BALASORE ALLOYS LIMITED

ISPAT

24th Corporate Report 2011 - 12

SEVEN PRIZES AWARDED TO BAL AT ANNUAL MINES SAFETY WEEK ORGANISED BY DGMS, BHUBANESWAR REGION.

THE ECONOMIC TIMES INDIA MANUFACTURING EXCELLENCE AWARD.

BALASORE ALLOYS LIMITED

BOARD OF DIRECTORS

Mr Pramod Kumar Mittal, *Chairman*
Mr Mahesh Trivedi
Mr S Mohapatra
Mr S K Pal
Dr A K Bhattacharyya
Prof S K Majumdar
Mr K P Khandelwal
Ms Vartika Mittal
Mr S M Ali, *Nominee Director, SBI*
Mr Anil Sureka, *Managing Director*
Mr B N Panda, *Director-Operations*
Mr R K Parakh, *Director-Finance*

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
+91-33-4072 4051/4052/4053
Fax No. + 91-33-4072 4050 / 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. + 91-6726-224384

(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 / 4029 7000
Fax No. + 91-33-2229 2278
E-mail: mail@balasorealloys.com
investorshelpline@balasorealloys.com
Website : www.balasorealloys.com

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BALASORE ALLOYS LIMITED

Regd. Office : Balgopalpur - 756 020

Dist. Balasore, Odisha.

NOTICE

NOTICE is hereby given that the Twenty-Fourth 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 **Wednesday, 26th September, 2012, 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, 2012 and Profit & Loss Account of the Company for the financial year ended 31st March, 2012 together with the Report of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. M Trivedi, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S Mohapatra, 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 Mr. Anil Sureka, who, pursuant to Section 260 of the Companies Act, 1956 holds the office of an 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 his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

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, consent of the Company be and is hereby given for appointment of Mr. Anil Sureka as the Managing Director of the Company with effect from 17th April 2012 on the terms and conditions and remuneration as set out in the Explanatory Statement annexed to this Notice convening the meeting and as per the Agreement dated 17th April, 2012 entered into between the Company and Mr. Anil Sureka, a copy whereof, initialled by the Chairman of the meeting for the purposes of identification, has been submitted to this meeting, which Agreement be and is hereby specifically approved."

   "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. Anil Sureka as minimum remuneration notwithstanding that such remuneration is in excess of the limits specified in the Companies Act, 1956 read with 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. Anil Sureka 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 an **Ordinary Resolution:**

   "RESOLVED that Mr. B N Panda, who, pursuant to Section 260 of the Companies Act, 1956 holds the office of an 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 his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

9. 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, consent of the Company be and is hereby given for appointment of Mr. B N Panda as Director-Operations of the Company with effect from 17th November, 2011 on the terms and conditions and remuneration as set out in the Explanatory Statement annexed to this Notice convening the meeting and as per the Agreement dated 17th November, 2011 entered into between the Company and Mr. B N Panda, a copy whereof, initialled by the Chairman of the meeting for the purposes of identification, has been submitted to this meeting, which Agreement be and is hereby specifically approved."

"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. B N Panda as minimum remuneration notwithstanding that such remuneration is in excess of the limits specified in the Companies Act, 1956 read with 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. B N Panda from time to time and the terms of the aforesaid Agreement shall be suitably modified to give effect to such alteration and/or variation."

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

"RESOLVED that Mr. R K Parakh, who, pursuant to Section 260 of the Companies Act, 1956 holds the office of an 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 his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

11. 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, consent of the Company be and is hereby given for appointment of Mr. R K Parakh as Director-Finance of the Company with effect from 17th November, 2011 on the terms and conditions and remuneration as set out in the Explanatory Statement annexed to this Notice convening the meeting and as per the Agreement dated 17th November, 2011 entered into between the Company and Mr. R K Parakh, a copy whereof, initialled by the Chairman of the meeting for the purposes of identification, has been submitted to this meeting, which Agreement be and is hereby specifically approved."

"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 Parakh as minimum remuneration notwithstanding that such remuneration is in excess of the limits specified in the Companies Act, 1956 read with 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 Parakh from time to time and the terms of the aforesaid Agreement shall be suitably modified to give effect to such alteration and/or variation."

12. **Issue of Convertible Warrants on preferential basis:**

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

"RESOLVED that pursuant to provisions of Section 81(1A) and other provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force) and subject to the provisions of the Memorandum of Association and the Articles of Association of the Company, the listing agreement entered into by the Company with the Bombay Stock Exchange Limited (BSE) and the Calcutta Stock Exchange Limited (CSE) where the equity shares of the Company are listed and the Regulations for preferential issue, issued by the Securities and Exchange Board of India ("SEBI") under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") and other applicable rules, regulations, clarifications and/or guidelines, if any, of SEBI and such other authorities as may be applicable and as amended till date and subject to the requisite approvals or consents, if any, of the Central Government, Reserve Bank of India, Stock Exchange, SEBI, Banks and Financial Institutions and any other appropriate authorities, institutions, bodies under any other applicable laws, statutes, rules and Regulations for the time being and from time to time in force and further subject to such terms, conditions, stipulations and modifications as may be prescribed, imposed or suggested by any of them while granting such approvals which the Board of Directors (which terms shall include any Committee or Managing Director or Officer authorized by the Board) be and is hereby authorized to accept and subject to such conditions and modifications as may be considered appropriate by the Board, consent of the Company be and is hereby accorded to the Board (with powers to delegate all, or any of the powers hereby conferred to any duly authorized committee thereof) to create, offer, issue and allot on preferential basis, at its sole and absolute discretion, 66,00,000 (Sixty Six Lacs) Convertible Warrants of nominal value of Rs. 5/- each at a price not less than the price as determined in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 to the following allottees belonging to the Promoter Group; each warrant convertible into 1

NOTICE - (Contd.)

(ONE) fully paid-up Equity Share so that the total number of Equity Shares issued by the Company upon conversion of Warrants does not exceed 66,00,000 Equity Shares, on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue or allotment.

Name of Allottee (Promoter Group)	No. of Warrants
Dankuni Investment Limited	33,00,000
Navoday Consultants Limited	33,00,000
Total	**66,00,000**

RESOLVED FURTHER that the 'Relevant Date' in relation to issue of Equity Shares in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 would be 27th August, 2012 being the date prior to 30 days before the date of passing this resolution.

RESOLVED FURTHER that the issue of Convertible Warrants, as above, shall be subject to the following terms and conditions:

(a) The Warrant shall be convertible [at the sole option of the Warrant holder(s)] at any time within a period of 18 months from the date of allotment hereof;

(b) The Warrant holder shall on the date of the allotment of the Warrant, pay an amount equivalent to 25% of the total consideration per Warrant;

(c) The Warrant holder shall, on the date of allotment of equity shares pursuant to the exercise of option against each such Warrant, pay the balance 75% of the consideration;

(d) The amount referred to in (b) above shall be non-interest bearing and shall be forfeited, if the option to acquire shares is not exercised within a period of 18 months from the date of allotment hereof;

(e) The number of Warrants and the price per Warrant shall be appropriately adjusted, subject to the Companies Act, 1956 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for corporate actions such as bonus issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring;

(f) The lock-in of equity shares acquired by exercise of Warrants shall be applicable for period specified under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 from the date of allotment of shares.

RESOLVED FURTHER that the Warrants shall be allotted within a period of fifteen (15) days from the date of passing of this special resolution provided that where the allotment of Warrants is pending on account of pendency of any approvals for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within a period of fifteen (15) days from the date of such approval or such other extended period as may be permitted under the applicable SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

RESOLVED FURTHER that the Equity Shares issued and allotted on conversion of Warrants shall rank *pari passu* in all respects with the existing Equity Shares of the Company.

RESOLVED FURTHER that on conversion of the Warrants into Equity shares, the said Equity shares shall be listed on the Stock Exchanges on which the existing equity shares of the Company are listed.

RESOLVED FURTHER that for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, at its discretion deem necessary or desirable for such purpose, including without limitation, appointment of consultants, solicitors, merchant bankers, or any other agencies as may be required, and entering into arrangements for listing, trading, depository services and such other arrangements and agreements as may be necessary, and also to seek listing of the equity shares issued pursuant to conversion of Warrants with any Indian stock exchanges with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard to any such issue, offer or allotment of Warrants and in complying with any regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authorities of this resolution."

By Order of the Board

Kolkata
14th August, 2012

Trilochan Sharma
Sr. General Manager & Company Secretary

NOTICE - (Contd.)

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, 9, 10, 11 & 12 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, 24th September, 2012 to Wednesday, 26th September, 2012 (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, 6, 8 and 10 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.
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 DPID 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 Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies. The Shareholders can now receive various notices and documents through electronic mode by registering their e-mail addresses with the Company. Shareholders who have not yet registered their e-mail address with the Company can now register the same by intimating their e-mail address to the Company's Registrar and Share Transfer Agent and to the Depository Participant (DP) in respect of shares held in physical mode and demat mode respectively. Even after registering for e-communication, the Shareholders of the Company shall be entitled to receive such communication in physical form, upon request.**

ANNEXURE TO NOTICE - (Contd.)

ANNEXURE TO NOTICE

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

Item Nos. 6 & 7

The Board of Directors of the Company, at its meeting held on 17th November, 2011, appointed Mr. Anil Sureka as an Additional Director of the Company with effect from that date and further appointed him as the Managing Director of the Company w.e.f. 17th April, 2012. In terms of Section 260 of the Companies Act, 1956 (the 'Act') read with Article 141 of the Articles of Association of the Company, Mr. Anil Sureka 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 Act, signifying his intention to propose Mr. Anil Sureka for appointment as a Director of the Company. Pursuant to Section 264 of the Act, Mr. Anil Sureka has consented to act as a Director, if appointed.

Further, in terms of Section 269, 309 & Schedule XIII of the Act, the appointment and remuneration of Mr. Anil Sureka, as the Managing Director of the Company requires approval of the shareholders in General Meeting.

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

None of the Directors, other than Mr. Anil Sureka, is concerned or interested in these resolutions.

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	**2011-12**	**2010-11**	**2009-10**
Sale / Income from Operation	58950.69	63900.73	41518.56
Total Income	59851.69	64763.87	44454.23
Total Expenditure including Prior Period Items	54962.62	60685.31	42369.45
Profit before Taxes	4889.07	4078.56	2084.78
Profit after Taxes	3193.06	2688.54	1254.91

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

(Rs in Lacs)

Export Performance	**2011-12**	**2010-11**	**2009-10**
Export made during the year	23095.79	22244.93	20608.87
Foreign Exchange Earnings (on Accrual Basis)	21714.34	21246.97	19768.88
Foreign Exchange Outgoings	2027.66	8041.03	3308.06

6) Foreign Investments or Collaborations, if any: Foreign Investments in wholly owned subsidiaries USD 4.735 Million (Rs. 2194.83 Lacs approx.)

ANNEXURE TO NOTICE - (Contd.)

II. **INFORMATION ABOUT THE APPOINTEE**

Mr. Anil Sureka

1. **Background details**

1.1 Educational Qualification

Professional	Company Secretary
Academic	Commerce Graduate

1.2 Experience

Mr. Anil Sureka was the Executive Director (Finance) in Ispat Industries Ltd., now known as JSW Ispat Steel Ltd. and had been a guiding force for the Company by handling various assignments with distinction. He has over 35 years of corporate experience in reputed organizations. His array of exposure percolates to areas like Finance, Project Planning & Execution, Costing & Cost Control, Commercial matters including contract, Secretarial & legal aspects, Supply Chain Management, Marketing, Modern Management Initiatives, Human Resource and Administration etc.

2. **Job Profile and his Suitability**

Mr Sureka's responsibilities would 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

❖ 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

Mr Anil Sureka is an Associate Member of the Institute of Company Secretaries of India. He is having over 35 years of rich and vast experience in handling finance functions, including project financing as well as accounts, secretarial and other allied matters.

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. Sureka as the most suitable professional for shouldering responsibilities pertaining to various facets governing the operations of the Company.

3. **Remuneration Proposed:**

Salary	Rs. 4,50,000/- p.m. w.e.f. 17th April, 2012
Perquisites and Allowances	Not exceeding 125% of the annual salary of Mr. Anil Sureka.
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.
Joining Amount	A sum of Rs. 45,00,000/- (Rupees Forty Five Lacs Only) was paid to Mr. Anil Sureka on joining as Managing Director as joining amount, subject to deduction of tax, which is over and above the above-said remuneration.

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

The remuneration structure offered is comparable with similar kind of professional in the Industry.

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

Save what is set out herein, Mr. Anil Sureka 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.

ANNEXURE TO NOTICE - (Contd.)

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 as 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) Steps taken:

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

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, 2012 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.

ii. Steps proposed to be taken:

a) Targeting for Captive Generation of Chrome Ore Lumpy from underground mining 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 Hathoda 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 Hathoda Mines will further boost the profitability.

IV. Disclosures:

(1) The details of remuneration to Mr. Anil Sureka are given in the proposed resolution and the explanatory statements annexed herewith.

(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.

ANNEXURE TO NOTICE - (Contd.)

Item Nos. 8 & 9

The Board of Directors of the Company, at its meeting held on 17th November, 2011, appointed Mr. B N Panda as an Additional Director designated as Director-Operations 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, Mr. B N Panda 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 Mr. B N Panda for appointment as a Director of the Company. Pursuant to Section 264 of the Companies Act, 1956, Mr. B N Panda has consented to act as a Director, if appointed.

Further, in terms of Section 269, 309 & Schedule XIII of the Act, the appointment and remuneration of Mr. B N Panda, as the Director-Operations of the Company requires approval of the shareholders in General Meeting.

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

None of the Directors, other than Mr. B N Panda, is concerned or interested in these resolutions.

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 Nos. 6 & 7 of this Notice.

II INFORMATION ABOUT THE APPOINTEE

Mr. B N Panda

1. Background details

1.1 Educational Qualification

Technical	Engineering Graduate (BIT, Mesra)
Management	Business Management (XLRI, Jamshedpur)

1.2 Experience

Mr. B N Panda is having more than 27 years of experience in Marketing, Sales, Supply Chain, manufacturing and Operations. He has successfully operated a profit centre/ SBU/ Company and generated healthy growth on a continuous basis. During his career he had held key positions in various reputed organisations including L&T Limited, Greaves Cotton Limited, Indian Metals & Ferro Alloys Group, Graphite India Limited etc.

2. Job Profile and his Suitability

Mr Panda's responsibilities would 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

Mr. B N Panda is an Engineering Graduate (BIT, Mesra) and Master in Business Management (XLRI, Jamshedpur). He is having over 27 years of rich and vast experience in handling Marketing, Sales, Supply Chain, manufacturing, Operations and other allied matters. Mr. B N Panda 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 & commercial knowledge and business acumen, the Board considers Mr. Panda as the most suitable professional for shouldering responsibilities pertaining to various facets governing the operations of the Company.

ANNEXURE TO NOTICE - (Contd.)

3. **Remuneration Proposed**

Salary	Rs. 2,25,000/- p.m. w.e.f. 17th November, 2011
Perquisites and Allowances	Not exceeding 125% of the annual salary of Mr. B N Panda
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.

4. **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. B N Panda's peers in the industry.

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

   Save what is set out herein, Mr. B N Panda 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. B N Panda is employed by the Company.

III. OTHER INFORMATION:

Please refer to other Information given in the explanatory statement for item Nos. 6 & 7 of this Notice.

IV. Disclosures:

1. The details of remuneration to Mr. B N Panda 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 Nos. 10 & 11

The Board of Directors of the Company, at its meeting held on 17th November, 2011, appointed Mr. R K Parakh as an Additional Director designated as Director-Finance 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, Mr. R K Parakh 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 Mr. R K Parakh for appointment as a Director of the Company. Pursuant to Section 264 of the Companies Act, 1956, Mr. R K Parakh has consented to act as a Director, if appointed.

