available for Appropiration			**13,511.92**		10,826.03
Appropriations :					
– Proposed Dividend			**321.45**		–
– Tax on Dividend			**53.39**		–
Surplus carried to the Consolidated Balance Sheet			**13,137.08**		10,826.03
Earning per share [Nominal value of shares - Rs 5/-]					
– Basic (Rs)			**4.18**		1.95
– Diluted (Rs)			**4.18**		1.94
(Refer Note No.15 on Schedule 22)					
Significant Accounting Policies & Notes on Accounts	22				

The schedules referred to above and notes to accounts form an integral part of the Consolidated Profit & Loss Account.

As per our Report of even date

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Sanjoy K. Gupta
Partner
Membership No 54968

22, Camac Street, Block C, 3rd Floor, Kolkata -700 016
Date : 26th May, 2011

For and on behalf of Board of Directors

R K Jena
Managing Director

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Director - Operations

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S K Pal
S K Majumdar
A K Bhattacharya
V V Jamnis
S M Ali
Directors

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs in Lacs)

			2010-11		2009-10
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Net Profit before Taxes		**4,076.23**		2,081.26
	Adjustments for :				
	Depreciation/Amortisation	**1,545.68**		1,404.55	
	Dividend on long term investments (Other than Trade, Unquoted)	**–**		(8.25)	
	Interest Income	**(485.20)**		(746.84)	
	Unspent Liability no longer required written back	**(6.66)**		(675.64)	
	(Gain)/Loss on Foreign Exchange Fluctuation/ Forward Exchange Contract (net)	**(183.77)**		(1,322.83)	
	Provision for Diminition in value of Investment written back	**(28.96)**		(40.88)	
	Irrecoverable debts , deposits & Advances written off	**88.18**		216.11	
	Provision for doubtful debts/advances	**9.83**		24.99	
	Loss on sale/discard of Fixed Assets (Net)	**366.71**		305.48	
	Interest Expenses	**4,277.86**	**5,583.67**	3,739.90	2,896.59
	Operating Profit before working capital changes		**9,659.90**		4,977.85
	Adjustments for :				
	(Increase)/Decrease in Inventories	**(1,889.24)**		1,638.04	
	(Increase)/Decrease in Sundry Debtors	**(3,789.10)**		1,086.02	
	(Increase)/Decrease in Loans & Advances	**(1,123.81)**		4,870.84	
	Increase/(Decrease) in Current Liabilities	**6,905.08**		(3,759.76)	
	Increase/(Decrease) in Provisions	**57.78**	**160.71**	188.38	4,023.52
	Cash generated from Operations		**9,820.61**		9,001.37
	Direct Tax Paid		**(549.87)**		(358.85)
	Net Cash generated from Operating Activities (A)		**9,270.74**		8,642.52
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	**(3,902.33)**		(3,622.03)	
	Acquisition of Investments (other than subsidiary)	**(0.22)**		–	
	Proceed from sale of Fixed Assets	**21.76**		668.70	
	Interest Received	**439.92**		325.70	
	Dividend on long term investments (Other than Trade, Unquoted)	**–**		8.25	
	Net cash used in investing activities (B)		**(3,440.87)**		(2,619.38)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Receipt of Long Term Borrowings	**–**		514.63	
	Repayment of Long Term Borrowings	**(2,802.75)**		(576.07)	
	Net movement in Other Borrowings	**325.87**		(2,540.79)	
	Interest Paid	**(3,921.90)**		(2,558.55)	
	Net cash used in financing activities (C)		**(6,398.78)**		(5,160.78)
D.	**Exchange Difference on translation of foreign subsidiary (D)**		**13.50**		(310.55)
	Net Increase/(Decrease) in cash & cash equivalents (A+B+C+D)		**(555.41)**		551.81
	Cash & Cash equivalents as on 01.04.2010 (Opening Balance)		**589.47**		37.66
	Cash & Cash equivalents as on 31.03.2011 (Closing Balance)		**34.06**		589.47
	Cash & Cash equivalents as at the end of the year includes*				
	Cash-on-hand (including cheques in hand)		**8.49**		433.55
	With Scheduled Banks on Current Account		**25.31**		155.82
	With Non Scheduled Banks		**0.21**		0.05
	With Post Office on Savings Account		**0.05**		0.05
			34.06		589.47

* Represents cash & bank balances as reflected in Schedule 10 excluding restricted Fixed Deposit Account.

As per our attached Report of even date

For S. R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Sanjoy K. Gupta
Partner
Membership No 54968

22, Camac Street, Block C, 3rd Floor, Kolkata -700 016
Date : 26th May, 2011

For and on behalf of Board of Directors

R K Jena
Managing Director

C R Pradhan
Director - Operations

Trilochan Sharma
Company Secretary

M Trivedi
S Mohapatra
S K Pal
S K Majumdar
A K Bhattacharya
V V Jamnis
S M Ali
Directors

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs.in Lacs)

SCHEDULE 1		As at 31st March, 2011		As at 31st March, 2010
SHARE CAPITAL				
AUTHORISED				
200,000,000 Equity Shares of Rs.5 each		**10,000.00**		10,000.00
		10,000.00		10,000.00
ISSUED AND SUBSCRIBED				
64,290,411 Equity Shares of Rs 5 each, fully paid up		**3,214.52**		3,214.52
Add: Shares forfeited		**151.86**		151.86
		3,366.38		3,366.38

SCHEDULE 2				
RESERVES AND SURPLUS				
Capital Reserve				
Central Investment Subsidy (As per last Account)		**41.96**		41.96
Amount arisen on Forfeiture of Equity Warrants		**490.00**		490.00
Revaluation Reserve				
As per last Account	**76,337.69**		–	
Add : Created during the year	**–**		76,337.69	
Less: Transfer to depreciation account	**5,220.43**		–	
Adjustment towards discard/sale of fixed assets (Refer Note No. 1(v)(d) Schedule 22)	**97.67**	**71,019.59**	–	76,337.69
Securities Premium Account (As per last Account)		**1,550.00**		1,550.00
General Reserve				
As per last Account	**8,012.06**		9,634.77	
Less: Transfer to depreciation account	**–**		1,225.41	
Adjustment towards discard/sale of fixed assets	**263.05**	**7,749.01**	397.30	8,012.06
Balance in Profit and Loss Account		**13,137.08**		10,826.03
Foreign Currency Translation Reserve				
As per last account	**(30.56)**		279.99	
Addition / Deduction for the year	**13.50**	**(17.06)**	(310.55)	(30.56)
		93,970.58		97,227.18

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs.in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE 3		
SECURED LOANS		
From Scheduled Banks		
Term Loans	**7,956.05**	10,573.40
Working Capital Facilities	**4,862.49**	5,005.36
Interest Accrued & Due	**510.46**	389.12
	13,329.00	15,967.88

Notes

i) Term loans are secured by a first charge over Plant & Machinery and other fixed assets (including factory land and building) and by way of second charge over the current assets of the Company.

ii) Working capital facilities are secured by first charge over current assets and by second charge over fixed assets of the Company.

iii) The loans are also secured by pledge of a part of shareholding of the promoter group [including shares held by Mr Pramod Mittal (a director) and Mr V K Mittal (ceased to be director w.e.f 28th July, 2010)].

iv) The above loans are further guaranteed by Mr Pramod Mittal and Mr V K Mittal (ceased to be director w.e.f 28th July, 2010) and by corporate guarantee of Shakti Chrome Limited & Ispat Minerals Limited.

v) All the mortgages and charges created in favour of the Banks for Term Loan and Working Capital Facilities rank pari passu inter se.

vi) Term loans aggregating to Rs 1,532.80.80 lacs (Rs 1,790.80 lacs) are payable within one year.

SCHEDULE 4		
UNSECURED LOANS		
From Bodies Corporate	**7,824.25**	7,355.51
Interest Accrued & Due	**60.60**	29.91
	*** 7,884.85**	7,385.42

* Includes amount falling due for payment within one year Rs 7,396.72 lacs (Rs 6,444.13 lacs)

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE 5

FIXED ASSETS

(Rs.in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31.03.2010	Additions/ Adjustments	Deductions/ Adjustments	**As at 31.03.2011**	Up to 31.03.2010	For the Year	On Deductions/ Adjustments	**Up to 31.03.2011**	**As at 31.03.2011**	As at 31.03.2010
Tangible Assets										
Lease Hold Land	222.08	65.69	–	**287.77**	18.65	2.89	–	**21.54**	**266.23**	203.43
Free Hold Land	1,076.07	68.05	–	**1,144.12**	–	–	–	**–**	**1,144.12**	1,076.07
Mining Lease	85,279.23	–	–	**85,279.23**	3,652.51	4,090.51	–	**7,743.02**	**77,536.21**	81,626.72
Buildings	5,343.83	104.57	–	**5,448.40**	1,418.51	160.77	–	**1,579.28**	**3,869.12**	3,925.32
Plant & Machinery	37,527.68	1,744.76	1,278.93	**37,993.51**	14,213.52	2,427.92	728.15	**15,913.29**	**22,080.22**	23,314.16
Vehicles	113.25	31.59	9.85	**134.99**	78.23	9.26	5.55	**81.94**	**53.05**	35.02
Office Equipments, Furniture & Fixtures	572.77	38.25	0.26	**610.76**	403.59	44.36	–	**447.95**	**162.81**	169.18
Intangible Assets										
Mines Development (a)	713.10	96.50	–	**809.60**	50.82	30.40	–	**81.22**	**728.38**	662.28
Total	130,848.01(b)	2,149.41	1,289.04(c)	**131,708.38**(b)	19,835.83	6,766.11	733.70	**25,868.24**	**105,840.14**	111,012.18
Capital work in progress	5,329.07	3,091.52	1,945.83	**6,474.76**(d)	–	–	–	**–**	**6,474.76**	5,329.07
Grand Total	136,177.08	5,240.93	3,234.87	**138,183.14**	19,835.83	6,766.11	733.70	**25,868.24**	**112,314.90**	116,341.25
Previous Year's total	57,998.17	85,843.54	7,664.63	136,177.08	18,799.38	2,629.96	1,593.51	19,835.83	116,341.25	

Notes

(a) Represents cost of Exploration, Net Present Value of Forest Restoration etc.

(b) Includes Rs 76,337.69 lacs (credited to Revaluation Reserve) and Rs. 23,118.34 lacs (credited to General Reserve in terms of High Court Order) capitalised on account of revaluation of land, buildings, mining lease and plant & machinery of the Company as on 31st March, 2010, and as on 31st December, 2004 respectively at net replacement cost basis based on the report of an approved valuer.

(c) Represents assets sold/discarded during the year.

(d) Includes Capital Advances Rs 832.89 lacs (Rs 1,041.47 lacs).

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs.in Lacs)

	Nos	Face Value (Rs.)	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE 6				
INVESTMENTS (Long Term) (at cost)				
A. GOVERNMENT SECURITIES (Unquoted, Trade)				
6 years National Savings Certificates (Deposited with Government Departments)			**0.95**	0.73
		(A)	**0.95**	0.73
B. IN ASSOCIATE COMPANY (Unquoted, Trade), (Fully Paid-up)				
Equity Shares in Balasore Energy Limited	17000	10	**1.70**	1.70
Less : Post Acquisition Loss			**1.07**	0.98
		(B)	**0.63**	0.72
C. OTHER INVESTMENTS-Fully Paid-up (Other than Trade)				
i) Unquoted				
Equity Shares in Elephanta Gases Limited	300000	10	**30.00**	30.00
Equity Shares in Ispat Finance Limited	116	10	**0.10**	0.10
Magnum units of SBI Mutual Fund	165000	10	**10.00**	10.00
12% Unsecured Debenture in Shakti Chrome Limited @	690000	100	**690.00**	–
12% Unsecured Debenture in Krish Trexim Private Limited @	850000	100	**850.00**	–
			1,580.10	40.10
ii) Quoted				
Equity Shares in Ispat Industries Limited (Refer Note No 10 on Schedule 22)	453000	10	**293.15**	293.15
0.01% Cumulative Redeemable Preference Shares in Ispat Industries Limited	302000	10	**195.43**	195.43
Equity Shares of Ispat Profiles India Ltd.	39950	10	**7.99**	7.99
			496.57	496.57
Less: Provision for diminution in the value of Investments			**(370.97)**	(399.93)
			125.60	96.64
		(C)	**1,705.70**	136.74
Total		(A+B+C)	**1,707.28**	138.19
Aggregate value of investments				
Quoted			**125.60**	96.64
Unquoted			**1,581.68**	41.55
			1,707.28	138.19
Market Value of Quoted Investments			**125.60**	96.64

(@ Rafer Note No. 8 on Schedule 22)

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs.in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE 7		
DEFERRED TAX LIABILITY (NET)		
(Refer Note No. 13 on Schedule 22)		
As per Last Account	**270.18**	458.72
Less: Deferred Tax Charge / (Credit)	**451.34**	(188.54)
[including Rs. 138.08 lacs (Rs. Nil) relating to earlier years]		
	721.52	270.18
SCHEDULE 8		
INVENTORIES		
(At lower of cost and net realisable value)		
Stores, Spares & Production Consumables [(Includes items related to Fixed Assets awaiting installation Rs 412.47 lacs (Rs 145.86 lacs)]	**949.45**	775.71
Raw Materials [(Includes in transit Rs.2,916.59 lacs (Rs 839.82 lacs)]	**11,884.49**	9,782.32
Goods under process	**129.39**	92.90
Finished Goods	**245.74**	160.18
At estimated net realisable value		
Saleable scraps	**240.31**	749.03
	13,449.38	11,560.14
SCHEDULE 9		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Doubtful	**39.66**	29.83
Other Debts		
Considered Good	**4,131.47**	166.29
	4,171.13	196.12
Less: Provision for Doubtful Debts	**39.66**	29.83
	4,131.47	166.29
SCHEDULE 10		
CASH & BANK BALANCES		
Cash-on-hand [Including Cheques in hand Rs Nil (Rs 424.00 lacs)]	**8.49**	433.55
With Scheduled Banks on :		
– Current Account	**25.31**	155.82
– Fixed Deposit Account (Receipts lying with Banks as security against guarantees / letters of credit issued by them)	**1,500.22**	1,187.80
With Non Scheduled Banks :		
SBI International Mauritius Limited (in USD)	**–**	0.05
Bank of China (in RMB)	**0.21**	–
With Post Office on Savings Account	**0.05**	0.05
	1,534.28	1,777.27
SCHEDULE 11		
OTHER CURRENT ASSETS		
Interest Receivable		
Considered Good	**707.79**	1,083.58
Considered Doubtful	**–**	10.11
	707.79	1,093.69
Less: Provision for Doubtful Receivable	**–**	10.11
Assets held for Disposal	**36.00**	229.85
	743.79	1,313.43