Further, in terms of Section 269, 309 & Schedule XIII of the Act, the appointment and remuneration of Mr. R K Parakh, as the Director-Finance of the Company requires approval of the shareholders in General Meeting.

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

None of the Directors, other than Mr. R K Parakh, is concerned or interested in these resolutions.

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 Nos. 6 & 7 of this Notice.

II. INFORMATION ABOUT THE APPOINTEE

Mr. R K Parakh

1. **Background details**

1.1 Educational Qualification

Professional	Chartered Accountant
Management	Senior Management Program from IIM, Calcutta

1.2 Experience

Mr. R K Parakh is having more than 20 years of experience in Accounting & Audit Function, Finance, Treasury, Management & Cost Accounting, MIS, Legal, Statutory & Regulatory Compliances, SAP, Head of Pricing Committee, Export & Import Functions etc. During his career he had held key positions in various reputed organisation including Gontermann-Peipers India Limited, Kalpana Group of Industries etc.

ANNEXURE TO NOTICE - (Contd.)

2. Job Profile and his Suitability

Mr Parakh's responsibilities would 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 turnover of the company.
- Planning and implementation for growth of the Company.
- Ensuring effective Treasury & Forex management of the Company.
- Enhancing Shareholders' value.

Mr. R K Parakh is a Member of the Institute of Chartered Accountants of India and holds diploma in Senior Management Program from IIM, Calcutta. He is having over 20 years of rich and vast experience in handling Accounting & Audit Function, Finance, Treasury, Management & Cost Accounting, MIS, Legal, Statutory & Regulatory Compliances, SAP, Head of Pricing Committee, Export & Import Functions and other allied matters. Mr. R K Parakh will be overseeing finance, taxation, audit and accounts related functions of the Company.

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

Mr. Parakh is also charged with the duty of compliance in accordance with section 209(7) of the Companies Act, 1956.

3. Remuneration Proposed

Salary	Rs.1,50,000/- p.m. w.e.f. 17th November, 2011
Perquisites and Allowances	Not exceeding 125% of the annual salary of Mr. R K Parakh
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.

4. 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. Parakh's peers in the industry.

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

Save what is set out herein, Mr. Parakh 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. Parakh is employed by the Company.

III. OTHER INFORMATION:

Please refer to other Information given in the explanatory statement for item Nos. 6 & 7 of this Notice.

IV. Disclosures:

1. The details of remuneration to Mr. R K Parakh 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. 12

Your Company is undertaking growth and modernization projects aggregating to Rs1215 Crores approximately. The Company has recently engaged SBI Capital Markets Limited for conducting financial, debt and equity tie-up for the Company's expansion and modernization projects. To part finance the said growth and modernization projects, it is proposed to issue 66,00,000 Convertible Warrants on preferential basis in terms of the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time. The promoters of the Company have expressed their willingness for allotment of Convertible Warrants in the Company.

The proposed preferential allotment of Convertible Warrants would be strictly in accordance with Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 (“SEBI ICDR Regulations 2009”) and the following parameters would be subject to such changes as may be required to conform to the ICDR Regulations 2009. Such proposed preferential issue would

ANNEXURE TO NOTICE - (Contd.)

comprise of up to 66,00,000 Convertible Warrants of face value of Rs. 5/- each. The Company has received inclination from the following promoters to subscribe to these Convertible Warrants:

Sl. No.	Name of Allottee	No. of Warrants
1	Dankuni Investment Limited	33,00,000
2	Navoday Consultants Limited	33,00,000
	Total	**66,00,000**

Hereinafter the aforesaid persons shall be collectively and individually called as "proposed allottee/(s)"

Information as required under Regulation 73 of the SEBI (ICDR) Regulations, 2009 is as under:

a) **Objects of the Issue**

To part finance the growth and modernization projects of the Company.

b) **Intention of Promoters / Directors / Key Management Persons to subscribe to the Offer:**

The entities of the Promoter Group intend to subscribe to the above mentioned preferential allotment of 66,00,000 Convertible Warrants which would entitle them upon conversion to 66,00,000 Equity shares.

c) **Shareholding Pattern before and after the issue:**

Category of Shareholder	Pre Issue (As on 10.08.2012)		Post Issue	
	Total No. of Shares	Total Shareholding as a % of total No. of Shares	Total No. of Shares	Total Shareholding as a % of total No. of Shares
(A) Shareholding of Promoter and Promoter Group				
(1) Indian				
Individuals / Hindu Undivided Family	538320	0.84	538320	0.76
Bodies Corporate				
(a) Proposed Allottees of Warrants				
i. Dankuni Investment Limited	–	–	33,00,000	4.65
ii. Navoday Consultants Limited	–	–	33,00,000	4.65
(b) Others	27004076	42.00	27004076	38.10
Sub Total	**27542396**	**42.84**	**34142396**	**48.16**
(2) Foreign	2393420	3.72	2393420	3.38
Total shareholding of Promoter and Promoter Group (A)	**29935816**	**46.56**	**36535816**	**51.54**
(B) Public Shareholding				
(1) Institutions				
Mutual Funds / UTI	13600	0.02	13600	0.02
Financial Institutions / Banks	591073	0.92	591073	0.83
Foreign Institutional Investors	6682382	10.40	6682382	9.43
Sub Total	**7287055**	**11.34**	**7287055**	**10.28**
(2) Non-Institutions				
Bodies Corporate	5212145	8.11	5212145	7.35
Individuals				
Individual shareholders holding nominal share capital up to Rs 1 Lac	16671527	25.93	16671527	23.52
Individual shareholders holding nominal share capital in excess of Rs 1 Lac	4290738	6.67	4290738	6.05
Any Others (Specify)				
Non Resident Indians	545898	0.85	545898	0.77
Clearing Members	–	–	–	–
Trusts	20882	0.03	20882	0.03
Foreign Companies	326350	0.51	326350	0.46
Sub Total	**27067540**	**42.10**	**27067540**	**38.18**
Total Public shareholding (B)	**34354595**	**53.44**	**34354595**	**48.46**
Total (A)+(B)	**64290411**	**100.00**	**70890411**	**100.00**
(C) Shares held by Custodians and against which Depository Receipts have been issued	**–**	**–**	**–**	**–**
Total (A)+(B)+(C)	**64290411**	**100.00**	**70890411**	**100.00**

ANNEXURE TO NOTICE - (Contd.)

d) **Proposed time within which allotment shall be completed**

The Allotment of Convertible Warrants is proposed to be completed within a period of 15 days from 26th September, 2012 being the date of Annual General Meeting, provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, then the allotment shall be completed by the Company within a period of 15 days from the date on which the Company receives all approvals from the concerned authorities.

e) **Identity and details of the proposed allottees :-**

Sl. No.	Name	Category	Address	Pre-Issue Holding	% of Pre-Issue Holding	No. of Shares (Proposed for Allotment)	Post Issue Holding	% Post Issue Holding
1	Dankuni Investment Limited	Promoter Group	Chatterjee International Centre, 19th Floor, 33A, Jawaharlal Nehru Road, Kolkata - 700 071	Nil	Nil	33,00,000	33,00,000	4.65
2	Navoday Consultants Limited	Promoter Group	Chatterjee International Centre, 19th Floor, 33A, Jawaharlal Nehru Road, Kolkata - 700 071	Nil	Nil	33,00,000	33,00,000	4.65

f) **Pricing of the Issue**

The pricing of the Convertible Warrants to be allotted on preferential basis to the proposed allottees shall not be lower than the price determined in accordance with the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009.

Currently SEBI ICDR Regulations 2009 provide that the issue of shares on preferential basis can be made at a price not less than higher of the following:

- The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognized stock exchange during the six months preceding the relevant date; Or
- The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

The Relevant Date for the purpose of pricing of the Convertible Warrants shall be 27th August, 2012, being the date which is 30 days prior to the date of Annual General Meeting i.e. 26th September, 2012.

g) **Change in Control or composition of the Board:**

The allotment would not result in any change in control over the Company or the management of the affairs of the Company and the existing Promoters/Directors of the Company will continue to be in control of the Company.

h) **Auditors' Certificate:**

M/s. S R Batliboi & Co., Chartered Accountants, Statutory Auditors of the company have certified that the proposed preferential issue of Convertible Warrants is being made in accordance with the requirements contained in SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 for Preferential Issue. A copy of the said certificate is available for inspection by the shareholders at the Registered Office of the Company on all working days except Saturdays, Sundays and public holidays between 3 p.m. and 5 p.m. prior to the date of the Annual General Meeting and will also be available for inspection at the Meeting.

i) **Lock-in of period:**

The equity shares to be allotted pursuant to exercise of options attached to warrants proposed to be issued to above proposed allottees shall be locked in from the date of allotment for such period as is prescribed in Regulation 78 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Further, under the said Regulations the entire pre-allotment shareholding of the proposed allottees, is required to be locked-in from the relevant date upto a period of six months from the date of preferential allotment of shares. However, the proposed allottees do not have any pre-allotment shareholding in the Company.

ANNEXURE TO NOTICE - (Contd.)

j) **Undertaking:**

The Company hereby undertakes that:

(i) It shall re-compute the price of the specified securities in term of the provisions of these regulations where it is required to do so.

(ii) If the amount payable on account of the re-computation of the price is not paid within the time stipulated in the regulations, the specified securities shall be continue to be locked-in till the time such amount is paid by the proposed allottees.

As per Section 81 of the Companies Act, 1956 and the provisions of the Listing Agreement which have been entered into by the Company with the Stock Exchanges on which the shares of the Company are listed, as and when it is proposed to increase the shares of the Company by allotment of further shares, such shares shall be first offered to the existing shareholders of the Company in the manner laid down under Section 81 unless the shareholders in general meeting decide otherwise by passing a special resolution.

The Board recommends the resolution for approval of the members by special resolution.

None of the Directors except Mr. Pramod Kumar Mittal and Ms. Vartika Mittal is interested in the resolution.

By Order of the Board

Kolkata
14th August, 2012

Trilochan Sharma
Sr. General Manager & Company Secretary

Dear Shareholder, 14th August, 2012

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 step, 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.

Accordingly, the members are requested to intimate their e-mail address to the Company's Registrar and Share Transfer Agent, MCS Limited to their dedicated e-mail I.D. i.e., "mcskol@rediffmail.com" and to the DP in respect of shares held in physical mode and demat mode respectively, in case the members wish to avail the aforesaid facility.

Please note that as a member of the Company you are always entitled to receive on request a 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

ANNEXURE TO NOTICE - (Contd.)

DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE 24TH ANNUAL GENERAL MEETING.

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Mr. M. Trivedi	Mr. S Mohapatra	Mr. Anil Sureka	Mr. B N Panda	Mr. R K Parakh
Date of Birth	01.12.1940	06.01.1936	19.11.1955	03.04.1955	28.12.1967
Date of Appointment	15.01.1992	27.06.2001	17.11.2011	17.11.2011	17.11.2011
Qualifications	M.A. (Eng.)	B.Sc. - Tech (Hons), I.I.T. Kharagpur - Applied Geology & Geo-physics.	Associate Company Secretary	Engineering Graduate from BIT, Mesra and Post Graduate Qualification in Business Management from XLRI, Jamshedpur.	B.COM from Lucknow University and Chartered Accountant from ICAI.
Expertise in specific functional areas	Having rich experience in managing large projects & steel plants.	Retired Ex-Director of Mining & Geology Government of India, having rich experience of mining & exploration.	Mr. Anil Sureka was the Executive Director (Finance) in Ispat Industries Ltd., now known as JSW Ispat Steel Ltd. and had been a guiding force for the Company by handling various assignments with distinction. He has over 35 years of corporate experience in reputed organizations. His array of exposure percolates to areas like Finance, Project Planning & Execution, Costing & Cost control, Commercial matter including contract, Secretarial & legal aspects, Supply Chain Management, Marketing, Modern Management Initiatives, Human Resource and Administration etc.	Mr. B N Panda is having more than 27 years of experience in Marketing, Sales, Supply Chain, manufacturing and Operations. He has successfully operated a profit centre/ SBU/ Company and generated healthy growth on a continuous basis. During his career he had held key positions in various reputed organisations including L&T Limited, Greaves Cotton Limited, Indian Metals & Ferro Alloys Group, Graphite India Limited etc.	Mr. R K Parakh is having more than 20 years of experience in Accounting & Audit Function, Finance, Treasury, Management & Cost Accounting, MIS, Legal, Statutory & Regulatory Compliances, SAP, Head of Pricing Committee, Export & Import Functions etc. During his career he had held key positions in various reputed organisation including Gontermann – Peipers (India) Ltd. and Kalpana Group of Industries etc.
List of Companies in which outside Directorship held	**Director** Gontermann-Peipers (India) Limited	**Director** Lioyds Steel India Ltd.	**Director** Chattisgarh Energy Ltd. Central India Power Company Ltd.	Nil	Nil
Chairman/Member of the committees of the Board of the Companies on which he is a Director	**Audit Committee** Gontermann-Peipers (India) Ltd. - Chairman **Share Transfer & Investors' Grievance Committee** Gontermann-Peipers (India) Ltd. - Chairman **Remuneration Committee** Gontermann-Peipers (India) Ltd. - Chairman **Finance Committee** Gontermann-Peipers (India) Ltd. - Chairman	Nil	Nil	Nil	Nil
Details of shareholding (Both own or held by/ for other persons on a beneficial basis), if any, in the Company.	252 shares held in his name	Nil	Nil	Nil	Nil
Disclosure in terms of Cause 49(IV)(G)(ia) of the Listing Agreement: Disclosure of relationships between directors inter-se	Nil	Nil	Nil	Nil	Nil

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 24th Report of your Company along with the standalone and consolidated Audited Accounts for the financial year ended 31st March, 2012.

FINANCIAL RESULTS

The financial performance of the Company, for 2011-2012, is summarized below:

(Rs. in Lacs)

			Financial year ended 31st March, 2012		Financial year ended 31st March, 2011
1.	Sales/Income from operations		**62645.72**		66936.19
	Less: Excise Duty		**3695.03**		3035.46
			58950.69		63900.73
2.	Other Income		**901.00**		863.14
3.	Total Income (1+2)		**59851.69**		64763.87
4.	Total expenditure		**48575.26**		54101.47
5.	Profit before Interest & Finance charges and Depreciation (3-4)		**11276.43**		10662.40
6.	Interest and Finance Charges		**4729.38**		5038.16
7.	Depreciation / Amortisation		**1657.98**		1545.68
8.	Profit before Taxes (5-6-7)		**4889.07**		4078.56
9.	Provision for Taxes				
	– Current Tax	**1386.50**		1093.69	
	– Prior Year Tax	**13.78**		(16.93)	
	– Deferred Tax Charge/(Credit)	**295.73**	**1696.01**	313.26	1390.02
10.	Profit after Tax (8-9)		**3193.06**		2688.54
11.	Surplus brought forward		**13147.91**		10834.21
12.	Surplus available (10+11)		**16340.97**		13522.75
13.	Appropriations:				
	– Proposed Dividend	**321.45**		321.45	
	– Tax on Proposed Dividend	**52.15**	**373.60**	53.39	374.84
Surplus carried to the Balance Sheet (12-13)			**15967.37**		13147.91

TRANSFER TO RESERVE

Reserves and surplus of the Company stood at Rs. 25,737.69 Lacs (excluding revaluation reserve of Rs. 65,679.24 Lacs) at the end of the current financial year as against Rs. 22,978.88 Lacs (excluding revaluation reserve of Rs. 71,019.59 Lacs) at the end of the previous year.