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs.in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE 12		
LOANS & ADVANCES		
(Unsecured)		
Loans		
Considered Good	**1,584.00**	2,711.85
Considered Doubtful	**–**	35.81
Advances recoverable in cash or in kind or for value to be received {Including loans to employees Rs. 20.54 lacs (Rs.17.75 lacs)}		
Considered Good	**3,088.12**	2,604.27
Considered Doubtful	**123.52**	132.14
Export Benefits Receivables	**409.66**	266.45
Balance with Central Excise, Sales Tax & other government Authorities	**822.62**	785.77
Advance Income tax / Tax deducted at source [Net of provision for taxes Rs. 2,625.81 lacs (Rs. 1,666.14 lacs)]	**132.24**	398.10
MAT Credit Entitlement	**–**	123.18
Security & Other Deposits	**1,344.84**	1,283.34
	7,505.00	8,340.91
Less: Provision for Doubtful Loans & Advances	**123.52**	167.95
	7,381.48	8,172.96

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE 13		
CURRENT LIABILITIES		
Acceptances	**3,892.06**	3,771.65
Sundry Creditors for goods, services, expenses etc.		
a) Due to Micro and Small Enterprises (Refer Note No 4 on Schedule 22)	**130.93**	82.83
b) Due to Others [Including due to a Director Rs 1.83 lacs (Rs 9.30 lacs)]	**14,908.93**	9,654.41
Other Liabilities	**1,068,08**	512.87
Advances from Customers	**892.78**	584.41
Interest accrued but not due on loans	**18.53**	–
	20,911.31	14,606.17

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE 14		
PROVISIONS		
Retirement Benefits		
Gratuity	**325.99**	299.59
Superannuation	**52.10**	58.88
Leave Salary	**308.01**	269.85
Site Restoration	**18.00**	18.00
Proposed Dividend	**321.45**	–
Provision for Tax on Proposed Dividend	**53.39**	–
	1,078.94	646.32

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs.in Lacs)

	2010-11	2009-10
SCHEDULE 15		
SALES (Gross)		
Finished Goods	**54,136.49**	40,567.18
Trading Sales	**12,052.85**	1,937.35
Saleable Scraps	**142.67**	169.84
Export Benefits	**569.64**	587.38
	66,901.65	43,261.75
SCHEDULE 16		
OTHER INCOME		
Interest on loans, deposits, etc (Gross) {Tax deducted at source Rs. 15.34 lacs (Rs. 46.99 lacs)}	**485.20**	746.84
Dividend on long term investments (Other than trade, unquoted)	**–**	8.25
Insurance claims	**46.02**	31.91
Unspent liabilities no longer required written back	**6.66**	675.64
Provision for diminution in the value of Investments written back	**28.96**	40.88
Gain on Foreign Exchange Fluctuation /Forward Exchange Contract (Net)	**183.77**	1,322.83
Miscellaneous Receipts	**112.53**	109.32
	863.14	2,935.67
SCHEDULE 17		
DECREASE/(INCREASE) IN STOCKS		
Opening Stocks		
Goods under process	**92.90**	92.51
Finished goods	**160.18**	783.87
Saleable scraps	**749.03**	805.93
	1,002.11	1,682.31
Less : Closing Stocks		
Goods under process	**129.39**	92.90
Finished goods	**245.74**	160.18
Saleable scraps	**240.31**	749.03
	615.44	1,002.11
	386.67	680.20
SCHEDULE 18		
RAW MATERIALS CONSUMED		
Opening Stock	**9,782.32**	10,299.09
Add : Purchases	**24,469.45**	18,507.41
	34,251.77	28,806.50
Less : Sales	**34.54**	36.29
Less : Closing Stock	**11,884.49**	9,782.32
	22,332.74	18,987.89

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs.in Lacs)

		2010-2011		2009-2010
SCHEDULE 19				
PERSONNEL COST				
Salaries, Wages, Bonus, etc		**1,613.28**		1,240.56
Contribution to Provident, Gratuity & Other Funds		**172.83**		196.67
Staff Welfare Expenses		**123.81**		99.11
Managerial Remuneration		**251.22**		185.75
(Refer Note No. 14 on Schedule 22)		**2,161.14**		1,722.09

SCHEDULE 20				
MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES				
Contract Labour Charges		**330.93**		367.30
Stores, Spares & Chemical Consumed		**923.45**		756.81
Repairs & Maintenance :				
Plant & Machinery	**409.00**		412.54	
Buildings	**108.88**		71.50	
Others	**26.55**	**544.43**	22.35	506.39
Packing and Carriage charges		**1,334.96**		1,031.00
[Net of Recoveries Rs 644.98 lacs (Rs 411.59 lacs)]				
Commission on Sales (other than sole selling agent)		**60.74**		40.78
Rent and Hire charges		**83.70**		67.71
Insurance		**29.01**		36.99
Rates and Taxes		**24.90**		31.66
Directors' sitting fees		**10.50**		7.95
Charity and Donations		**24.82**		22.26
Irrecoverable debts, deposits and advances written off	**142.72**		216.63	
Less : Adjusted against Provision	**(54.54)**	**88.18**	(0.52)	216.11
Provision for doubtful debts/advances		**9.83**		24.99
Auditors' Remuneration as auditor :				
Audit Fees		**25.00**		25.00
Limited Reviews		**13.75**		12.25
Tax Audit Fees		**6.50**		6.00
In Other Capacity for Certification etc		**5.00**		4.50
Out of Pocket expenses		**0.81**		0.59
Loss on Sale / Discard of Fixed Assets (Net)		**366.71**		283.48
Legal & Professional Charges		**285.35**		130.02
Travelling and Conveyance		**314.06**		209.00
Postage & Communication Charges		**66.50**		81.97
Peripherial and Site Development Expenses		**136.19**		70.49
Miscellaneous Expenses		**582.84**		518.25
		5,268.16		4,451.50

SCHEDULE 21				
INTEREST & FINANCE CHARGES				
Interest :				
On Fixed Loans				
– To Banks	**1,276.40**		1,252.18	
– On Others	**141.42**	**1,417.82**	73.57	1,325.75
On Other Loans, Deposits etc.				
– To Banks	**1,611.93**		1,719.57	
[(Net of recoveries Rs. 398.88 lacs (Rs. 262.52 lacs)]				
– To Others	**1,248.11**	**2,860.04**	694.58	2,414.15
(Refer Note No 22 on Schedule 22)				
Bank Commission & Finance Charges		**760.35**		481.99
		5,038.21		4,221.89

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE 22

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

NATURE OF OPERATIONS :

Balasore Alloys Limited ("the Company") & Milton Holdings Limited, a wholly owned subsidiary (collectively referred as "the Group"), is engaged in mining of Chrome Ore, Iron Ore and Manganese Ore and manufacturing and selling of Ferro Alloys of various grades. The Group is also engaged in trading business of various allied products like Coke, Chrome Ore Lumpy etc. The associate company of the Group "Balasore Energy Limited" is in the process of setting up power plant at Balasore, Orissa.

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Principles of Consolidation

a) The Consolidated Financial Statements present the consolidated Accounts of Balasore Alloys Limited and its following Subsidiary:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership/ Interest 31st March, 2011	Proportion of Ownership / Interest 31st March, 2010
Milton Holdings Limited (MHL)	Mauritius	**100 %**	100 %

In terms of Accounting Standard 21 notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended), no minority interest exists. MHL is into the business of mining and has not yet commenced commercial operations.

b) The financial statements of the Company and its subsidiary have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and any unrealized profits.

c) In terms of Accounting Standard 23 "Accounting for investment in Associates in Consolidated Financial Statements", Balasore Energy Limited (BEL), incorporated in India, in which the Company holds 34% shares, is an associate company, and the proportionate share of BEL's profitability has been duly considered in these accounts.

d) The financial statements of Milton Holding Limited have been prepared in accordance with Mauritius Accounting Standards which has been converted using the accounting policies of the company by the management and considered for consolidation.

e) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviation in accounting policies, if any, to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Company's separate financial statements.

f) In translating the financial statements of the non-integral foreign Subsidiary for incorporation in the consolidated financial statements, the assets and liabilities, both monetary and non-monetary are translated at the closing rate; income and expense items are translated at average exchange rate; and all resulting exchange differences are accumulated in foreign currency translation reserve.