FINANCIAL REVIEW

The Company has achieved highest ever production of 93,996 MT in the Financial Year 2011-12, achieving a 3.18% increase in production with a Net Profit of Rs. 3,193.06 Lacs.

During the Financial Year 2011-12, your Company achieved a turnover of Rs 62,645.72 Lacs compared to Rs 54,883.34 Lacs in the Financial Year 2010-11 (excluding Trading Turnover of Rs 12,052.85 Lacs). The gross earnings before interest, depreciation and taxes stood at Rs 11,276.43 Lacs as against Rs 10,662.40 Lacs during the previous financial year registering a growth of 6%. Profit before taxes increased by 20% to Rs 4,889.07 Lacs as against Rs 4,078.56 Lacs during the corresponding previous year. The Net Profit after taxes stood at Rs 3,193.06 Lacs as against Rs 2,688.54 Lacs in previous fiscal registering a growth of 19%. Basic earning per share of your Company has registered a growth of 19% to Rs 4.97 as against Rs 4.18 during the corresponding previous year.

DIRECTORS' REPORT (Contd.)

DIVIDEND

Your directors are keen to apprise that they have recommended a 10% Dividend successively for the second year for the financial year ended 31.03.2012 subject to the approval of Shareholders at the ensuing Annual General Meeting and necessary approval from Lenders. Under the Income Tax Act, 1961, the receipt of Dividend is tax free in the hands of the shareholders.

OPERATIONS

For the year ended 31 March 2012, the production stood at 93,996 MT as against 90,544 MT in the previous year 2010-11, thereby achieving a growth of about 3.18% than the previous year. Your Company exported 33,191 MT valued Rs 23,095.14 Lacs during the year under review as against 34,996 MT valued at Rs 22,244.93 Lacs during the previous year 2010-11.Your Company is putting all its effort to maximize the Net Sales Realization (NSR) by optimizing the domestic and export sales mix. Further your Company is focusing on optimum capacity utilization which is a critical factor for achieving sustained profitability and we have been achieving continuously even during adverse situation.

Sustainability will continue to be our core strength. Promoting safe working conditions, planned production schedule, strategic cost reduction across the supply chain and a very clean and green working condition will continue to be our motto for achieving sustainability in our Operations.

The continued practice of modern management initiatives such as TPM, Six Sigma and SCM practices has immensely contributed in optimizing the cost and improving the productivity of your organization.

Your Company is working on expanding the capacity by acquisition of plants lying idle in close proximity to the Company's mines and plant. Matching to the growth in production volume, mining projects including underground mining for lumpy ore is being taken up with the latest technology. This effort will not only improve the productivity and profitability of the organization but also bring the organization into a significant position in the industry.

EXPORT

Export of Ferro Chrome constitutes to 39.18% of the turnover of the company. The company exported 33,191 MT valued at Rs 23,095.14 Lacs during the year ended 31st March, 2012. Under review as against 34996 MT valued at Rs 22,244.93 Lacs in the last year.

FUTURE OUTLOOK

The temporary cutbacks in South African ferrochrome production, prompted by nationwide shortages of power, have brought focus to consumers. The announcements by all the major South African producers surprised many.

The ferrochrome market is forecast to experience a deficit of 2,88,000 MT in 2012 reflecting the impact of recent production cuts in South Africa, which in turn have been caused by local power shortages.

A downwardly revised economic outlook is likely to impact stainless steel demand for the foreseeable future. Nevertheless, next year should still mark the start of an unprecedented period of stainless demand growth. Industrial production is forecast to rise by close to 5% per year during the next four years, which in turn should support very high rises in stainless demand. The greatest growth will be seen in 300 series, which typically require the highest proportion of Ferro Chrome.

Prospects for 2013 suggest the global ferrochrome market will remain very close to balance. 2013-14 will be the years of highest growth in global stainless production; these will be driven by China and other emerging economies. Though demand and supply are likely to be in balance in 2013, the low level of stocks will continue to support prices at high levels.

The likelihood of the market experiencing even higher prices in 2013 is substantial. Industry stocks are likely to have been pared back to extremely low levels by the end of this year and will persist at these levels until end-2013 at a minimum.

In the longer term, ferrochrome prices are forecast to drop back. South African power shortages are limiting the ability of the local industry to expand but presenting others, notably the Chinese, with a chance to fill the supply gap. By 2014, the world ferrochrome market should have moved back into surplus as Chinese supply hits 3.6 MT and expansions elsewhere lift global production.

PROJECTS

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

As already informed in earlier years, your Company had acquired land, coal linkage and other requisite statutory clearances for setting up the Captive Power Plant. However, the project being very capital intensive, efforts are on to explore the strategic partner for securing financial tie-up for the projects.

The capacity addition project i.e. new Ferro Chrome Furnace projects of 16.5 MVA and acquisitions of idle furnaces in close proximity to plant and mines are also under active consideration.

DIRECTORS' REPORT (Contd.)

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.

The Chromite mines in Sukinda Valley (ISO 9001 certified) is being worked in a systematic manner with due regard to safety and environment. Our Company has bagged several prizes during this year in the Bhubaneswar Region Safety week / Mines Environment Mineral Conservation week like Overall performance, Storage, transportation & use of explosive, First-Aid & OHS activities, General Working, Publicity & Propaganda, Maintenance of HEMM & Workshop, Recording & Analysis of Near Miss incidence Giving testimony to our work culture. The reserve available for open cast mining is expected to exhaust in the next four years and therefore underground mining projects has been planned. The assignment of proving reserves at depth is in progress and the work of detail project report has been awarded to International reputed consultant. We expect that the underground mining project shall start from April, 2013. The ISO 9001:2008 has been successfully renewed for another three years up to April-2014.

AWARD AND RECOGNITION

The Company has received many awards from various organizations in recognition of its contribution to the industry & society and for its outstanding performance. Some of the awards during the financial year 2011-12 are mentioned below:

a. **“GREENTECH ENVIRONMENT SILVER AWARD”** in METAL & MINING SECTOR from Green Tech Foundation, New Delhi for outstanding achievement in Environment Management.

b. **“IMEA GOLD AWARD”** by FROST & SULLIVAN in METAL CATEGORY for manufacturing excellence.

c. **“NALCO QC CONVENTION RUNNERS UP AWARD”** in TPM Circle by National Aluminium Company Limited.

d. **“SPECIAL ACHIEVEMENT AWARD” (Twenty Three Numbers)** for Greenery Development by Rotary Club.

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 initiative such as Six Sigma, Total Productive Maintenance (TPM), Performance management System (PMS) , Supply Chain Management (SCM) and in the process of implementing “SAP” with a view to continually improving the productivity and to maximize the automation of business process. Continuous training and re-training are being conducted to update all employees on the modern initiatives. 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.

BOARD OF DIRECTORS

The Board of Directors accepted with deep regret the resignation of Mr V V Jamnis from the post of Director of the Company w.e.f. 30th July, 2011, Mr R K Jena, Managing Director and Mr C R Pradhan, Director-Operations of the Company w.e.f. 11th November, 2011.

The Board of Directors of the Company had appointed Mr B N Panda, Director-Operations, Mr R K Parakh, Director-Finance of the Company w.e.f., 17th November, 2011 and Mr Anil Sureka as Managing Director of the Company w.e.f., 17th April, 2012.

In accordance with the provisions of the Companies Act, 1956 and Article 149 of the Articles of Association of the Company, Mr M Trivedi and Mr S Mohapatra, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Brief resume of the Directors seeking appointment, reappointment, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of the Listing Agreement, are provided as annexure to the Notice calling the Annual General Meeting forming part of this Annual Report.

SUBSIDIARY COMPANY

<u>MILTON HOLDING LIMITED (MHL)</u>

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 4.7351 million (Equivalent to Rs 2194.83. Lacs).

DIRECTORS' REPORT (Contd.)

BALASORE METALS PTE. LIMITED

The Company was incorporated during the period under review to set up an offshore entity at Singapore for the purpose of international trade in steel, iron ore, coal mining and export trade or to entail any other business that may accrue out of the opportunities in the commodity space.

Balasore Metals Pte. Limited, Singapore, a wholly-owned subsidiary of the Company. As at the date of Balance Sheet, the Company has investment in shares of Balasore Metals Pte. Limited aggregating, in value, to USD 1.00.

Statement pursuant to Section 212 of the Companies Act, 1956 relating to MHL & Balasore Metals Pte. Limited as at 31st March, 2012 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, 2012, 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, 2012 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. 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 Company is under discussion with NESCO and has also referred the matter to Hon'ble High Court of Orissa. However, pending outcome of the court case, Management is unable to cite the impact on the financial statements.
2. As regard to loans of Rs 962.00 Lacs and interest receivable of Rs 543.13 Lacs, negotiations are going on with the parties. Management is hopeful to receive the amount in full.
3. The computation of recompense amount for the period from 1st April, 2007 to till date has been submitted to the Consortium bankers and they are in process to crystallize the same. On communication of the recompense amount, provision would be taken subject to settlement terms.
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 regularize the matter in regard to use of short term funds to the extent of Rs 8,495.16 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.

DIRECTORS' REPORT (Contd.)

Your Company has taken adequate steps for strict compliance with the Corporate Governance guidelines, as amended from time to time.

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

CEO AND CFO CERTIFICATION

In accordance with the provisions of the Listing Agreement pertaining to corporate governance norms, Mr. Anil Sureka, Managing Director of the Company and Mr. R K Parakh, CFO of the Company have certified inter-alia, about review of financial statements and establishing & maintaining internal control to the financial reporting for the year ended 31st March, 2012. The said certificate forms an integral part of annual report.

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.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES FRAMED THEREUNDER

The statement of particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, is annexed hereto and forms part of the report.

PERSONNEL

Despite the fact that your Company during the period under review went through different challenges, continued to further strengthen the relationship of mutual trust and transparency with its employees which helped in meeting all challenges. The second half of the year was difficult as there were a large exodus of senior executives but the Management and employees of our Company worked hand in hand during the crisis and came out with flying colours.

Skill and knowledge up gradation has remained as one of the focus areas of the Company so that a vibrant workforce is developed to meet the present and future requirements. Special focus was given in areas like nurturing future leaders, role clarity, empowerment, team work to facilitate a performance driven culture. As the Company looks to expand its business, it aims to develop a cohesive workforce through leadership, management, talent management and transparent performance management system. The individual goals have been synchronized with organizational goals and the young and energetic team of our Company is marching ahead in its quest for excellence. 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 talents.

The Board records its appreciation for the support of employees at all levels and looking forward to their total involvement in the growth process 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
28th May, 2012

Anil Sureka
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. Screw Compressor has been installed in place of Reciprocating compressor.

ii. Furnace Building lighting has been connected through Lighting Transformer.

iii. Reduction in consumption of underground water from 1300 cu.m. / day to 900 cu.m./day.

iv. Maintaining a near Unity power factor on drawl from Grid on continuous basis every month.

v. FRP blades used in Axial flow fans for FD Coolers of Gas Cleaning Plant of Furnace-3.

vi. New Airconditioners being procured only on seeing their BEE label stars.

vii. Two numbers 50HP water pumps replaced with 30HP Water Pumps without compromising of quality and quantity.

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 31.03.2012	For the year ended 31.03.2011
i Power & Fuel Consumption		
1) Electricity		
a) Purchased Units (in '000')	351995	335703
Total Amount (Rs in Lacs)	16880	12372
Rate/Unit (Rs)	4.80	3.69
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)	60897	53573
Total cost (Rs in Lacs)	11948	9521
Average Rate (Rs / MT)	19620	17772
3) Furnace Oil / LDO		
Quantity (Ltr. in '000')	1031	1010
Total Amount (Rs in Lacs)	380	272
Average Rate (Rs / Ltr)	36.86	26.93
Consumption per MT of production		
Electricity (Unit)	**3745**	3708
Coal (MT)	**0.65**	0.59

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.

v) Briquetting of 100% washed concentrate Ore and usage in the furnace to the tune of 40% of the input Ore. It was not done earlier due to binding problem.

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

i) Feasibility of Production of Value Added Products like Low Carbon Ferro Chrome by AOD process

ii) Ladle preheating

iii) Pneumatic conveying of Lime in Briq. Plant

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) No. of spirals have been increased in COB plant at Mines to enhance production.

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

i) Development of Underground Chrome Mines.

ii) Energy Audit in plant & 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 has exported 33,191 MT valued at Rs 23,095.14 Lacs during the financial year ended 31st March, 2012. 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) **New value added product development:** Identified various special grade High Carbon Ferro Chrome to develop niche customers / market.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

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

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

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

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

f) **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.

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

h) **Increase Customer Base**: Visiting various untapped countries to expand our market reach and increase customer base.

i) **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.

j) **Long term Off Take Agreement**: Entering into long term off take agreement with various customers to develop regular and stable buyers.

iii) Development of new export markets for products: To promote our product in different parts of the world, new customers and special grade of FeCr are identified by participating in seminars and customer visits in different regions/areas.

2. Total Foreign Exchange used and earned

	(Rs in Lacs)
– Foreign Exchange Earnings (on Accrual Basis)	
FOB Value of Exports	21,714.34
– Foreign Exchange Outgo	
1. CIF Value of Imports	
– Raw Materials	1,257.76
– Stores & Spares	–
2. Other Expenditure	769.90

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 (Years)	Designation/ Nature of Duties	Gross Remuneration (Rs)	Net Remuneration (Rs)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment
Jena, R K	44	Managing Director	22,544,602	12,275,663	AMIE-Mech & MBA	22	30.04.1990	—

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.
4. Mr. R K Jena was ceased to be employee of the Company w.e.f. 11th November, 2011.

For and on behalf of the Board

Kolkata
28th May, 2012

Anil Sureka
Managing Director

M Trivedi
Director

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

During the Financial Year 2011-12 the Global Economy continued to remain slow and stagnant primarily due to concerns and crisis prevailing in the EURO zone.

According to the International Monetary Fund (IMF) Global growth is projected to drop from about 4 percent in 2011 to about 3.5 percent in 2012 because of weak activity during the second half of 2011 and the first half of 2012. World Real GDP growth in the emerging and developing economies is projected to slow from 6.25 percent in 2011 to 5.75 percent in 2012 but then to reaccelerate to 6 percent in 2013, helped by easier macroeconomic policies and strengthening foreign demand.

The GDP growth in US economy continues to show signs of modest recovery. Large scale liquidity infusions by the European Central Bank have significantly reduced the stress in global financial markets. However, a sustainable solution to the EURO area debt problems is yet to emerge.

As per the Monetary Policy Statement 2012-13 issued by the RBI on 17th April, 2012 states that during the year 2011, the Indian economy faced major challenges with Fuel price hikes, a steep depreciation in the Indian rupee and deceleration in industrial growth.

During the year 2011-12, the Indian economy is estimated to have grown by 6.9 percent. While the growth in the agricultural and service sector continuing to perform well, India's slowdown can be attributed almost entirely to weakening industrial growth. The manufacturing sector grew by 2.7 per cent and 0.4 per cent in the second and third quarters of 2011-12. Inflation as measured by the wholesale price index (WPI) was high during most of the current fiscal year, though by the year's end there was a clear slowdown.