(ii) Basis of preparation of Accounts

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis, except in respect of interest income on overdue bills and insurance & other claims / refunds, which due to uncertainty in realization, are accounted for on acceptance/actual receipt basis. The accounting policies have been consistently applied by the Group.

(iii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

SCHEDULE 22 (Contd.)

(iv) Fixed Assets

a) Fixed Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment, if any. The cost of acquisition comprises purchase price inclusive of duties (net of Cenvat), taxes, incidental expenses, erection/commissioning/trial run expenses and interest etc, up to the date the assets are ready for intended use.

b) Expenditure incurred on development of mines subsequent to the allotment of their lease are capitalized as intangible assets.

c) In case of revaluation of fixed assets, the original cost as written up by the approved valuers is considered in the accounts and the differential amount is transferred to revaluation reserve.

d) Machinery spares which can be used only in connection with an item of fixed assets and whose use, as per technical assessment, is expected to be irregular, are capitalized and depreciated over the residual life of the respective assets.

e) Assets awaiting disposal are valued at the lower of written down value and net realizable value and disclosed separately under Other Current Assets.

(v) Depreciation / Amortization

a) The classification of Plant & Machinery into continuous and non-continuous process is done as per the technical evaluation and depreciation thereon is provided accordingly.

b) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956 or at rates determined based on useful lives of the respective assets, as estimated by the management, whichever is higher.

c) Depreciation on revalued assets is provided at the rates specified in Section 205(2) (b) of the Companies Act, 1956. However in case of fixed assets whose life is determined by the valuer to be less than their useful life under Section 205, depreciation is provided at the higher rate, to ensure the amortisation of these assets over their life determined by the valuer.

d) Additional depreciation arising due to revaluation of fixed assets is adjusted against Revaluation Reserve.

e) Leasehold land is amortised over the period of lease.

f) Mining lease is amortised over the lease period.

g) Mines Development expenditure are amortised over the balance period of respective leases.

(vi) Impairment of Fixed Assets

a) The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

b) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

c) A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. (Item iii to be given in the second year of impairment and onwards).

(vii) Foreign Currency Transactions

a) **Initial Recognition:** Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) **Conversion:** Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) **Exchange Differences:** Exchange differences arising on the settlement / or reporting of monetary items, at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognized as income or expenses in the period in which they arises.

d) **Forward Exchange Contracts not intended for trading or speculation purpose:** The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the period.

SCHEDULE 22 (Contd.)

e) **Derivative Instruments:** In terms of the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under Accounting Standard -11 “The Effects of Changes in Foreign Exchange Rates”) is done based on the “marked to market” on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored as a matter of prudence.

(viii) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are valued at lower of cost and net realizable value on individual investment basis. Long term investments are valued at cost, unless there is an “other than temporary” decline in value thereof, in which case, adequate provision/write-off is made in the accounts.

(ix) Inventories

a) Raw materials, Stores, spares & consumables are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

b) Goods under process and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials, labour cost and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

c) Obsolete/damaged stores, saleable dust and saleable scrap are valued at estimated net realizable value.

d) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

e) The recovery of Ferro chrome and Silico manganese from slag generated at the plant during the manufacturing operations is accounted for on actual ascertainment of quantity thereof, since it is not feasible to determine the quantum till the re-processing of such slag.

f) Royalty on stock lying at mines is accounted on dispatch of materials.

(x) Retirement and Other Employee Benefits

a) Retirement benefits in the form of Provident Fund, Superannuation Fund and Employee State Insurance are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

b) Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year.

c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method.

d) Actuarial gains/losses are taken to profit and loss account and are not deferred.

(xi) Borrowing Costs

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(xii) Taxation

Tax expense comprises of current, deferred and prior year tax expenses, if any (net of MAT credit entitlement).

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Tax Laws applicable to the components of the Group. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier periods are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

SCHEDULE 22 (Contd.)

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternative Tax (MAT) credit entitlement is recognised 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 MAT credit entitlement becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Group 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.

(xiii) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sale of Goods

Revenue from sale of goods is recognized on dispatch of goods to customers, which is incidental to transfer of significant risk and reward of ownership. Sales are net of returns, claims, discounts, sales tax/VAT etc.

Interest

Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(xiv) Identification of segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

Allocation of common costs:

Common allocable costs are allocated to each segment on case to case basis by applying the ratio, appropriate to each relevant case.

Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated Common"

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

(xv) Provision

A provision is recognized when the Group 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 made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on management 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 management estimates.

(xvi) Earnings per Share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(xvii) Excise duty & custom duty

Excise duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factories as on the balance sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

(xviii) Cash and Cash equivalents

Cash and cash equivalents as indicated in the cash flow statement comprise cash on hand, cash at bank and short-term deposits with an original maturity of three months or less.

SCHEDULE 22 (Contd.)

(xix) Contingencies Liabilities

Liabilities, which are current or possible obligation arising from past events and whose existence is due to occurrence or non-occurrence of one or more uncertain future events that are not within the Group's control.

2. Contingent liabilities not provided for in respect of :

(Rs.in Lacs)

	Particulars	As at 31st March, 2011	As at 31st March, 2010
a)	Sales Tax matters under appeal {Amount paid under appeal Rs 169.21 lacs (Rs. 204.15 lacs)}	**169.41**	225.14
b)	Un-expired Bank Guarantees and Letters of Credit	**606.67**	412.73
c)	Bills discounted with Banks	**6,769.52**	5,189.97
d)	Guarantee given by way of pledge of certain Investments as security. (Refer Note No. 10)	**101.47**	87.88
e)	Liabilities on account of dues under Orissa Rural Infrastructure and Socio Economic Development Act, 2004	Amount Unascertainable	

In respect of above cases based on favourable decisions in similar cases/legal opinions taken by the Company/discussions with the solicitors etc., the management is of the opinion that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in the financial statements.

3. Estimated amount of Capital commitments (net of advances) Rs 4,735.03 lacs (Rs 4,739.21 lacs).

4. The amounts due to Micro & Small Enterprises in term of Micro, Small and Medium Enterprises Act, 2006 (MSME Act) are as follows:

(Rs. in Lacs)

	Particulars	As at 31st March, 2011	As at 31st March, 2010
a)	Principal Amount	**111.37**	67.81
	Interest Due on Above	**19.56**	15.02
b)	Amount of interest paid in terms of section 16 of the MSME Act	**–**	–
c)	Amount of interest due and payable for the period of delay	**4.54**	5.06
d)	Amount of interest accrued and remaining unpaid as at the Balance Sheet Date	**4.54**	5.06
e)	Amount of further interest remaining due and payable in the succeeding year	**19.56**	15.02

5. Gratuity and other post retirement benefit plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with Life Insurance Corporation of India in form of qualifying insurance policy.

The Group also extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment. This is an unfunded plan.

The following tables summaries the components of net expense recongnised in the profit and loss account and balance sheet for the respective plans.

(a) Expenses recognized in the profit and loss account for respective years are as follows:

(Rs in Lacs)

Particulars	Gratuity		Leave	
	(2010-11)	(2009-10)	**(2010-11)**	(2009-10)
Current service cost	**39.58**	33.61	**22.41**	18.95
Interest cost on benefit obligation	**36.74**	26.89	**22.15**	15.10
Expected return on plan assets	**(13.21)**	(11.01)	**—**	—
Net actuarial (Gains)/Losses recognized in the year	**(4.37)**	47.13	**(0.36)**	44.92
Net benefit expense	**58.74**	96.62	**44.20**	78.97
Actual return on plan assets	**15.73**	13.20	**—**	—

SCHEDULE 22 (Contd.)

(b) Net Liability recognized in the balance sheet as at respective dates are as follows:-

(Rs in Lacs)

Particulars	Gratuity		Leave	
	31.3.2011	31.3.2010	**31.3.2011**	31.3.2010
Defined benefit obligation	**507.97**	451.69	**308.01**	269.85
Fair value of plan assets	**181.98**	152.10	**—**	—
Net liability	**325.99**	299.59	**308.01**	269.85

(c) Changes in the present value of the defined benefit obligation during respective years are as follows:-

(Rs in Lacs)

Particulars	Gratuity		Leave	
	(2010-11)	(2009-10)	**(2010-11)**	(2009-10)
Opening defined benefit obligation	**451.69**	352.01	**269.85**	198.68
Interest cost	**36.74**	26.89	**22.15**	15.10
Current service cost	**39.58**	33.61	**22.41**	18.95
Benefit paid	**(18.19)**	(10.14)	**(6.04)**	(7.80)
Actuarial (Gain)/Losses on obligation	**(1.85)**	49.32	**(0.36)**	44.92
Closing defined benefit obligation	**507.97**	451.69	**308.01**	269.85

(d) Changes in the fair value of plan assets during respective years are as follows:

(Rs in Lacs)

Particulars	Gratuity	
	(2010-11)	(2009-10)
Opening fair value of plan assets	**152.10**	145.27
Expected return on plan assets	**13.21**	11.01
Contribution by the Group	**32.34**	3.77
Benefits paid	**(18.19)**	(10.14)
Actuarial gains	**2.52**	2.19
Closing fair value of plan assets	**181.98**	152.10

(e) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity plan assets as at	
	31st March, 2011	31st March, 2010
Investments with insurer	**100 %**	100 %

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

(f) The principal assumptions used in determining gratuity and leave liability are as shown below:

(Rs in Lacs)

Particulars	Gratuity		Leave	
	(2010-11)	(2009-10)	**(2010-11)**	(2009-10)
Discount rate	**8.35%**	8.30%	**8.35%**	8.30%
Rate of increase in salary	**10.00%**	10.00%	**10.00%**	10.00%
Expected average remaining working life of the employees	**16.25**	16.77	**15.96**	16.68
Return on Plan Assets (Gratuity Scheme)	**8.30%**	8.30%	Not Applicable	
Mortality Table	Standard Table LIC (1994-1996)			

SCHEDULE 22 (Contd.)

(g) Amounts for the current and previous year are as follows:-

(Rs in Lacs)

Particulars	(2010-11) 12 months	(2009-10) 12 months	(2008-09) 12 months	(2007-08) 15 months
Gratuity				
Defined benefit obligation	**507.97**	451.69	**352.01**	295.09
Fair value of plan assets	**181.98**	152.10	**145.27**	54.08
Deficit	**325.99**	299.59	**206.74**	241.01
Experience adjustments on plan liabilities (gains)/losses	**0.83**	81.42	**2.36**	–
Experience adjustments on plan assets	**2.52**	2.19	**(2.74)**	–
Leave				
Defined benefit obligation	**308.01**	269.85	**198.68**	161.20
Deficit	**308.01**	269.85	**198.68**	161.20
Experience adjustments on plan liabilities (gains)/losses	**1.39**	65.04	**7.90**	–

Since Accounting Standard 15 (revised) on Employee Benefits was adopted from 1st January 2007, the above disclosures have been made accordingly.

(h) The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

(i) The Group expects to contribute Rs. 60.00 lacs to gratuity fund in the year 2011-2012.

(j) The amounts provided for defined contribution plans are as follows:

(Rs in Lacs)

Particulars	(2010-11)	(2009-10)
Provident Fund	**73.63**	64.85
Employees' State Insurance	**17.85**	13.57
Superannuation Fund	**50.15**	41.07
Total	**141.63**	119.49

6. North Eastern Electricity Supply Company of Orissa Limited (NESCO) has revoked the waiver of dues granted under a settlement in an earlier year and raised demand for Rs 9,874.34 lacs (including delayed payment surcharge). The Company has made necessary representation to NESCO and the matter is under negotiation. Pending such, no provision has been made towards above demand.

7. One of the overseas customer has filed a claim of Rs 603.03 lacs relating to price differential for non supply of materials in earlier years by the Company, which is contested at International Arbitration court. The management is hopeful to resolve the dispute with no additional liability on the Group.

8. During the year, as per mutual agreement, certain loans and its related interest receivable were converted into Unsecured Debentures of Rs 1,540 lacs bearing interest rate of 12% per annum. These debentures are redeemable at the end of 5 years.

9. a) The Company has incurred capital expenditure (including capital advances) on various projects and made investments, in excess of the normal capex approved under Corporate Debt Restructuring (CDR) Scheme, which are pending approval of the monitoring committee of the lenders in terms of the Financial Restructuring Scheme as approved by the CDR Empowered Group in earlier years.

b) In terms of CDR scheme sanctioned for the Company, the Lenders continue to have the right to recompense on the sacrifices being made over and above the amount of recompense quantified at Rs 3,020 lacs for the period upto 31st March, 2007.

10. Investments in the Equity Shares of Ispat Industries Limited (IIL) (an associate company of the Promoter Group) have been pledged with the lenders of IIL as collateral security against financial facilities provided by the lenders to IIL as a part of debt restructuring arrangement of IIL.

SCHEDULE 22 (Contd.)

11. Details of equity shares pledged by the promoter or persons forming part of the promoter group ('Promoter Group') of the Company in compliance to Corporate Debt Restructuring Scheme as on the balance sheet date are as follows :

Particulars	31st March, 2011	31st March, 2010
Total Number of Equity shares held by the Promoter Group	29,935,186	29,934,786
Total Number of Equity shares pledged by the Promoter Group	14,604,790	14,604,790
Percentage of total shares pledged to total shareholding of the Promoter Group	48.79	48.79
Percentage of total shares pledged to total outstanding shares of the Company	22.72	22.72

12. Segment Information

Business Segments:

Based on the synergies, risks and return associated with business operations and in terms of Accounting Standard-17, the Group is engaged in following business segments

a) Manufacturing - Consists of mining and manufacturing of Silicon & Ferro alloys

b) Trading - Consists of trading of Coke, Chrome Ore Lumpy etc.

c) Others - Consists mining operation of subsidiary outside India

Geographical Segments:

The Group's secondary geographical segment has been identified based on location of the customers and are demarcated into its Indian and Overseas Operations.

a) Primary Business Segments:

(Rs in lacs)