However, for the Indian economy, the outlook for growth and price stability at this juncture looks more promising. There are signs from some high frequency indicators that the weakness in economic activity has bottomed out and a gradual upswing is imminent.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Your Company is engaged in the production of High Carbon Ferro Chrome which is backed up by captive Chrome Mines. Basically, Ferro chrome is used in metallurgical operations (especially stainless steel) as a raw material. The FeCr acts as an alloy which even added in the steel production, gives it corrosion resistant properties. Globally FeCr production is centred near regions with high chrome deposits. It is produced through a highly energy intensive electric arc furnace (EAF) process. Consumption and production of Ferro chrome has been growing for the last few years primarily due to increased usage of stainless steel. Globally, major consumers are metal goods followed by building construction and engineering which are driving the demand for Ferro Chrome by consuming more steel and steel products. In India, Kitchenware is the only major sector which consumes around 75% of ferrochrome in the form of stainless steel. Therefore, demand for FeCr largely follows trends in Stainless steel and Alloy steel production.

GLOBAL OVERVIEW

The financial market turbulence had a knock-on effect on stainless steel production in Europe and the Far East which in turn has reduced demand. And then we have had the temporary cutbacks in South African production.

Currently, the stainless markets in Europe and the Far East are sluggish and the sustained fall in the nickel price has slowed orders as buyers play the waiting game over alloy surcharges. Demand in the US has picked up as a result of the automobile and energy related sectors experiencing improved sales. Mills have found that raising prices has been difficult, mainly as a result of lower nickel prices but volumes are improving.

The Euro zone crisis in Europe and its effects on the stainless industry is essentially a story of two halves. Southern Europe is stagnating but in Northern Europe consumption is steady, particularly in the export-led sectors. However, if another crisis develops, consumption will fall, leading to a market surplus and downward pressure on prices.

The Chinese authorities announced that GDP was targeted to grow at 7.5% P.A. for this year which has raised concerns about growth in China for the next few years as a whole.

It is expected that global stainless melted production to increase by 3.9% in 2012 and by 7.1% in 2013.

INDIAN OVERVIEW

Stainless Steel production in India growing supported with domestic and export driven demand. Sustained demand for FeCr is in line with the growth in Stainless Steel production. Asian countries alone constitutes more than 75% of the global Ferro Chrome demand and Indian producers have the competitive freight advantage in these market.

In 2011, Indian production of high carbon ferrochrome increased by 81,000 tonnes compared with 2010 to total 962,000 tonnes. In 2012 it is estimated that Indian output will expand by almost 140,000 tonnes to total 1.1MT.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

It is estimated that growth in Indian ferrochrome production will be moderate to average 2.1% P.A., taking total output up to 1.2 MT in 2016.

OPPORTUNITIES AND THREATS

Opportunity

For several years, power shortages in South Africa, and the need to build more electricity generating capacity, have been key factors influencing supply and prices in the global ferrochrome market. But the situation is gradually becoming more acute over time leading to production cuts by the South African producers from time to time. South African power shortages are limiting the ability of the local industry to expand but presenting others with a chance to fill the supply gap.

The recent move by many South African producers to put restrictions on Chrome ore export from South Africa may have an adverse impact on China's plan to increase their Ferro Chrome capacity in coming years.

The above two factors may have an adverse impact on the global supply of Ferro Chrome.

The recent depreciation of Indian currency against US Dollar will boost the export opportunities and realisation.

Threats

Export of UG2 grade ore from South Africa to China is helping Chinese producer to increase their production of FeCr at low cost.

Rising power rates in the state of Odisha is a major threat to the Industry as Ferro Chrome is a power intensive Industry.

Depreciation of South African currency Rand against US dollar will help South African producers to recover their rising cost and may restrict further price increase of Ferro Chrome.

FUTURE PROSPECTS & COMPANY'S STRATEGIES

Global stainless steel consumption has increased at a CAGR (Compounded Average Growth Rate) of 4.35 percent over the last five years and is expected to increase at a CAGR of 4.82 percent in the next five years. The growth rate has been driven by China and other Asian countries and is expected to be supported by them in the future also. Chinese demand is expected to grow at a CAGR of 6.11 percent with other Asian countries expected to grow at 4 percent.

As per Metal Bulletin Review report, the demand for ferrochrome surged to new heights in the first quarter of 2011-12, but demand receded in the second and third quarter amid reduced demand from stainless steel mills as they faced reduced demand from their customers due to Euro zone crisis. But in the long run, in line with expectation of increase in stainless steel demand, demand for Ferrochrome is expected to increase. The consumption is expected to reach 11Mt by 2013 at a CAGR of 7 percent per annum. With industry running at low operating rates of 80-90%, the increase in consumption requirement is expected to be met by a corresponding increase in the operating rates. Also some of the projects are expected to come live within next few years which are further going to help in boosting production but not before 2013.

South Africa plays a significant role in the world's output of ferrochrome contributing around 38% of the total in 2012. Recently, the mining industry has been hit badly because of the shortage of electricity. Eskom (South African Power Utility) has revised power tariffs in the last two years and is planning to revise them further up in the coming years. Because of this, major producers in South Africa have entered into an agreement with Eskom for reducing their production capacity and participating in electricity buy-back program. Merafe Resources and International Ferro Metals Ltd are lowering their output till the end of May, 2012 under this program, resulting in a total production loss of about 30% productions.

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 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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.

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.

Further, the Company have engaged a reputed consultant to again revisit / reassess the Risk Management frame of the Company to identify the method / process of identification and mitigation of the risks.

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, 2012, the production stood at 93,996 MT as against 90,544 MT in the previous year 2010-11, thereby achieving a growth of about 3.18% than the previous year. Your Company exported 33,191 MT valued at Rs 23,095.14 Lacs during the year under review as against 34,996 MT valued at Rs 22,244.93 Lacs during the previous year 2010-11.Your Company is putting all its effort to maximize the Net Sales Realization (NSR) by optimizing the domestic and export sales mix. Further, your Company is focusing on optimum capacity utilization which is a critical factor for achieving sustained profitability and we have been achieving continuously even during adverse situation.

Sustainability will continue to be our core strength. Promoting safe working conditions, planned production schedule, strategic cost reduction across the supply chain and a very clean and green working condition will continue to be strengthened for further improvement upon the sustainability of our operation.

The continued practice of modern management initiatives such as TPM (Total Productivity Management), Six Sigma and SCM (Supply Chain Management) practices has immensely contributed in optimizing the cost and improving the productivity of your organization.

Your Company is working on expanding the capacity by acquisition of plants lying idle in close proximity to the mines and plant. We are targeting a 100% growth in capacity by achieving 2,00,000 MT production per Annum within a shortest span of time. Matching to the growth in production volume, mining projects including underground mining for lumpy ore is being taken up with the best available technology. This effort will not only improve the productivity and profitability of the organization but also bring the organization in to a significant position in the industry.

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. Apart from the existing equipment, we are going to add one Wave length dispersive X-ray-Fluorescence (WDXRF) for better accuracy of testing, which will reduce the testing time.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

ENVIRONMENTAL AND SAFETY MEASURES

Your Company continues to give highest priority to all matters related to environmental protection as well as safety of its employees. The Company has been very careful in maintaining all statutory and legal norms related to Environment and Safety.

Balasore Alloys Ltd, an ISO-14001 certified Company with the help of structured Environmental Management System has taken care of all the environmental aspects and the emission & discharge levels are much below the statutory norms. The plant continues to work on a Zero discharge model as the entire waste water is recycled and is used in the system and horticulture. The solid waste is utilized as a good replacement for stone chips for construction purposes. Your Company continues to carry out the Plantation programme at local villages keeping in mind the objective of Greenery development for better environmental balance. Moreover, your Company has strengthened its effort with massive plantation at Mines.

Safety of employees, visitors and local people has also been accorded high priority and all unsafe conditions & practices have been monitored, controlled and eliminated through periodic review, audit and observations. Innovative practices like detailed Hazard analysis, Near miss situation analysis, on-site emergency mock drill reduced the un-safe practices creating a better and safe work environment. Round the clock Ambulance and Fire Tender service is maintained to meet any emergency in the factory or the neighbouring areas.

Your Company has ensured compliance on all statutory provisions and norms related to environment and safety.

CORPORATE SOCIAL RESPONSIBILITY

Your Company believes that any progressive activity cannot be carried out without sustainable development and growth of the society as a whole. Keeping in mind of this fact your Company discharges its social responsibilities in a proactive manner with the help of its dedicated team. The CSR activities have been aligned with the Vision of the company and the activities are being carried out regularly. Some of the initiatives undertaken during the year are given below:

a. Skill Centre: Your Company in association with Confederation of Indian Industries during the year has set up a skill centre to impart vocational training to the local students. The Company will be sponsoring the students and also assist with their placement on completion of the course.

b. Assistance to poor and needy.

c. Environmental protection through tree plantation.

d. Drinking water facility in the neighbouring villages.

e. Street Light facility in the neighbouring villages.

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, 2012	Financial year ended 31st March, 2011
1. Turnover	**58,950.69**	63,900.73
2. Total Income	**59,851.69**	64,763.87
3. PBDIT	**11,276.43**	10,662.40
4. Profit before Taxes	**4,889.07**	4,078.56
5. Profit after Taxes	**3,193.06**	2,688.54

The net profit for the year was at Rs 3,193.06 Lacs and the Company has announced a dividend of 10% successively for the second year.

The Company achieved impressive performance with the improvements across key parameters. The turnover achieved for the year ended March 31, 2012 was Rs 58,950.69 Lacs registering a growth of 14% over the previous year (excluding Trading Turnover of Rs 12,052.85 Lacs). During the year export was Rs 23,095.14 Lacs higher by 4% despite low demand and price pressure in the international market.

The consumption of raw materials increased by 1% from Rs 22,604.80 Lacs to Rs 22,367.28 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 36% from Rs 12,371.50 Lacs to Rs 16,880.30 Lacs. The increase was mainly on account of increase in power tariff by 30% and increased volume of production as compared to previous year.

PBDIT increased by 6% from Rs 10,662.40 Lacs to Rs 11,276.43 Lacs.

Interest and finance charges decreased by 6% from Rs 5,038.16 Lacs to Rs 4,729.38 Lacs. The decrease was mainly due to effect of repayment of term loan during the year.

PBT stood at Rs 4,889.07 Lacs as against Rs 4,078.56 Lacs for the previous year, showing an increase of 20%.

Profit after tax stood at Rs 3,193.06 Lacs as against Rs 2,688.54 Lacs for the previous year, an increase of 19%.

The Basic Earning per Share (EPS) for the year was Rs 4.97 as against Rs 4.18 for the previous year, an increase of 19%.

Shareholders' funds (Net worth) increased from Rs 27,066.78 Lacs to Rs 30,179.06 Lacs as on March, 2012.

HUMAN RESOURCES OF THE COMPANY

Your Company has established systems and procedures which are instrumental for realizing the full potential of human capital, the prime moving force for overall excellence. The Human Resource (HR) philosophy in your Company is to foster performance, transparency, team work, fairness and empowerment at all levels. The Company believes in equal employment opportunity and fair practices in respect of all matters. Right to freedom of association and collective bargaining has been established through joint consultation with office bearers of the Unions, grievance handling mechanism etc. A congenial atmosphere has been created through an environment of mutual trust and transparency between the Management and Union bodies. Efforts are made to implement the best practices like leveraging and upgrading framework for competitive advantage, development of talent pipeline to match Company's growth ambition, creation of young leaders and creating of performance driven culture. Your Company also encourage work life balance for employees. The total manpower strength as on 31st March, 2012 is 696.

INITIATIVES TOWARDS OPERATIONAL EXCELLENCE

The Company is consistently practicing various strategic management initiatives with an objective to operate at optimum level, exploit favourable market condition & continually improve upon the operational 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. Active involvement of employees across the organisation and structure review mechanism put in place at the apex level has made these initiatives contributing towards operational excellence and growth of the organization.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Systematic use of quality Management principles and tools has contributed in achieving the objectives of improvement in performance, customer satisfaction, stakeholder value and process management.

By successfully implementing management initiatives, the organisation achieved & sustained superior levels of performance that exceeds the expectations of all stakeholders. The practice allows Managers/leaders to understand the cause and effect relationship between the activities and the achieved results. The different initiatives function under the umbrella of Business Excellence 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 grater performance brings transparency and accountability across the organization for attaining common organization mission, vision and goals.

- **QUALITY AUDIT**

  In addition to the ISO 9000 Quality Management Practices, 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, 2012, consists of 12 directors out of which 8 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 Kumar Mittal, Chairman Ms Vartika Mittal*
Executive Director	Mr B N Panda, Director - Operations** Mr R K Parakh, Director - Finance***
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 Anil Sureka^
Nominee Director	Mr S M Ali

* Appointed as an Additional Director w.e.f. 26.05.2011.

** Appointed as an Additional Director designated as Director – Operations w.e.f. 17.11.2011.

*** Appointed as an Additional Director designated as Director – Finance w.e.f. 17.11.2011.

^ Appointed as an Additional Director w.e.f. 17.11.2011.

Five Board meetings were held during the period 01.04.2011 to 31.03.2012. 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:

26.05.2011, 05.08.2011, 09.11.2011, 17.11.2011 and 14.02.2012.

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	Attended last AGM held on 29.09.2011 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 Kumar Mittal (Chairman)	4	Yes	2	1	Nil	Nil
Mr M Trivedi	5	Yes	Nil	1	2	Nil
Mr S Mohapatra	5	Yes	Nil	1	Nil	1
Mr S K Pal	5	No	Nil	2	2	2
Dr A K Bhattacharyya	5	No	Nil	2	Nil	1
Mr R K Jena* (Managing Director)	3	Yes	NA	NA	NA	NA
Prof S K Majumdar	5	No	Nil	Nil	Nil	Nil
Mr K P Khandelwal	4	No	Nil	2	Nil	3
Mr R N Pandey**	NA	NA	NA	NA	NA	NA
Mr C R Pradhan*** (Director - Operations)	3	Yes	NA	NA	NA	NA

REPORT ON CORPORATE GOVERNANCE (Contd.)

Director	Board Meeting Attended	Attended last AGM held on 29.09.2011 at Registered Office	No. of Directorship in other Companies @		No. of Membership in Committees of Directors in other Companies.^^^	
			Chairman	Director	Chairman	Member
Mr S M Ali (Nominee Director)	5	Yes	Nil	Nil	Nil	Nil
Mr Vilas V Jamnis****	1	NA	NA	NA	NA	NA
Ms Vartika Mittal~	4	Yes	Nil	Nil	Nil	Nil
Mr B N Panda# Director - Operations	1	NA	Nil	Nil	Nil	Nil
Mr R K Parakh^ Director - Finance	1	NA	Nil	Nil	Nil	NIL
Mr Anil Sureka^^	1	NA	Nil	2	Nil	Nil

* Ceased to be a Managing Director w.e.f. 11.11.2011.

** Ceased to be a Director w.e.f. 17.05.2011.

*** Ceased to be a Director - Operations w.e.f. 11.11.2011.

**** Ceased to be a Director w.e.f. 30.07.2011.

~ Appointed as an Additional Director w.e.f. 26.05.2011.

Appointed as an Additional Director designated as Director - Operations w.e.f. 17.11.2011.

^ Appointed as an Additional Director designated as Director - Finance w.e.f. 17.11.2011.

^^ Appointed as an Additional Director designated w.e.f. 17.11.2011.

@ 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, 2012 the Committee consists of Six 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 29th September, 2011.

Four Meetings of Audit Committee were held during the year 01.04.2011 to 31.03.2012. The dates on which the meetings of the Audit Committee were held are:

26.05.2011, 05.08.2011, 09.11.2011 and 14.02.2012.

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	4
Prof S K Majumdar	4
Mr K P Khandelwal	3
Mr R N Pandey*	NA
Mr V V Jamnis^	1

* Ceased to be a member w.e.f. 17.05.2011.

^ Ceased to be a member w.e.f. 30.07.2011.

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, 2012, 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, 2012, two meeting of the Committee was held on 26.05.2011 and 17.11.2011. Attendance at the meeting is as under:

Name of Director	No. of Meetings Attended
Mr M Trivedi (Chairman of the Committee)	2
Dr A K Bhattacharyya	2
Mr S K Pal	2
Prof S K Majumdar	2

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 sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors and Audit Committee of Board of Directors was Rs 15,000/- per meeting. However, sitting fees for attending other Committee meetings i.e. Remuneration Committee, Share Transfer and Investor Grievance Committee, Risk Management Committee, and Project Committee was 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.

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

Details of remuneration paid to Whole-time Directors for the period ended 31st March, 2012:

Director	Salary & Perks	Commission	Total	Service Contract (Years)	Period
Mr. R K Jena*	Rs 299.76 Lacs	Nil	Rs 299.76 Lacs	3	(01.04.2011 to 11.11.2011
Mr. C R Pradhan**	Rs 14.11 Lacs	Nil	Rs 14.11 Lacs	3	(01.04.2011 to 11.11.2011
Mr. B N Panda (Director - Opertions)	Rs 18.83 Lacs	Nil	Rs 18.83 Lacs	3	(17.11.2011 to 31.03.2012)
Mr. R K Parakh (Director - Finance)	Rs 13.17 Lacs	Nil	Rs 13.17 Lacs	3	(17.11.2011 to 31.03.2012)

* Ceased to be Managing Director w.e.f. 11.11.2011.

** Ceased to be Director - Operations w.e.f. 11.11.2011.

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 01.04.2011 to 31.03.2012. The dates on which the meetings of the Share Transfer and Investors Grievance Committee were held are as follows:

16.04.2011, 18.05.2011, 23.06.2011, 22.07.2011, 23.08.2011, 22.09.2011, 15.10.2011, 18.11.2011, 13.12.2011, 10.01.2012, 11.02.2012 and 14.03.2012.

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

Name of Director	No. of Meeting Attended during the period
Mr. M Trivedi, Chairman of the Committee	12
Mr. R K Jena, Managing Director*	7
Prof. S K Majumdar	12
Mr. S K Pal	12
Mr. R K Parakh^	5

* Ceased to be a member w.e.f. 11.11.2011.

^ Appointed as a member w.e.f. 17.11.2011.

Name and Designation of Compliance Officer:

Mr Trilochan Sharma – Sr. General Manager & Company Secretary

Name and Designation of Contact Person of Registrars and Transfer Agent of 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 01.04.2011 to 31.03.2012, the status of complaints are as under:

Complaints pending as on 01.04.2011	—	Nil
Complaints received from Investors	—	183
Complaints replied/resolved	—	183
Complaints pending as at 31.03.2012	—	Nil

REPORT ON CORPORATE GOVERNANCE (Contd.)

During the period under review 8,436 Equity Shares were transferred in physical form and no such request was pending as on 31.03.2012. 2,08,989 Equity Shares were dematerialized during the period under the review. As on 31.03.2012 5,32,19,642 Equity Shares constituting 82.78% 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
2010-2011 (12 Months)	Registered Office	29.09.2011	9.30 A.M.
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.

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 2011-12, duly signed by Managing Director of the Company is herein below 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, Anil Sureka, 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, 2012.

Anil Sureka
Managing Director

28th May, 2012

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 37 of Notes to financial statements as at and for the year ended March 31, 2012 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) Sambad / 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

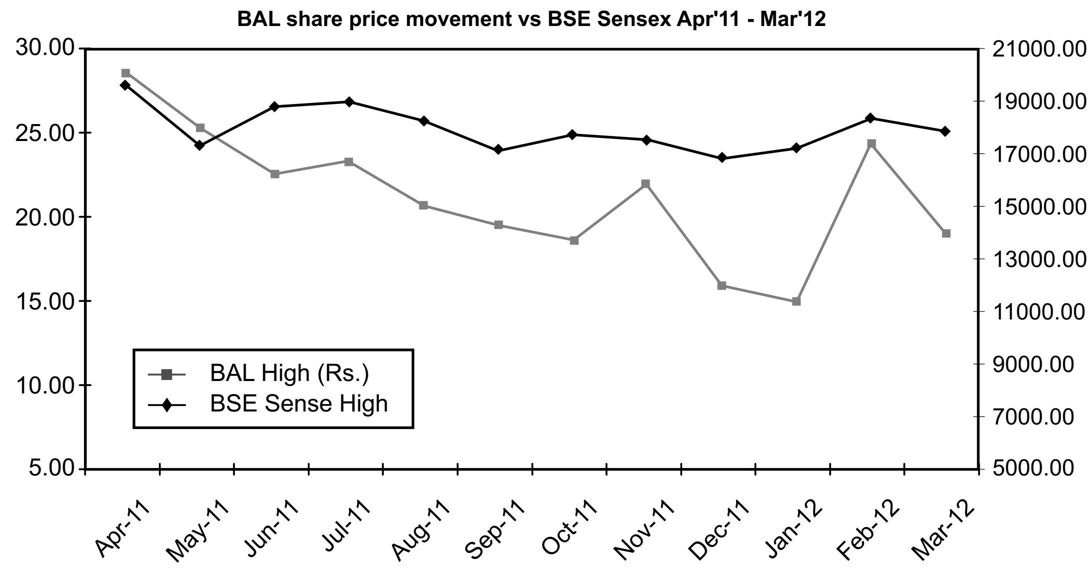
REPORT ON CORPORATE GOVERNANCE (Contd.)

14. GENERAL SHAREHOLDERS' INFORMATION

1	**Annual General Meeting**	
	Day, Date & Time Venue	Wednesday, 26th September, 2012 at 9.30 A.M. Registered Office at Balgopalpur – 756 020 Balasore, Odisha, India
2	**Tentative Financial Calendar 2012-13** Financial Reporting for the quarter ending June 30, 2012. Financial Reporting for the quarter ending September 30, 2012 Financial Reporting for the quarter ending December 31, 2012 Financial Reporting for the quarter ending March 31, 2013 Annual General Meeting for the year ending March 31, 2013	 On 14th day of August, 2012 By 15th day of November, 2012 By 15th day of February, 2013 Last week of May, 2013 September, 2013
3	**Book Closure Date**	24th September, 2012 to 26th September, 2012 (both days inclusive)
4	**Dividend Payment Date**	The Dividend warrants will be posted on and from 1st October, 2012
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 Limited 7, Lyons Range, Kolkata – 700 001
Note: Annual Listing Fees is regularly paid to the Bombay Stock Exchange Limited and the Calcutta Stock Exchange Limited.		
7	**Stock Market information:**	
	(i) Stock Code:	
	Bombay Stock Exchange Ltd,	: 513142
	The Calcutta Stock Exchange Ltd.	: 10019059
	ISIN No. for Fully Paid-up Equity Shares	: INE135A01024

(ii) Market Price	Share Price data on BSE		BSE Sensex	
Months	High (Rs)	Low (Rs)	High	Low
April, 2011	28.70	21.35	19,701.73	19,091.17
May, 2011	25.45	20.65	17,386.08	16,022.48
June, 2011	22.65	19.00	18,845.87	17,506.63
July, 2011	23.40	19.50	19,078.30	18,197.20
August, 2011	20.75	15.55	18,314.33	15,848.83
September, 2011	19.50	16.35	17,165.54	16,051.10
October, 2011	18.60	15.00	17,804.80	15,792.41
November, 2011	22.00	13.45	17,569.53	15,695.43
December, 2011	15.89	8.11	16,877.06	15,175.08
January, 2012	14.94	10.27	17,233.98	15,517.92
February, 2012	24.39	13.76	18,428.61	17,300.58
March, 2012	19.00	14.85	17,919.30	17,052.78

REPORT ON CORPORATE GOVERNANCE (Contd.)



8	**Share Price Performance in comparison to BSE Sensex.** The BSE Sensex open on 1st April, 2011 at 19,445.22 and on 31st March, 2012, the Sensex closed at 17,404.20. The market price of the shares of the Company on the BSE has varied from Rs. 8.11 to Rs. 28.70 during the period under review.	
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 2454 1892/1893 +91 33 4072 4051/4052/4053 Fax Nos. +91 33 2454 1961 / 4072 4050 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.	

REPORT ON CORPORATE GOVERNANCE (Contd.)

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, 2012

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Capital
1 to 500	130348	97.295	11852951	18.44
501 to 1000	2149	1.60	1542693	2.40
1001 to 2000	725	0.54	1050508	1.63
2001 to 3000	268	0.20	677401	1.05
3001 to 4000	56	0.04	194640	0.30
4001 to 5000	45	0.03	210474	0.33
5001 to 10000	142	0.10	1209466	1.88
10001 to 50000	175	0.13	3764345	5.86
50001 to 100000	29	0.02	2166005	3.37
100001 and Above	35	0.02	41621928	64.74
TOTAL	**133972**	**100.00**	**64290411**	**100.00**

b) Categories of Shareholders as on 31st March, 2012

Category	No. of Shares held	% of Total Shareholding
Promoter Group	29935816	46.56
Mutual Funds / UTI	13600	0.02
Financial Institution / Banks	592257	0.92
NRIs / OCBs / Foreign Institutional Investors / Other Foreign Shareholders (Other than Promoter Group)	7556169	11.76
Bodies Corporate	4981023	7.75
Indian Public	21190664	32.96
Others	20882	0.03
GRAND TOTAL	64290411	100.00

Approximately 82.78% of the Equity shares have been dematerialized as on 31st March, 2012. 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 Keonjhar (Odisha)
	• Hathoda, Dist. Balaghat (M.P.) Village: Baghjumpha
3. Quartize Mine	• Subdivission: Mayurbhanj District : Mayurbhanj, (Odisha)

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 2454 1892/1893 +91 33 4072 4051/4052/4053 Fax Nos. +91 33 2454 1961/4072 4050 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.

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 their telephone no. and/or e-mail ID, if any, in the 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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)

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

28th May, 2012

We, Anil Sureka, Managing Director and R. K. Parakh, 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, 2012 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, 2012, 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, 2012 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, 2012.

R.K. Parakh
Chief Financial Officer

Anil Sureka
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, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with 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 : 301003E
Chartered Accountants

per Sanjoy K Gupta
Partner
Membership No. 054968

Place : Kolkata
Date : 28th May, 2012

AUDITORS' REPORT

TO THE MEMBERS OF BALASORE ALLOYS LIMITED

1. We have audited the attached Balance Sheet of Balasore Alloys Limited (or "the Company") as at 31st March, 2012 and also the Statement of profit and loss 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 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 our audit have been received from Company's overseas branch not visited by us;

   iii. The balance sheet, the statement of profit and loss and the 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, the statement of profit and loss and the 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. *Attention is drawn to the following items :*

      (a) Note No. 30 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 claim for Rs 16,418.28 Lacs (Rs 9,874.34 Lacs as at 31st March, 2011) (including delayed payment surcharge). As represented to us by the management, the Company is under discussion with NESCO and has also referred the matter to Hon'ble High Court of Orissa. However, pending outcome of the court case/ discussion, we are unable to comment upon the matter and its consequential impact on the Company's profits.

      The above matter had caused us to qualify our audit opinion on the financial statements for the year ended 31st March 2011.

      (b) Note No. 32 regarding :

         (i) Lender's right to recompense under Corporate Debt Restructuring Scheme sanctioned in earlier years and demand of Rs 3020 Lacs for the sacrifice made upto 31st March, 2007, which has not been provided for. Had the impact of above amount been considered, there would be a net profit of Rs 173.06 Lacs for the year as against the reported net profit of Rs 3193.06 Lacs for the year.

         (ii) Further, the recompense amount for the period from 1st April, 2007 to till date has not been worked out and presently unascertainable. The management has approached its lenders to determine the final liability towards such recompense amount till date, which is unascertainable and therefore we are unable to opine on the matter.

(c) *Note No 34 regarding loans of Rs 962.00 Lacs and interest receivable of Rs 543.13 Lacs thereon which are overdue and pending confirmation but based on the current status of negotiation with these parties, the management is hopeful to recover the amount in full. We are unable to opine on the recoverability of these loans and interest receivable and thus its consequential impact, if any, on the Company's profit.*

vii. In our opinion and to the best of our information and according to the explanations given to us, *except for the effects/ possible effects of our observations in Para vi above, as the case may be*, 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 the balance sheet, of the state of affairs of the Company as at 31st March, 2012;

b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and

c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants
per Sanjoy K Gupta
Partner
Membership No. 054968

22 Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016.
Date : 28th May, 2012

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, 2012)

(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 clauses 4(iii)(a) to (d) of the Order are not applicable to the Company.

(e) 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.

(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 or 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) (a) 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) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the mining and manufacture of silicon & ferro alloys, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(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.*

(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**
Orissa 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 and Sales tax deferment (including interest and penalty on delayed payment)	84.34	1992-93, 1994-95 to 1997-98, 2005-06	Commissioner, Appellate Tribunal and High Court of Orissa
Entry Tax Act, 1999	Entry Tax on coal and imported materials	99.44	2003-04, 2008-09	Additional Commissioner
Central Excise Act, 1944	Duty on estimated production	1464.09	2005-2010	Commissioner of Excise
Central Excise Act, 1944	Incorrect availment of cenvat credit	1028.78	2004-2011	Commissioner of Excise/ Additional Commissioner of Excise/CESAT
Chapter V of Finance Act, 1994	Service tax on commission/ delay in payment of service taxes	77.94	1996-1998, 2007-2008	Commissioner of Excise/CESAT
Chapter V of Finance Act, 1994	Incorrect availment of service tax credits	8.95	2004-2008	Commissioner Appeal/ High Court of Orissa
Orissa Electricity (Duty) Act, 1961	Electricity Duty	6.96	2001	High Court of Orissa

(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 Order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

(xv) The Company has an outstanding guarantee given by way of pledge of its investment in an earlier year for loans taken by a related party from banks and 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 8,495.16 Lacs raised on short-term basis mainly through working capital 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. 054968

22 Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016.
Date : 28th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs in Lacs)

	Notes	As at 31st March, 2012	As at 31st March, 2011
Equity and Liabilities			
Shareholders' funds			
Share capital	3	**3,366.38**	3,366.38
Reserves and surplus	4	**91,416.93**	93,998.47
		94,783.31	97,364.85
Non-current liabilities			
Long-term borrowings	5	**4,322.80**	6,808.25
Deferred tax liabilties (net)	6	**1,075.00**	721.52
Long-term provisions	7	**470.08**	632.35
		5,867.88	8,162.12
Current liabilities			
Short-term borrowings	8	**8,288.02**	12,259.21
Trade payables	9	**14,798.81**	18,092.09
Current Maturities of Long-term borrowings	5	**2,223.84**	1,532.80
Other current liabilities	10	**3,671.47**	3,387.44
Short-term provisions	7	**1,717.62**	936.24
		30,699.76	36,207.78
TOTAL		**131,350.95**	141,734.75
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	**102,326.65**	105,111.76
Intangible assets	11	**1,388.04**	728.38
Capital work-in-progress		**3,520.19**	6,054.34
Non-current investments	12	**3,846.24**	3,702.60
Long-term loans and advances	13	**1,641.39**	1,629.49
Other non-current assets	14	**149.14**	123.00
		112,871.65	117,349.57
Current assets			
Inventories	16	**10,700.98**	13,036.91
Trade receivables	15	**994.44**	4,131.47
Cash and bank balances	17	**623.45**	1,411.23
Short-term loans and advances	13	**5,332.43**	5,061.78
Other current assets	14	**828.00**	743.79
		18,479.30	24,385.18
TOTAL		**131,350.95**	141,734.75
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

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. 054968

Place : Kolkata
Date : 28th May, 2012

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs in Lacs)