		Manufacturing/Mining		Trading		Others		Total	
		2010-11	**2009-10**	**2010-11**	**2009-10**	**2010-11**	**2009-10**	**2010-11**	**2009-10**
A	**Revenues (net of excise duty)**								
	External Sales	51,813.34	39,581.21	12,052.85	1,937.35	–	–	63,866.19	41,518.56
	Total Revenue	**51,813.34**	**39,581.21**	**12,052.85**	**1,937.35**	**–**	**–**	**63,866.19**	**41,518.56**
B	**Results**								
	Segment results	8,719.86	5,900.10	305.60	167.83	(2.51)	(3.00)	9,022.95	6,064.93
	Less: Unallocated Expense net of unallocated Income							393.71	508.62
	Operating Profit							8,629.24	5,556.31
	Interest Income							485.20	746.84
	Interest & Finance Charges							5,038.21	4,221.89
	Tax Expense (Net)							1,390.25	829.87
	Profit after Taxes							**2,685.98**	**1,251.39**
	Share of Loss of Associate Company							0.09	0.13
	Net Profit							**2,685.89**	**1,251.26**
C	**Total Assets**								
	Segment assets	130,763.08	131,759.65	2,953.40	–	2,012.75	1,998.99	135,729.23	133,758.64
	Unallocated Corporate Assets							5,533.35	5,710.89
		130,763.08	**131,759.65**	**2,953.40**	**–**	**2,012.75**	**1,998.99**	**141,262.58**	**139,469.53**
D	**Total Liabilities**								
	Segment Liabilities	14,743.43	15,249.52	6,869.14	–	2.84	2.97	21,615.41	15,252.49
	Unallocated Corporate Liabilities							22,310.21	23,623.48
		14,743.43	**15,249.52**	**6,869.14**	**–**	**2.84**	**2.97**	**43,925.62**	**38,875.97**
E	**Other Information**								
	Capital Expenditure	3,295.10	8,059.23					**3,295.10**	**8,059.23**
	Depreciation	1,545.68	1,404.55					**1,545.68**	**1,404.55**

SCHEDULE 22 (Contd.)

b) Secondary Geographical Segments

(Rs. in Lacs)

Sales Revenue :-	**2010-11**	2009-10
Domestic Revenues (Net of Excise Duty)	**41,621.26**	20,909.69
Overseas Revenues (Including Export Benefits)	**22,244.93**	20,608.87
Total	**63,866.19**	41,518.56
Segment Assets :-		
Domestic	**139,249.83**	137,470.54
Overseas	**2,012.75**	1,998.99
Total	**141,262.58**	139,469.53

13. In terms of Accounting Standard 22, Net Deferred Tax Liability of Rs 721.52 lacs has been recognized in the accounts up to 31st March, 2011.

The break-up of components of such Net Deferred Tax liability is as follows:

(Rs. in Lacs)

Components of Deferred Tax Liability/(Asset)	**As at 31st March, 2011**	As at 31st March, 2010
Timing difference on depreciable assets	**2,039.35**	1870.80
Timing difference due to disallowance under section 43B of the Income Tax Act, 1961	**(1,255.80)**	(1407.05)
Other timing differences	**(62.03)**	(193.57)
Total	**721.52**	270.18

14. Details of remuneration paid to the managing director and a whole time director:

(Rs. in Lacs)

Particulars	**2010-11**	2009-10
i) Salary	**223.68**	166.31
ii) Contribution to Provident and other funds	**27.54**	19.44
iii) Perquisites	**24.55**	9.10
	275.77	194.85

Note : As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

15. Basis for calculation of Basic and Diluted Earning per Share is as follows:

Particulars		**2010-11**	2009-10
Present Weighted Average Equity Shares	Nos.	64290411	64290411
Equivalent Weighted Average Equity Shares to be allotted against share warrant	Nos.	-	320274
Potential weighted Average Equity Shares	Nos.	64290411	64610685
Net Profit after Taxes	Rs. in Lacs	2,685.89	1251.26
Nominal Value of each Shares of Rs 5/-			
Earning Per Share	Basis (Rs)	4.18	1.95
	Diluted (Rs)	4.18	1.94

SCHEDULE 22 (Contd.)

16. As per the requirement of Accounting Standard 29, the management has estimated future expenses on site restoration at mines on best judgment basis and due provision thereof has been made in the accounts. The movement of such provision is as follows:

(Rs in Lacs)

Particulars	Balance as at 1st April, 2010	Movement during the year	**Balance as at 31st March, 2011**
Provision for site restoration expenses	18.00	—	**18.00**

17. Purchases of Raw Materials are inclusive of the following costs incurred for mining activities.

(Rs. in Lacs)

Nature of Expenses	**2010-11**	2009-10
Salaries, Wages, Bonus etc.	**203.28**	173.21
Contribution to Provident & Other Funds	**9.34**	7.92
Excavation and Peripheral development cost	**1,983.66**	1486.20
Stores & other consumables	**0.82**	0.97
Royalty and Cess	**2221.10**	1490.52
Power & Fuel	**58.44**	43.63
Repair & Maintenance - Plant and Machinery	**39.75**	24.00
Rates & Taxes	**0.24**	0.21
Rent & Hire Charges	**184.78**	157.73
Insurance Charges	**0.04**	0.06
Bank Charges	**0.03**	0.35
Traveling Expenses	**10.51**	8.29
Miscellaneous expenses	**113.03**	101.55

18. a) The supply of raw materials against advances of Rs. 500 lacs (Rs 500 lacs) to various parties is pending beyond the stipulated time as per the respective purchase orders. The management is following up the matter and expects to recover/adjust such advances in the near future.

b) Confirmation certificates in respect of loans aggregating to Rs 962.00 lacs to certain parties as well as interest receivable thereon amounting to Rs 585.79 lacs (including Rs 42.66 lacs in respect of loans where no principal amount is outstanding) are still awaited from the respective parties. All these loans and interest receivable are, however, considered good of recovery by the management.

19. The break up of prior period (Income) / Expenses as indicated in Profit and Loss Account is as follows :-

Rs in Lacs

Nature of Expenses	**2010-11**	2009-10
Income		
Legal & Professional Charges	—	1.02
Packing & Carriage charges	—	2.55
Raw Materials Consumption credited	**11.97**	320.34
Miscellaneous Receipts	—	0.17
Sub Total (A)	**11.97**	324.08
Expenditure		
Commission on Sales (Other than sole selling agent)		4.88
Store Consumption	**3.61**	—
Packing & Carriage charges	**0.26**	—
Miscellaneous Expenses	**23.76**	—
Interest & Finance Charges	**22.78**	5.96
Sub Total (B)	**50.41**	10.84
Net Prior Period Items (B - A)	**38.44**	(313.24)

SCHEDULE 22 (Contd.)

20. The Group has the following un-hedged exposures in various foreign currencies as at the year end:

(Rs in Lacs)

Sr. No.	Particulars	As at 31st March, 2011	As at 31st March, 2010
(i)	Advances	**1,476.16**	1,555.55
(ii)	Sundry Debtors	**172.25**	53.44
(iii)	Cash and Bank Balances	**0.26**	0.10
(vi)	Trade Payables and Advances from customers	**1,629.59**	575.73
(v)	Borrowings	**42.53**	39.63
(vi)	Capital Work in Progress (Capital Advances)	**491.59**	488.23

21. Related Party Disclosures

(a) Names of the related parties :

Associate Company	:	Balasore Energy Limited
Key Management Personnel and their relative	:	Mr. Pramod Mittal (Chairman) Mr. V K Mittal (Brother of Chairman) (ceased to be director w.e.f. 28th July, 2010) Mr. R.K Jena (Managing Director) Mr C. R. Pradhan (Whole-time Director)
Enterprises over which Key Management Personnel / Shareholders / Relatives have significant influence*	:	Ispat Industries Limited Global Steel Holdings Limited Navoday Consultant Limited (formerly Mudra Ispat Limited) Denro Holdings Private Limited Kartik Credit Private Limited Navdisha Real Estate Private Limited (formerly Kanoria Plastokem (P) Ltd) Shakti Chrome Limited

* The parties stated above are related partics in the broader sense of the term and are included for making the financial statements more transparent.

(b) Related Party Disclosures

(Rs in Lacs)

Nature of Transactions / Name of the Related Parties	Associate Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Interest Received				
Shakti Chrome Limited			71.34 (127.24)	71.34 (127.24)
Navoday Consultant Limited			— (7.45)	— (7.45)
Process Loss Recovered				
Shakti Chrome Limited			— (19.72)	— (19.72)
Processing Charges Paid				
Shakti Chrome Limited			825.52 (716.55)	825.52 (716.55)

SCHEDULE 22 (Contd.)