	Notes	2011-12	2010-11
Income			
Revenue from operations (gross)	18	**62,645.72**	66,936.19
Less: Excise duty		**3,695.03**	3,035.46
Revenue from operations (net)		**58,950.69**	63,900.73
Other income	19	**901.00**	863.14
Total revenue (I)		**59,851.69**	64,763.87
Expenses			
Cost of raw materials consumed	20	**22,604.80**	22,367.28
Purchase of stock-in-trade	21	**—**	11,587.46
(Increase)/ decrease in Finished Goods, Work-in-Progress and Saleable Scraps	22	**(136.73)**	309.77
Power and Fuel		**16,880.30**	12,371.50
Employee benefits expenses	23	**2,348.16**	2,161.14
Other expenses	24	**6,878.73**	5,304.32
Total (II)		**48,575.26**	54,101.47
Profit before finance costs, tax, depreciation & amortization (I) - (II)		**11,276.43**	10,662.40
Depreciation & amortization expenses	25	**1,657.98**	1,545.68
Finance costs	26	**4,729.38**	5,038.16
Profit before taxes (III)		**4,889.07**	4,078.56
Tax expenses			
Current tax		**1,386.50**	1,093.69
Deferred tax charge		**295.73**	313.26
Taxation expenses of earlier years [including deferred tax charge of Rs 57.75 lacs (Rs 138.08 lacs)]		**13.78**	(16.93)
Total tax expenses (IV)		**1,696.01**	1,390.02
Profit for the year [(III) - (IV)]		**3,193.06**	2,688.54
Earnings per equity share [nominal value of share Rs. 5 (Rs. 5) - Basic & Diluted (Rs.) (Refer Note No 38)		**4.97**	4.18
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

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. 054968

Place : Kolkata
Date : 28th May, 2012

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs in Lacs)

	Notes	As at 31st March, 2012	As at 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before tax		**4,889.07**	4,078.56
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation/Amortisation		**1,657.98**	1,545.68
Loss on sale/discard of Fixed Assets (Net)		**146.02**	546.71
Unrealized foreign exchange loss		**0.26**	(13.23)
Unspent Liabilities no longer required written back		**(84.20)**	(6.66)
Provision for diminution in value of Investment/(written back)		**56.94**	(28.96)
Irrecoverable debts, deposits & Advances written off		**165.99**	88.18
Provision for doubtful debts/advances		**42.66**	9.83
Interest Expense		**4,068.65**	4,277.86
Interest Income		**(528.70)**	(485.20)
Operating profit before working capital changes			
Movements in working capital :			
Increase/ (decrease) in trade payables and other current liabilities		**(3,437.71)**	6,915.63
Increase/ (decrease) in provisions		**(172.26)**	57.78
Decrease / (increase) in trade receivables		**1,023.61**	(3,970.06)
Decrease / (increase) in inventories		**2,335.93**	(1,889.24)
Decrease / (increase) in loans and advances and other assets		**(23.19)**	(1,293.41)
Cash generated from /(used in) operations		**10,141.05**	9,833.47
Direct taxes paid (net of refunds)		**(209.22)**	(549.64)
Net cash flow from operating activities (A)		**9,931.83**	9,283.83
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets, including CWIP and capital advances		**(2,588.22)**	(3,898.97)
Purchase of non-current investments		**(200.58)**	(0.22)
Proceeds from sale of fixed assets		**5.27**	21.76
Interest received		**401.83**	439.92
Net cash flow used in investing activities (B)		**(2,381.70)**	(3,437.51)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		**55.11**	—
Repayment of long-term borrowings		**(1,849.52)**	(2,802.75)
Dividend paid on equity shares (including dividend distribution tax)		**(361.24)**	—
Net movement in short-term borrowings		**(1,333.69)**	322.97
Interest paid		**(4,049.31)**	(3,921.90)
Net cash flow used in financing activities (C)		**(7,538.65)**	(6,401.68)
Net increase/(decrease) in cash and cash equivalents (A + B + C)		**11.48**	(555.36)
Cash & Cash equivalents as at the beginning of the year		**34.01**	589.37
Cash & Cash equivalents as at the end of the year		**45.49**	34.01
Cash & Cash equivalents as at the end of the year includes			
Cash-on-hand		**8.87**	8.44
Balances with banks:			
On current accounts		**23.02**	25.57
On unpaid dividend account*		**13.60**	—
Cash and cash equivalents at the end of the year		**45.49**	34.01
Summary of significant accounting policies	2		

* The Company can utililize these balance only towards settlement of the respective unpaid dividend.

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. 054968

Place : Kolkata
Date : 28th May, 2012

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012

1. Corporate information

Balasore Alloys Limited (the Company) is a public company domiciled in India and incorporated in 1984 under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange of India and The Calcutta Stock Exchange Limited. The Company have its registered office and manufacturing facility at Balasore, Odisha

The Company 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.

2. Summary of significant accounting policies

(a) **Basis of preparation of Financial Statements**

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.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company ascertains its operating cycle for the purpose of current or non- current classification of assets and liabilities.

(b) **Presentation and disclosure of financial statements**

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures including those given in brackets in accordance with the requirements applicable in terms of Revised Schedule VI in the current year.

(c) **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.

(d) **Tangible fixed assets**

Tangible 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.

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

Machinery spares which can be used only in connection with an item of tangible 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.

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

Subsequent expenditure related to an item of tangible fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

(e) **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Expenditure incurred on development of mines are capitalized as intangible assets.

Computer software not being part of the hardware operating system are capitalised as intangible asset.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

(f) **Depreciation/Amortisation**

The classification of plant & machinery into continuous and non-continuous process is done as per the technical evaluation and depreciation thereon is provided accordingly.

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.

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.

Additional depreciation arising due to revaluation of fixed assets is adjusted against Revaluation Reserve and thereafter against General Reserve on FIFO basis.

Leasehold land is amortized on a straight line basis over the period of lease of 90 years.

Mining lease and mines development expenditure are amortised over the balance period of mining leases on straight line basis.

Computer software are amortized over a period of three years on straight line basis.

(g) **Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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.

(h) **Impairment of tangible and intangible assets**

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

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

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.

(i) **Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(j) **Inventories**

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

NOTES TO FINANCIAL STATEMENTS *(contd.)*

Work in Progress 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 and is determined on a weighted average basis.

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

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.

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.

(k) **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. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Export Benefits

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

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head “other income” in the statement of profit and loss.

(l) **Foreign currency translation**

(i) 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.

(ii) 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.

(iii) 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 arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

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.

(v) 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.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

(m) **Retirement and other employee benefits**

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.

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.

Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method made at the end of each financial year.

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

(n) **Income taxes**

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.

(o) **Segment reporting**

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.

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 relates to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head “Unallocated - Common”.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

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.

(p) **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.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

(q) **Provisions**

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle such 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.

(r) **Contingent liabilities & Commitments**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Capital commitments' are future liabilities for capital expenditure in respect of Capital Contracts yet to be executed.

'Other commitments' include all future liabilities for Contractual Commitments arising out of non cancellable contracts having penalty disproportionate to the benefits.

(s) **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.

(t) **Royalty**

Royalty on mining materials is accounted based on the rates notified by Indian Bureau of Mines for each month. In absence of monthly rates, these are accounted on the basis of latest available rates.

(u) **Lease**

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

3. Share capital

(Rs in Lacs)

	As at 31st March, 2012	As at 31st March, 2011
Authorized shares		
200,000,000 (200,000,000) equity shares of Rs.5/- each	**10,000.00**	10,000.00
Issued, subscribed and fully paid-up shares		
64,290,411 (64,290,411) equity shares of Rs. 5/- each	**3,214.52**	3,214.52
Add: Shares forfeited	**151.86**	151.86
	3,366.38	3,366.38

(a) There is no movement in share capital in the current year and previous year as compared to corresponding previous year

(b) Terms/ rights attached to equity shares

(i) The company has only one class of equity shares having par value of Rs 5 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(ii) The amount of per share dividend recognized as distribution to equity shareholders is Rs 0.50 per share (Rs 0.50 per share).

(iii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholder	As at 31 March 2012		As at 31 March 2011	
	Numbers	% holding	Numbers	% holding
Goldline Tracom Private Limited	**12,402,346**	**19.29%**	12,402,346	19.29%
Ushaditya Trading Private Limited	**7,392,500**	**11.50%**	7,392,500	11.50%
Navoday Exim Private Limited	**4,888,800**	**7.60%**	4,888,800	7.60%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) 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:

Particulars	As at 31st March 2012	As at 31st March 2011
Total number of equity shares held by the Promoter Group	**29,935,816**	29,935,186
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%

NOTES TO FINANCIAL STATEMENTS *(contd.)*

4. Reserves and surplus

(Rs in Lacs)

	As at 31st March 2012	As at 31st March 2011
Capital Reserve		
Capital Investment Subsidy (a)	**41.96**	41.96
Amount arisen on Forfeiture of Equity Warrants (b)	**490.00**	490.00
Revaluation Reserve		
Balance as per the last financial statements	**71,019.59**	76,337.69
Less: Amount transferred to the statement of profit and loss as reduction from depreciation	**(5,067.40)**	(5,220.43)
Less: Adjustment towards discard/sale of fixed assets	**(272.95)**	(97.67)
Closing Balance (c)	**65,679.24**	71,019.59
Securities Premium Account (d)	**1,550.00**	1,550.00
General Reserve		
Balance as per the last financial statements	**7,749.01**	8,012.06
Less: Adjustment towards discard/sale of fixed assets	**(60.65)**	(263.05)
Closing Balance (e)	**7,688.36**	7,749.01
Surplus in the statement of profit and loss		
Balance as per last financial statements	**13,147.91**	10,834.21
Profit for the year	**3,193.06**	2,688.54
Less: Appropriations		
Proposed final equity dividend [amount per share Rs 0.50 (Rs 0.50)]	**(321.45)**	(321.45)
Tax on proposed equity dividend	**(52.15)**	(53.39)
Total appropriations	**(373.60)**	(374.84)
Net surplus in the statement of profit and loss (f)	**15,967.37**	13,147.91
Total reserves and surplus (a to f)	**91,416.93**	93,998.47

5. Long-term borrowings

(Rs in Lacs)

		Non Current Position		Current maturities	
		As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
A) Secured					
Indian rupee loan from banks					
Term Loans		**2,608.58**	4,049.78	**1,505.20**	1,441.20
Funded Interest Term Loans		**1,669.72**	2,373.47	**364.60**	91.60
	(A)	**4,278.30**	6,423.25	**1,869.80**	1,532.80
Deferred Payment Credits	(B)	**44.50**	—	**9.04**	—
B) Unsecured					
Loans from Bodies Corporates		—	385.00	**345.00**	—
	(C)	—	385.00	**345.00**	—
Total (A+B+C)		**4,322.80**	6,808.25	**2,223.84**	1,532.80

NOTES TO FINANCIAL STATEMENTS *(contd.)*

a) Nature of securities and terms of repayment of each loan

(Rs in Lacs)

Name of the Bank	Terms of Repayment	Nature of Securities	Interest Rate	Loan Amount as at 31st March 2012	Loan Amount as at 31st March 2011
Term Loans:					
State Bank of India	20 Quarterly installments of Rs 340 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.15%	**3,870.59**	5,166.59
State Bank of Hyderabad	20 Quarterly installments of Rs 16.35 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.00%	**196.22**	261.62
Allahabad Bank	20 Quarterly installments of Rs 3.95 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	11.25%	**46.97**	62.77
Funded Interest Term Loans:					
State Bank of India	20 Quarterly installments of Rs 81 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.15%	**491.98**	899.13
	8 Quarterly installments of Rs 261 Lacs each starting from 30.04.2013 till 31.03.2015	See (i) below	BPLR - 1.15%	**1,087.94**	1,087.94
State Bank of Hyderabad	20 Quarterly installments of Rs 4.20 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.00%	**41.15**	57.95
	8 Quarterly installments of Rs 30.13 Lacs each starting from 30.04.2013 till 31.03.2015	See (i) below	BPLR - 1.00%	**241.00**	241.00
Allahabad Bank	20 Quarterly installments of Rs 1.70 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	11.25%	**18.78**	25.58
	8 Quarterly installments of Rs 19.38 Lacs each starting from 30.04.2013 till 31.03.2015	See (i) below	11.25%	**153.47**	153.47
Deferred Payment Credits:					
BMW Financial Services	59 Monthly installments of Rs 0.84 Lacs each starting from 16.02.2012 till 16.12.2016	See (ii) below	10.70%	**37.22**	-
HDFC Bank	60 Monthly installments of Rs 0.37 Lacs each starting from 07.03.2012 till 07.01.2017	See (ii) below	11.37%	**16.32**	-
Loans from Bodies Corporates					
Various Bodies Corporates	Repayable after 30th June 2012	N.A.	12.00%	**345.00**	385.00

(i) Term loans and Funded interest 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. The loans are also secured by pledge of a part of shareholding of the promoter group [including shares held by Mr Pramod Kumar Mittal (a director) and Mr V K Mittal (ceased to be director w.e.f 28th July, 2010)]. The above loans are further guaranteed by Mr Pramod Kumar 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. All the mortgages and charges created in favour of the Banks for Term Loan and Working Capital Facilities rank pari passu inter se.

(ii) Deferred Payment Credits are secured against hypothecation of Vehicles purchased against such loans.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

6. Deferred tax liabilities (net)

(Rs in Lacs)

		As at 31st March 2012	As at 31st March 2011
Deferred tax liabilities			
Timing difference on depreciable assets		**2,221.88**	2,039.35
	(A)	**2,221.88**	2,039.35
Deferred tax assets			
Timing difference due to disallowance under section 43B of the Income Tax Act, 1961		**1,044.31**	1,255.80
Others		**102.57**	62.03
	(B)	**1,146.88**	1,317.83
Net deferred tax liabilities (A-B)		**1,075.00**	721.52

7. Provisions

(Rs in Lacs)

	Non Current (long term)		Current (short term)	
	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
Provision for employee benefits:				
Gratuity (Note 29)	**243.93**	314.17	**3.64**	11.82
Superannuation	—	—	**57.42**	52.10
Leave salary (Note 29)	**208.15**	300.18	**0.70**	7.83
	452.08	614.35	**61.76**	71.75
Other provisions for -				
Taxation [net of advance income taxes/Tax deducted at source Rs 1208.84 Lacs (Rs 608.09 Lacs)]	—	—	**1,282.26**	489.65
Site restoration (Refer note below)	**18.00**	18.00	—	—
Proposed equity dividends	—	—	**321.45**	321.45
Provision for tax on proposed equity dividend	—	—	**52.15**	53.39
	18.00	18.00	**1,655.86**	864.49
	470.08	632.35	**1,717.62**	936.24

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. There is no movement in the aforesaid provision in current year and previous year as compared to corresponding previous year.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

8. Short-term borrowings

(Rs in Lacs)

		As at 31st March 2012	As at 31st March 2011
A) Secured Loans			
Cash credits from banks (repayable on demand)		**5,040.17**	3,787.59
Export Packing credit loan		**20.68**	1,074.90
	(A)	**5,060.85**	4,862.49
B) Unsecured Loans			
Loans from Body Corporates (repayable on demand)		**3,227.17**	7,396.72
	(B)	**3,227.17**	7,396.72
Total	(A+B)	**8,288.02**	12,259.21

a) Nature of securities and terms of repayment of each loan

(Rs in Lacs)

Particulars of Loan	Name of the Bank	Nature of Securities	Terms of Repayment	Interest Rate	Loan Amount As at 31st March 2012	Loan Amount As at 31st March 2011
Cash credit from banks	State Bank of India	Refer below	Repayable on Demand	BPLR	**3,066.52**	3,049.43
	State Bank of Hyderabad		Repayable on Demand	BPLR	**1,298.11**	181.31
	Allahabad Bank		Repayable on Demand	BPLR	**675.54**	556.85
Export Packing Credit Loan	State Bank of Hyderabad		Repayable within 180 days from balance sheet date	BPLR-0.50%	**20.68**	1,074.90
Other loans	Various Body Corporates	NA	Repayable on Demand	Nil	—	643.00
			Repayable on Demand	8.25% to 15.75%	**3,227.17**	6,753.72

Working capital facilities are secured by first charge over current assets and by second charge over fixed assets of the Company. The loans are also secured by pledge of a part of shareholding of the promoter group [including shares held by Mr Pramod Kumar Mittal (a director) and Mr V K Mittal (ceased to be director w.e.f. 28th July, 2010)]. The above loans are further guaranteed by Mr Pramod Kumar Mittal and Mr V K Mittal and by corporate guarantee of Shakti Chrome Limited & Ispat Minerals Limited. All the mortgages and charges created in favour of the Banks for Term Loan and Working Capital Facilities rank pari passu inter se.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

9 Trade Payables

(Rs in Lacs)

	Current position	
	As at 31st March 2012	As at 31st March 2011
Acceptances	**3,654.37**	3,892.06
Creditors for goods, services etc (including retention money)	**11,144.44**	14,200.03
	14,798.81	18,092.09

Trade payable above includes amount due to Micro & Small Enterprises in terms of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as under:

(Rs in Lacs)

		As at 31st March 2012	As at 31st March 2011
a)	Principal Amount (included in Trade Payable)	**66.63**	111.37
	Interest due on above	**24.96**	19.56
		91.59	130.93
b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**—**	—
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	**5.40**	4.54
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year	**5.40**	4.54
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	**24.96**	19.56

10. Other Current liabilities

(Rs in Lacs)

	As at 31st March 2012	As at 31st March 2011
Interest accrued but not due on borrowings	**0.28**	18.53
Interest accrued and due on borrowings	**608.65**	571.06
Advance from customers	**799.98**	892.78
Investor Education and Protection Fund:		
Unpaid Dividend (Not due)	**13.60**	—
Creditors for Fixed Assets (including retention money from contractors / suppliers)	**604.54**	646.83
Statutory Dues	**861.97**	1,051.43
Claims Payable	**555.50**	—
Others	**226.95**	206.81
	3,671.47	3,387.44

NOTES TO FINANCIAL STATEMENTS *(contd.)*

11. FIXED ASSETS

(Rs.in Lacs)

	Tangible Assets									Intangible Assets		
	Freehold Land	Leasehold Land	Mining Lease	Buildings	Plant and equipment	Office Equipment	Furniture and fixtures	Vehicles	Total	Computer Software	Mines Development (See 3 below)	Total
Gross Block :												
As at 1st April, 2010 (1)	1,010.38	287.77	85,279.23	5,343.83	37,527.68	364.92	207.85	113.25	130,134.91	—	713.10	713.10
Additions	133.74	—	—	104.57	1,744.76	20.43	17.82	31.59	2,052.91	—	96.50	96.50
Disposals/Discard (2)	—	—	—	—	(1,278.93)	(0.26)	—	(9.85)	(1,289.04)	—	—	—
As at 31st March 2011	1,144.12	287.77	85,279.23	5,448.40	37,993.51	385.09	225.67	134.99	130,898.78	—	809.60	809.60
Additions	3.58	—	—	1,468.02	2,794.18	36.46	10.27	70.38	4,382.89	17.44	684.49	701.93
Disposals/Discard (2)	—	—	—	—	(884.54)	—	—	(66.85)	(951.39)	—	—	—
As at 31st March 2012	**1,147.70**	**287.77**	**85,279.23**	**6,916.42**	**39,903.15**	**421.55**	**235.94**	**138.52**	**134,330.28**	**17.44**	**1,494.09**	**1,511.53**
Accumulated Depreciation/ Amortisation:												
As at 1st April, 2010	—	18.65	3,652.51	1,418.51	14,213.52	260.48	143.11	78.23	19,785.01	—	50.82	50.82
Charge for the year	—	2.89	4,090.51	160.77	2,427.92	31.81	12.55	9.26	6,735.71	—	30.40	30.40
Disposals/Discard	—	—	—	—	(728.15)	—	—	(5.55)	(733.70)	—	—	—
As at 31st March 2011	—	21.54	7,743.02	1,579.28	15,913.29	292.29	155.66	81.94	25,787.02	—	81.22	81.22
Charge for the year	—	3.52	4,090.01	176.84	2,371.27	22.06	12.73	6.68	6,683.11	4.17	38.10	42.27
Disposals/Discard	—	—	—	—	(410.29)	—	—	(56.21)	(466.50)	—	—	—
As at 31st March 2012	—	**25.06**	**11,833.03**	**1,756.12**	**17,874.27**	**314.35**	**168.39**	**32.41**	**32,003.63**	**4.17**	**119.32**	**123.49**
Net Block												
As at 31st March 2011	1,144.12	266.23	77,536.21	3,869.12	22,080.22	92.80	70.01	53.05	105,111.76	—	728.38	728.38
As at 31st March 2012	**1,147.70**	**262.71**	**73,446.20**	**5,160.30**	**22,028.88**	**107.20**	**67.55**	**106.11**	**102,326.65**	**13.27**	**1,374.77**	**1,388.04**

(1) 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.

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

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

NOTES TO FINANCIAL STATEMENTS *(contd.)*

12. Non-current investments (Long - term)

(Rs in Lacs)

	As at 31st March 2012	As at 31st March 2011
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares		
Investment in subsidiary (See (e) below)		
47351 (43601) Equity Shares of USD 100 each fully paid-up in Milton Holdings Limited	**2,194.83**	1,994.25
1 (Nil) Equity Shares of USD 1 each fully paid-up in Balasore Metals Pte Limited [Full figure Rs 54 (Rs Nil)]	**—**	—
Investment in associate		
17000 (17000) Equity Shares of Rs 10 each fully paid-up in Balasore Energy Limited	**1.70**	1.70
Investment in government securities		
6 years National Savings Certificates (Deposited with Government Departments)	**0.95**	0.95
Non-trade investments (valued at cost unless otherwise stated)		
Unquoted equity shares		
300000 (300000) equity shares of Rs 10 each fully paid-up in Elephanta Gases Limited.	**30.00**	30.00
116 (116) equity shares of Rs 10 each fully paid-up in Navoday Management Services Limited (Formerly Ispat Finance Limited)	**0.10**	0.10
Unquoted mutual funds		
165000 (165000) Magnum units of Rs 10 each fully paid-up in SBI Mutual Fund	**10.00**	10.00
Unqouted debentures		
690000 (690000) 12% Unsecured redeemable non-convertible debentures of Rs 100 each fully paid-up in Shakti Chrome Limited.	**690.00**	690.00
850000 (850000) 12% Unsecured redeemable non-convertible debentures of Rs 100 each fully paid-up in Krish Trexim Private Limited	**850.00**	850.00
Quoted equity shares		
453000 (453000) equity shares of Rs 10 each fully paid-up in JSW ISPAT Steel Limited* (See (d) below) (Net of provision for dimunition Rs 236.12 Lacs (Rs 191.68 Lacs))	**57.03**	101.47
39950 (39950) equity shares of Rs 10 each fully paid-up in Ispat Profiles India Limited (Net of provision for dimunition Rs 7.99 Lacs (Rs 7.99 Lacs))	**—**	—
Quoted preference shares		
302000 (302000) 0.01% Cumulative Redeemable Preference Shares of Rs 10 each fully paid-up in JSW ISPAT Steel Limited* (Net of provision for dimunition Rs 183.80 Lacs (Rs 171.30 Lacs))	**11.63**	24.13
	3,846.24	3,702.60

* Formerly Ispat Industries Limited

	As at 31st March 2012	As at 31st March 2011
a) Aggregate amount of quoted investments		
Cost	**496.57**	496.57
Less: Provision for Dimunition	**427.91**	370.97
	68.66	125.60
b) Aggregate amount of unquoted investments (At cost)	**3,777.58**	3,577.00
c) Market Value of quoted investment	**68.66**	125.60

d) Investments in the equity shares of JSW ISPAT Steel Limited (JISL) have been pledged with the lenders of JISL as collateral security against financial facilities provided by the lenders to JISL.

e) Valued at exchange rate prevailing on the date of transaction

NOTES TO FINANCIAL STATEMENTS *(contd.)*

13. Loans and advances (Unsecured, considered good unless stated otherwise) (Rs in Lacs)

		Non Current (long term)		Current (short term)	
		As at 31st March 2012	As at 31st March 2011	**As at 31st March 2012**	As at 31st March 2011
Capital advances	(A)	**289.07**	341.30	**—**	—
Advances recoverable in cash or kind					
Considered good - Related Parties (Refer Note no 37)		**—**	—	**441.71**	424.82
Considered good - Others		**—**	—	**1,839.69**	946.70
Doubtful		**120.55**	123.52	**—**	—
		120.55	123.52	**2,281.40**	1,371.52
Provision for doubtful advances		**(120.55)**	(123.52)	**—**	—
	(B)	**—**	—	**2,281.40**	1,371.52
Loans					
Body Corporates		**—**	—	**1,083.10**	1,584.00
Employees		**—**	—	**25.65**	20.54
	(C)			**1,108.75**	1,604.54
Security Deposits	(D)	**1,352.32**	1,288.19	**57.35**	56.65
Advance towards Recompense Amount	(E)	**—**	—	**252.00**	—
Others					
Balances with statutory / government authorities		**—**	—	**884.63**	822.62
Export benefits receivables		**—**	—	**383.56**	409.66
Prepaid expenses		**—**	—	**83.55**	174.90
Advance income-tax [net of provision for taxation Rs 1528.06 Lacs (Rs 1528.06 Lacs)]		**—**	—	**281.19**	621.89
	(F)	**—**	—	**1,632.93**	2,029.07
Total	(A to F)	**1,641.39**	1,629.49	**5,332.43**	5,061.78

14. Other Assets (Unsecured, considered good unless stated otherwise) (Rs in Lacs)

	Non Current		Current	
	As at 31st March 2012	As at 31st March 2011	**As at 31st March 2012**	As at 31st March 2011
Non-current bank balances (Note No 17)	**149.14**	123.00	**—**	—
Assets held for Disposal	**—**	—	**36.00**	36.00
Interest Receivable on				
Bank Deposits	**—**	—	**17.79**	1.70
Long-term investments	**—**	—	**165.22**	-
Loans and Security Deposits [including doubtful of Rs 42.66 Lacs (Rs Nil)]	**42.66**	—	**608.99**	706.09
	42.66	—	**792.00**	707.79
Provision for doubtful interest receivables	**(42.66)**	—	**—**	—
Total	**149.14**	123.00	**828.00**	743.79

NOTES TO FINANCIAL STATEMENTS *(contd.)*

15. Trade receivables (Unsecured)

(Rs in Lacs)

		Non Current		Current	
		As at 31st March 2012	As at 31st March 2011	**As at 31st March 2012**	As at 31st March 2011
Outstanding for a period exceeding six months from the date they are due for payment					
Considered good		**—**	—	**157.88**	—
Doubtful		**27.83**	39.66	**—**	—
		27.83	39.66	**157.88**	—
Provision for doubtful receivables		**(27.83)**	(39.66)	**—**	—
	(A)	**—**	—	**157.88**	—
Other receivables (considered good)		**—**	—	**836.56**	4,131.47
	(B)	**—**	—	**836.56**	4,131.47
Total	**(A+B)**	**—**	—	**994.44**	4,131.47

16. Inventories (valued at lower of cost and net realizable value)

(Rs in Lacs)

	As at 31st March 2012	As at 31st March 2011
Raw materials [includes in transit Rs 1,203.20 Lacs (Rs 2,916.59 Lacs)]	**9,405.83**	11,884.49
Stores, Spares & Consumables	**532.94**	536.98
Finished goods	**390.00**	245.74
Work in Progress	**141.83**	129.39
At estimated net realisable value		
Saleable Scraps	**230.38**	240.31
	10,700.98	13,036.91
Details of inventory		
Raw materials		
Chrome Ore (including own generation)	**7,610.15**	7,675.99
Coal and Coke etc.	**1,604.21**	4,054.04
Carbon Paste	**26.06**	15.78
Quartz	**6.07**	23.24
Others	**159.34**	115.44
	9,405.83	11,884.49
Finished goods		
Silicon & Ferro Alloys	**390.00**	245.74
Goods under process		
Silicon & Ferro Alloys	**141.83**	129.39
Saleable Scraps		
Saleable Scraps	**230.38**	240.31

NOTES TO FINANCIAL STATEMENTS *(contd.)*

17. Cash and bank balances

(Rs in Lacs)

	Non Current		Current	
	As at 31st March 2012	As at 31st March 2011	**As at 31st March 2012**	As at 31st March 2011
Cash and cash equivalents				
Balances with banks:				
On current accounts			**23.02**	25.57
On unpaid dividend account			**13.60**	—
Cash on hand			**8.87**	8.44
			45.49	34.01
Other bank balances				
Margin money deposit #	**149.14**	123.00	**577.96**	1,377.22
	149.14	123.00	**577.96**	1,377.22
Amount disclosed under non-current assets (Note No 14)	**(149.14)**	(123.00)	**—**	—
	—	—	**623.45**	1,411.23

Receipts lying with Banks as security against guarantees / letters of credit issued by them

18. Revenue from operations

(Rs in Lacs)

	2011-12	2010-11
Revenue from operations		
Sale of products		
Finished goods	**61,476.69**	54,136.49
Traded goods	**—**	12,052.85
Saleable Scraps (Tailings)	**160.67**	142.67
Export Benefits	**912.23**	569.64
Other operating revenue		
Scrap sales	**96.13**	34.54
Revenue from operations (gross)	**62,645.72**	66,936.19
Less: Excise duty	**3,695.03**	3,035.46
Revenue from operations (net)	**58,950.69**	63,900.73
Breakup of products sold		
Finished goods		
Silicon & Ferro Alloys	**61,468.81**	54,124.82
Manganese Ore	**7.88**	11.67
	61,476.69	54,136.49
Traded goods		
Coke	**—**	11,036.08
Chrome Ore Lumpy	**—**	968.96
Silicon & Ferro Alloys	**—**	47.81
	—	12,052.85
Saleable Scraps		
Saleable Scraps	**160.67**	142.67
	160.67	142.67
Export Benefits		
Duty Entitlement Pass Book Scheme	**167.94**	407.10
Focus Product & Market Scheme	**407.74**	162.54
Duty Drawback Scheme	**336.55**	—
	912.23	569.64
	62,549.59	66,901.65

NOTES TO FINANCIAL STATEMENTS *(contd.)*

19. Other income

(Rs in Lacs)

	2011-12	2010-11
Interest income on		
Bank deposits	**101.18**	28.03
Long-term investments	**184.80**	—
Loan, advances and deposits	**172.53**	457.17
Others	**70.19**	—
Insurance Claims	**0.80**	46.02
Unspent liabilities no longer required written back	**84.20**	6.66
Provision for diminution in the value of investments written back	**—**	28.96
Gain on Foreign Exchange Fluctuation (net)	**115.45**	183.77
Other non-operating income	**171.85**	112.53
	901.00	863.14