(Rs in Lacs)

Nature of Transactions / Name of the Related Parties	Associate Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Rent Paid				
Navdisha Real Estate Private Limited			64.00 (60.00)	64.00 (60.00)
Managerial Remuneration				
Mr. R.K Jena		256.69 (180.22)		256.69 (180.22)
Mr. C R Pradhan		19.08 (14.63)		19.08 (14.63)
Forfeiture of Application Money towards Equity Warrants				
Denro Holding Private Limited			— (245.00)	— (245.00)
Kartik Credit Private Limited			— (245.00)	— (245.00)
Irrecoverable Written Off				
Navoday Consultant Limited			43.69 (—)	43.69 (—)
Conversion of Interest Receivable and Loans into 12% Unsecured Debentures				
Shakti Chrome Limited			690.00 (—)	690.00 (—)
Loans Repaid				
Mudra Ispat Limited			— (126.00)	— (126.00)
Shakti Chrome Limited			— (613.50)	— (613.50)
Loan Received				
Global Steel Holdings Limited			2.90 (39.63)	2.90 (39.63)
Guarantees Given				
Ispat Industries Limited			101.47 (87.88)	101.47 (87.88)
Guarantees Obtained				
Mr. Pramod Mittal		12,818.54 (15,578.76)		12,818.54 (15,578.76)
Mr. V K Mittal		12,818.54 (15,578.76)		12,818.54 (15,578.76)

SCHEDULE 22 (Contd.)

(Rs in Lacs)

Nature of Transactions / Name of the Related Parties	Associate Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Balances Outstanding as at year end - Credit Balance				
Mr. R K Jena		0.62 (8.27)		0.62 (8.27)
Mr. C R Pradhan		1.21 (1.03)		1.21 (1.03)
Global Steel Holdings Limited			42.53 (39.63)	42.53 (39.63)
Balances Outstanding as at year end - Debit Balance				
Navoday Consultant Limited			— (43.68)	— (43.68)
Shakti Chrome Limited			450.43 (992.94)	450.43 (992.94)
Navdisha Real Estate Private Limited			50.00 (44.00)	50.00 (44.00)
Balasore Energy Limited	— (2.58)			— (2.58)

22. The Company has accounted for differential interest of Rs 395.74 lacs (including Rs 206.11 lacs relating to earlier years) on advances which has been converted into unsecured loan in earlier year based on the statement of accounts received from the party during the year.

23. Excise Duty & Cess on stocks represents differential excise duty and cess on opening and closing stock of Finished Goods and processable scrap.

24. The Board of Directors has recommended, dividend of Rs 0.50 per share (10%) subject to approval of CDR Empowered group and shareholders.

25. Previous year's figures including those given in brackets have been regrouped / rearranged where necessary to conform to this year's classification.

Signatories to Schedules 1 to 22

As per our Report of even date

For S. R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

per Sanjoy K. Gupta
Partner
Membership No 54968

22, Camac Street, Block C, 3rd Floor, Kolkata -700 016
Date : 26th May, 2011

For and on behalf of Board of directors

R K Jena
Managing Director

C R Pradhan
Director - Operations

Trilochan Sharma
Company Secretary

M Trivedi
S Mohapatra
S K Pal
S K Majumdar
A K Bhattacharya
V V Jamnis
S M Ali
Directors

DIRECTORS' REPORT

The Director present there report together with the Audited Balance Sheet of the Company as at 31st March, 2011. The Profit & Loss Account of the Company for the year ended 31st March, 2011 is also presented.

OPERATIONS

The Company has incurred the total expenditure of US$ 5,619 towards various administrative expenses, audit fees etc. The Company has earned no income from operation during the year and registering a loss of US$ 5,619.

MANGANESE ORE MINING IN BRAZIL

The Company possesses manganese ore mining activities in Brazil. The country is endowed with the large reserves of natural resources, such as, Iron Ore, Manganese, Bauxite etc. The mining project is proposed to be under taken in Joint Venture.

HOLDING COMPANY

Balasore Alloys Limited, located in India, holds entire ordinary share capital of the Company i.e. US$ 43,60,100. As a result, the Company is a wholly owned subsidiary of Balasore Alloys Limited.

DIRECTORS

The Board of the Company on the date of this report consists of one Director Mr. Virrsing Ramdeny.

DIRECTORS' STATEMENT

The Director confirms that:

1) In preparation of accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed and there have been no material departures.

2) They have selected such accounting policies and applied them consistently and made judgment and estimates that a reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for that year.

For and on behalf of the Board

Virrsing Ramdeny
Director

Mauritius.

Date: 4th May, 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Milton Holdings Ltd (the "Company"), as a body, in accordance with the Companies Act 2001. My audit work has been undertaken so that I might state to the Company's members those matters I am required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for my audit work, for this report, or for opinions I have formed.

Report on the Financial Statements

I have audited the financial statements of Milton Holdings Ltd on pages 4 to 10 which comprise the balance sheet as at March 31, 2011, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Relevant Accounting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes:-, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit.

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' judgement, 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 auditors consider 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements on pages 4 to 10 give a true and fair view of the financial position of the Company at March 31, 2011, and of its financial performance and its cash flows for the year then ended in accordance with the Companies Act, 2001.

Report on Other Legal and Regulatory Requirements

I have no relationship with or interests in the Company, other than in my capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

I have obtained all information and explanations I have required.

In my opinion, proper accounting records have been kept by the Company as far as it appears from my examination of those records.

Dwarka SOOCHIT
Certified Accountant, F.C.C.A

La Forge Avenue,
Palma Road
Quatre Bornes
Mauritius.

Date: 4th May, 2011

MILTON HOLDINGS LTD

BALANCE SHEET AS AT 31 MARCH, 2011

	NOTES	2011 US$	2010 US$
ASSETS			
CURRENT ASSETS			
Loan & Advances	2	**4,439,240**	4,439,240
Cash and bank balances		**100**	219
		4,439,340	4,439,459
TOTAL ASSETS		**4,439,340**	4,439,459
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	3	**4,360,100**	4,360,100
Retained Earnings	4	**(20,860)**	(15,241)
		4,339,240	4,344,859
NON CURRENT LIABILITIES			
Borrowings	5	**93,800**	88,000
CURRENT LIABILITIES			
Accounts payable	6	**6,300**	6,600
TOTAL EQUITY AND LIABILITIES		**4,439,340**	4,439,459

APPROVED ON 04.05.2011

Virrsing Ramdeny

Director

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011

	NOTES	2011 US$	2010 US$
INCOME			
Interest Received		**—**	1
EXPENSES			
Administrative Expenses		**2,500**	2,500
Professional fees		**3,000**	3,800
Bank charges		**119**	1,084
		5,619	7,384
LOSS FOR THE YEAR		**(5,619)**	(7,383)
RETAINED LOSS BROUGHT FORWARD		**(15,241)**	(7,858)
RETAINED LOSS CARRIED FORWARD		**(20,860)**	(15,241)
LOSS PER SHARE	7	**(0.13)**	(0.17)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH, 2011

	Share Capital US$	Retained Earnings US$	Total US$
Balance at 01 April 2009	4,360,100	(7,858)	4,352,242
Loss for the year	—	(7,383)	(7,383)
At 31 March 2010	4,360,100	(15,241)	4,344,859
Balance at 01 April 2010	4,360,100	(15,241)	4,344,859
Loss for the year	—	(5,619)	(5,619)
At 31 March 2011	4,360,100	(20,860)	4,339,240

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2011

	2011 US$	2010 US$
OPERATING ACTIVITIES		
Operating (Deficit)	**(5,619)**	(7.383)
Decrease in Accounts Payable	**(300)**	(200)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	**(5,919)**	(7,583)
INVESTING ACTIVITIES		
Advances for Mining Project	**—**	(84,461)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**—**	(84,461)
FINANCING ACTIVITIES		
Advances Received	**5,800**	88,000
NET CASH INFLOW FROM FINANCING ACTIVITIES	**5,800**	88,000
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(119)**	(4,044)
CASH AND BANK BALANCES		
Cash in hand and at bank	**100**	219
LESS: CASH AND BANK BALANCES PREVIOUS YEAR		
Cash in hand and at bank	**219**	4,263
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(119)**	**(4,044)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted by the company in the preparation of these financial statements.

Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with the relevant Accounting Standards.

Foreign Currency Translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Gains or losses on translation are included in the profit and loss account.

Financial Instruments

The company's accounting policies in respect of the main financial instruments are set out below:

Loans & Advances

Loans & Advances are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Borrowings

Borrowings are recorded at the proceeds received.

Payables

Payables are stated at their nominal value.

Provisions

Provisions are recognised when the company has a present or constructive obligation as a result of past events which is probable and will result in an outflow of economic benefits that can be reasonably estimated.

Comparative Figures

Comparative figures have been restated whenever necessary to conform with changes in presentation or in accounting policies in the current year.

2. LOANS & ADVANCES

	2011 US$	2010 US$
Advances for Mining project	**1,084,240**	1,084,240
Other Loan & Advances	**3,355,000**	3,355,000
	4,439,240	4,439,240

The carrying amount of other loans and advances approximate their fair value.

3. SHARE CAPITAL

		Ordinary shares of US$ 100.	
		2011 US$	2010 US$
ALLOTTED, CALLED UP AND FULLY PAID VALUE	US$	**4,360,100**	4,360,100
NUMBER OF SHARES		**43,601**	43,601

4. RETAINED EARNINGS

At 01 April 2010	**(15,241)**	(7,858)
Loss for the year	**(5,619)**	(7,383)
At 31 March 2011	**(20,860)**	(15,241)

5. BORROWINGS

Other Loans	**93,800**	88,000

These loans are from related companies and are interest free, unsecured and with no fixed date of repayment.

NOTES TO THE FINANCIAL STATEMENTS *(Contd.)*

	2011 US$	2010 US$
6. ACCOUNTS PAYABLE		
Other payables and Accruals	**6,300**	6,600

The carrying amounts of other payables approximate their fair value.

7. LOSS PER SHARE

Basic loss per share is based on loss for the year before extraordinary items of US$ 5,619 {2010: Loss US$ 7,383} 43,601 equity shares in issue throughout the year ended 31 March 2011.

	2011 US$	2010 US$	2009 US$
8. FINANCIAL SUMMARY			
PROFIT AND LOSS			
Loss for the year	**(5,619)**	(7,383)	(7,858)
BALANCE SHEET			
Share capital	**4,360,100**	4,360,100	4,360,100
Revenue reserves	**(20,860)**	(15,241)	(7.858)

9. TAXATION

The company being not a resident in Mauritius is not liable to Income Tax in Mauritius.

10. FINANCIAL INSTRUMENTS

Fair values

The carrying amounts of receivables, cash and cash equivalents, borrowings and payables approximate their fair values.

11. INCORPORATION

The company is incorporated in Mauritius under the Companies Act, 2001 and has been granted a Category 2 Global Business Licence under the Financial Services Development Act, 2001,

12. CURRENCY

The financial statements are presented in U.S. Dollars.

13. HOLDING COMPANY

The Holding company is Balasore Alloys Limited, a Company incorporated in India and listed on the Bombay Stock Exchange.

NOTES

BALASORE ALLOYS LIMITED

Registered Office: Balasore, Odisha, India
Balgopalpur -756020

Aug 05, 2011

Dear Shareholder,

Sub: Registration of e-mail address – "Green initiative in Corporate Governance"

The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by companies through electronic mode. The companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. Your Company proposes to send notices / documents including annual reports etc. to the members in electronic form. This will be in compliance to the provision of Section 53 and 219(1) of the Companies Act, 1956.

Members holding Equity Shares of the Company in electronic form are requested to register their e-mail address with their Depository Participant (DP).

Members holding Equity Shares of the Company in physical form, are requested to provide their e-mail address to the Company at our email ID: **investorshelpline@balasorealloys.com** or alternatively, dispatch duly filled perforated proforma to **MCS Limited, Unit: Balasore Alloys Limited, 77/2A Hazra Road, Kolkata - 700029.**

Please note that as a member of the Company you are always entitled to receive on request copy of the said documents, free of cost, in accordance with the provision of the Companies Act, 1956.

Please note that the said documents will be uploaded on the Company's website viz. **www.balasorealloys.com** for the ready reference of its members.

Thanking you,

Yours faithfully,

Trilochan Sharma
Sr. GM & Company Secretary

TEAR HERE

MCS Limited
UNIT: Balasore Alloys Limited
77/2A, Hazra Road
Kolkata 700029.

Sub: Registration of e-mail address – "Green initiative in Corporate Governance"

I agree to receive the documents as referred to in the Company's letter dated 5th Aug, 2011, in electronic mode. Please register my e-mail address in your records, being my consent towards the same.

Folio No. ……………………………………………………………………….

E-mail ID ……………………………………………………………………….

Name of First/Sole Holder ………………………………………………….

Signature of First/Sole Holder ……………………………………………..

Date

Notes:

1) Shareholders are requested to keep the Company/Registrars' informed as and when there is any change in their e-mail address. Unless e-mail address given above is changed by the concerned shareholder by sending another communication in writing, the Company/Registrars' will continue to send the said documents to the e-mail address registered with the Company.
2) The above e-mail address will be registered subject to verification of your signature with the specimen signature registered with the Company.

ATTENDANCE SLIP

BALASORE ALLOYS LIMITED

REGD. OFFICE : BALGOPALPUR - 756 020, DIST. BALASORE, ORISSA

TWENTY-THIRD ANNUAL GENERAL MEETING

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

DP. Id*			Master Folio No.	
Client Id*				

NAME AND ADDRESS OF THE SHAREHOLDER(S)

No. of Share(s) held :

I/We hereby record my/our presence at the **TWENTY-THIRD ANNUAL GENERAL MEETING** of the Company held at Balgopalpur - 756 020, Dist. Balasore, Orissa, on Thursday, the 29th day of September, 2011 at 9.30 A.M.

Signature of the Shareholder(s) or proxy

* Applicable for investors holding shares in dematerialized form.

PROXY FORM

BALASORE ALLOYS LIMITED

REGD. OFFICE : BALGOPALPUR - 756 020, DIST. BALASORE, ORISSA

DP. Id*			Master Folio No.	
Client Id*				

I/We .... of
.... being a member/members of Balasore Alloys Limited
hereby appoint .... of
.... or failing him
.... of ....
as my/our proxy to vote for me/us and on my/our behalf at the TWENTY-THIRD ANNUAL GENERAL MEETING to be held on Thursday, the 29th day of September, 2011 at 9.30 A.M. or at any adjournment thereof.

Signed this .... day of .... 2011.

Affix revenue stamp

* Applicable for investors holding shares in dematerialized form.

Note : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

Shri R K Jena, Managing Director delivering speech at a conference on "7 Needs of Industries" organized by CII.

Shri R K Jena, Managing Director during a plantation programme at the local village.

Shri R K Jena, Managing Director distributing Blankets and Shawls to the poor and needy people during a programme at Jaleswar.

Shri R K Jena delivering speech at the Annual Meeting of Odisha State Council, CII.