20 Cost of raw materials consumed

	2011-12	2010-11
Inventory at the beginning of the year	**11,884.49**	9,782.32
Add: Purchases (including cost of raw materials extracted and briquetted by the Company) Refer b) below	**20,126.14**	24,469.45
	32,010.63	34,251.77
Less: Inventory at the end of the year	**9,405.83**	11,884.49
Cost of raw materials consumed	**22,604.80**	22,367.28

a) Details of raw materials consumed

	2011-12	2010-11
Chrome Ore (including own generation/briquetted)	**8,783.70**	11,018.83
Coal and Coke etc.	**12,050.10**	9,555.23
Carbon Paste	**428.84**	392.79
Quartz	**292.79**	335.39
Others (Including handling charges)	**1,049.37**	1,065.04
	22,604.80	22,367.28

b) Breakup of cost of raw materials extracted and briquetted by the Company and included in purchase above:

Nature of Expenses

	2011-12	2010-11
Salaries, wages and bonus	**239.06**	203.28
Contribution to provident and other funds	**9.94**	9.34
Excavation Cost	**1,299.48**	1,983.66
Consumption of stores, spares & consumables	**0.60**	0.82
Process Charge	**508.06**	825.52
Freight inward	**1,829.03**	3,107.77
Material handling expenses	**136.15**	545.74
Royalty and Cess	**2,108.54**	2,221.10
Power & Fuel	**67.93**	58.44
Repair & Maintenance - Plant and Machinery	**49.90**	39.75
Rates & Taxes	**0.86**	23.21
Rent and Hire Charges	**188.64**	184.78
Insurance Charges	**0.06**	0.04
Bank Charges	**0.02**	0.03
Traveling Expenses	**11.53**	10.51
Miscellaneous expenses	**125.30**	113.03
	6,575.10	9,327.02

NOTES TO FINANCIAL STATEMENTS *(contd.)*

21. Purchase of stock-in-trade

(Rs in Lacs)

	2011-12	2010-11
Coke	—	10,601.30
Chrome Ore Lumpy	—	950.20
Silicon & Ferro Alloys	—	35.96
	—	11,587.46

22. (Increase)/ decrease in Finished Goods, Work-in-Progress and Saleable Scraps

	2011-12	2010-11
Inventories at the end of the year:		
Work in Progress	**141.83**	129.39
Finished goods	**390.00**	245.74
Saleable Scraps	**230.38**	240.31
	762.21	615.44
Inventories at the beginning of the year:		
Work in Progress	**129.39**	92.90
Finished goods	**245.74**	160.18
Saleable Scraps	**240.31**	749.03
	615.44	1,002.11
Less: (Increase)/decrease of excise duty on Finished Goods, Work-in-Progress and Saleable Scraps	**(10.04)**	76.90
	(136.73)	309.77

a) Excise Duty & Cess on inventories represents differential excise duty and cess on opening and closing stock of Finished Goods and saleable scraps.

23. Employee benefits expense

	2011-12	2010-11
Salaries, wages and bonus	**2,021.29**	1,836.96
Contribution to provident and other funds	**159.11**	141.63
Gratuity expense (Refer Note No 29)	**31.56**	58.74
Staff welfare expenses	**136.20**	123.81
	2,348.16	2,161.14

NOTES TO FINANCIAL STATEMENTS *(contd.)*

24. Other Expenses

(Rs in Lacs)

	2011-12	2010-11
Consumption of stores, spares & consumables	**894.26**	923.45
Contract Labour Charges	**341.26**	330.93
Packing and Carriage charges	**1,186.16**	1,334.96
[Net of Recoveries Rs 747.81 Lacs (Rs 644.98 Lacs)]		
Rent and Hire Charges	**129.72**	83.70
Rates and taxes	**52.08**	25.13
Insurance	**43.74**	29.01
Repairs and maintenance		
Plant and machinery	**498.48**	409.00
Buildings	**82.86**	108.88
Others	**73.46**	26.55
Commission on Sales (other than sole selling agent)	**135.43**	60.74
Travelling and conveyance	**602.82**	312.69
Charity and Donations	**13.07**	24.82
Communication costs	**71.13**	66.50
Legal and professional fees	**764.18**	285.35
Directors' sitting fees	**12.60**	10.50
Auditors' Remuneration as auditor:		
Audit fee	**25.00**	25.00
Limited review fee	**14.75**	13.75
Tax audit fee	**6.50**	6.50
In Other Capacity for Certification (etc)	**9.00**	5.00
Reimbursement of Expenses to auditor	**0.67**	0.81
Items pertaining to Previous Years (net) (see note below)	**12.96**	38.44
Provision for diminution in value of long-term investments	**56.94**	—
CSR and Site Development Expenses	**125.34**	136.19
Bad debts / advances written off (Net of adjustment against provision adjusted Rs 14.80 Lacs (Rs 54.54 Lacs)]	**165.99**	88.18
Claim Expenses	**488.29**	—
Provision for doubtful debts and advances	**42.66**	9.83
Loss on sale of fixed assets (net)	**146.02**	366.71
Miscellaneous expenses	**883.36**	581.70
	6,878.73	5,304.32

Notes

Details of items pertaining to previous years (net) is follows		
Raw Materials Consumption credited	**1.37**	(11.97)
Store Consumption	**—**	3.61
Packing & Carriage charges	**—**	0.26
Miscellaneous Expenses	**11.59**	23.76
Interest & Finance Charges	**—**	22.78
Net Prior Period Items	**12.96**	38.44

25. Depreciation & amortization expense

Depreciation of tangible assets	**6,683.11**	6,735.71
Amortization of intangible assets	**42.27**	30.40
	6,725.38	6,766.11
Less: Recoupment from Revaluation Reserve	**(5,067.40)**	(5,220.43)
	1,657.98	1,545.68

26. Finance costs

Interest		
— To Banks	**3,782.86**	2,888.33
[(Net of recoveries Rs 595.33 Lacs (Rs 398.88 Lacs)]		
— To Others	**285.79**	1,389.53
Bank charges	**598.63**	760.30
Exchange difference to the extent considered as an adjustment to borrowing costs	**62.10**	—
	4,729.38	5,038.16

NOTES TO FINANCIAL STATEMENTS *(contd.)*

27. Contingent liabilities not provided for in respect of :

(Rs.in Lacs)

	Particulars	As at 31st March 2012	As at 31st March 2011
a)	Sales tax matters under appeal {Amount paid under appeal Rs 103.94 Lacs (Rs. 204.15 Lacs)}*	**98.06**	169.41
b)	Entry tax matters {Amount paid under appeal Rs 14.67 Lacs (Rs. Nil)}*	**114.11**	—
c)	Excise / Service tax matters {Amount paid under appeal Rs 2.30 Lacs (Rs. Nil)}	**1,221.31**	—
d)	Un-expired Bank Guarantees and Letters of Credit	**751.97**	606.67
e)	Bills discounted with Banks	**5,523.54**	6,769.52
f)	Guarantee given by way of pledge of certain Investments as security. [Refer Note No. 12(d)]	**57.03**	101.47
g)	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.

28. Capital and other commitment:

Estimated amount of Capital commitments (net of advances) Rs 4,598.79 Lacs (Rs 4,735.03 Lacs)

29. 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 statement of profit and loss and balance sheet for the respective plans.

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

(Rs in Lacs)

Particulars	Gratuity		Leave	
	(2011-12)	(2010-11)	**(2011-12)**	(2010-11)
Current service cost	**36.83**	39.58	**25.45**	22.41
Interest cost on benefit obligation	**40.96**	36.74	**21.41**	22.15
Expected return on plan assets	**(18.34)**	(13.21)	**—**	—
Net actuarial (Gain)/losses	**(27.89)**	(4.37)	**(42.70)**	(0.36)
Net benefit expense	**31.56**	**58.74**	**4.16**	**44.20**
Actual return on plan assets	**20.74**	15.73	**—**	—

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

(Rs in Lacs)

Particulars	Gratuity		Leave	
	31st March 2012	31st March 2011	**31st March 2012**	31st March 2011
Defined benefit obligation	**525.51**	507.97	**208.85**	308.01
Fair value of plan assets	**277.94**	181.98	**—**	—
Net liability	**247.57**	325.99	**208.85**	308.01

NOTES TO FINANCIAL STATEMENTS *(contd.)*

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

(Rs in Lacs)

Particulars	Gratuity		Leave	
	(2011-12)	(2010-11)	**(2011-12)**	(2010-11)
Opening defined benefit obligation	**507.97**	451.69	**308.01**	269.85
Interest cost	**40.96**	36.74	**21.41**	22.15
Current service cost	**36.83**	39.58	**25.45**	22.41
Benefit paid	**(34.76)**	(18.19)	**(103.32)**	(6.04)
Actuarial (Gain)/losses	**(25.49)**	(1.85)	**(42.70)**	(0.36)
Closing defined benefit obligation	**525.51**	507.97	**208.85**	308.01

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

(Rs in Lacs)

Particulars	Gratuity	
	(2011-12)	(2010-11)
Opening fair value of plan assets	**181.98**	152.10
Expected return on plan assets	**18.34**	13.21
Contribution by the Company	**109.98**	32.34
Benefits paid	**(34.76)**	(18.19)
Actuarial losses	**2.40**	2.52
Closing fair value of plan assets	**277.94**	181.98

(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, 2012	31st March, 2011
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	
	2011-12	2010-11	**2011-12**	2010-11
Discount rate	**8.75%**	8.35%	**8.75%**	8.35%
Rate of increase in salary	**10.00%**	10.00%	**10.00%**	10.00%
Expected average remaining working live of the employees	**16.30**	16.25	**15.92**	15.96
Return on Plan Assets (Gratuity Scheme)	**9.25%**	8.30%	Not Applicable	
Mortality Table	Standard Table LIC (1994-1996)			

NOTES TO FINANCIAL STATEMENTS *(contd.)*

(g) Amounts of gratuity and leave for current and previous years are as follows:-

(Rs in Lacs)

Particulars	(2011-12)	(2010-11)	(2009-10)	(2008-09)	(2007-08)*
Gratuity					
Defined benefit obligation	**525.51**	507.97	451.69	352.01	295.09
Fair value of plan assets	**277.94**	181.98	152.10	145.27	54.08
Deficit	**247.57**	325.99	299.59	206.74	241.01
Experience adjustments on plan liabilities - (gains)/losses	**(1.49)**	0.83	81.42	2.36	—
Experience adjustments on plan assets - (gains)/losses	**2.40**	2.52	2.19	(2.74)	—
Leave					
Defined benefit obligation	**208.85**	308.01	269.85	198.68	161.20
Deficit	**208.85**	308.01	269.85	198.68	161.20
Experience adjustments on plan liabilities - (gains)/losses	**(32.48)**	1.39	65.04	7.90	—

* (15 months)

(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. 100 Lacs (Rs 60 Lacs) to gratuity fund in the year 2012-2013.

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

(Rs in Lacs)

Particulars	(2011-12)	(2010-11)
Provident Fund	**83.90**	73.63
Employees' State Insurance	**18.55**	17.85
Superannuation Fund	**56.66**	50.15
Total	**159.11**	141.63

30. 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 claim for Rs 16,418.28 Lacs (including delayed payment surcharge). The Company is under discussion with NESCO and has also referred the matter to Hon'ble High Court of Orissa after receipt of disconnection notice from NESCO. The Company has paid Rs 1,400 Lacs towards such claims which has been shown as advance and also continues to receive un-interrupted power supply from NESCO. Pending outcome of the court case/discussion and based on discussion with Company's legal counsel, no provision has been made towards above demand.

31. 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.

32. During the year, the lender's have exercised their right to recompense under CDR Scheme sanctioned in earlier years and demanded Rs 3020 Lacs for the sacrifice made upto 31st March, 2007 towards which Rs 252 Lacs has been paid. The recompense amount for the period from 1st April, 2007 to till date has not been worked out and presently it is unascertainable. The management has approached its lenders to determine the final liability towards such recompense amount including liabilities for the period from 1st April, 2007 to till date, which is unascertainable, pending which no liability has been provided for.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

33. 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	
		2011-12	**2010-11**	**2011-12**	**2010-11**	**2011-12**	**2010-11**
A	**Revenues from operations (net of excise duty)**						
	External Sales	58,950.69	51,847.88	—	12,052.85	58,950.69	63,900.73
	Total Revenue	**58,950.69**	**51,847.88**	**—**	**12,052.85**	**58,950.69**	**63,900.73**
B	**Results**						
	Segment results	9,784.56	8,719.63	(48.36)	305.60	9,736.20	9,025.23
	Less: Unallocated Expense net of unallocated Income					646.45	393.71
	Operating Profit					9,089.75	8,631.52
	Interest Income					528.70	485.20
	Finance Costs					4,729.38	5,038.16
	Tax Expense (Net)					1,696.01	1,390.02
	Profit after Taxes					**3,193.06**	**2,688.54**
C	**Total Assets**						
	Segment assets	124,165.95	130,763.08	157.88	2,953.40	124,323.83	133,716.48
	Unallocated Corporate Assets					7,027.12	8,018.27
		124,165.95	**130,763.08**	**157.88**	**2,953.40**	**131,350.95**	**141,734.75**
D	**Total Liabilities**						
	Segment Liabilities	10,091.60	14,743.43	8,287.99	6,869.14	18,379.59	21,612.57
	Unallocated Corporate Liabilities					18,188.05	22,757.33
		10,091.60	**14,743.43**	**8,287.99**	**6,869.14**	**36,567.64**	**44,369.90**
E	**Other Information**						
	Capital Expenditure	2,498.44	3,291.74			**2,498.44**	**3,291.74**
	Depreciation & amortization	1,657.98	1,545.68			**1,657.98**	**1,545.68**

NOTES TO FINANCIAL STATEMENTS *(contd.)*

(b) **Secondary Geographical Segments** (Rs in Lacs)

Sales Revenue :-	**2011-12**	**2010-11**
Domestic Revenues (Net of Excise Duty)	35,855.55	41,655.80
Overseas Revenues (Including Export Benefits)	23,095.14	22,244.93
Total	**58,950.69**	**63,900.73**

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 trade receivables is Rs 77.09 Lacs (Rs 172.25 Lacs).

34. Confirmation certificates in respect of loans given aggregating to Rs 962.00 Lacs to certain parties as well as interest receivable thereon amounting to Rs 543.13 Lacs are still awaited from the respective parties. Based on present status of negotiation, all these loans and interest receivable are considered good of recovery by the management.

35. Details of remuneration paid to the managing director and whole time directors:

Particulars		**2011-12**	**2010-11**
i)	Salary	101.52	223.68
ii)	Contribution to Provident and other funds	25.42	27.54
iii)	Perquisites* (including leave encashment Rs 78.20 Lacs (Rs Nil)	218.93	24.55
		345.87	**275.77**

* As the year end liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to directors is not ascertainable and therefore not included in above.

36. 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 2012**	**As at 31st March 2011**
(i)	Loans and advances	53.95	—
(ii)	Trade Receivables	73.09	172.25
(iii)	Trade Payables	54.28	949.58
(iv)	Other current liabilities	1,281.95	677.15
(v)	Cash and Bank Balances	0.44	0.21
(vi)	Investments in Subsidiary Company	2,194.83	1,994.25

NOTES TO FINANCIAL STATEMENTS *(contd.)*

37. Related Party Disclosures

(a) Names of the related parties :

Subsidiary Company	:	Milton Holdings Limited Balasore Metals Pte. Limited
Associate Company	:	Balasore Energy Limited
Key Management Personnel and their relative	:	Mr. Pramod Kumar Mittal (Chairman) Mr. V K Mittal (Brother of Chairman) Mr. R.K Jena (Managing Director) (ceased to be managing director w.e.f. 11th November, 2011) Mr C.R. Pradhan (Whole-time Director) (ceased to be whole-time director w.e.f. 11th November, 2011) Mr B N Panda (Whole-time Director) (w.e.f 17th November, 2011) Mr R K Parakh (Whole-time Director) (w.e.f 17th November, 2011)
Enterprises over which Key Management Personnel / Major Shareholders / Relatives have significant influence*	:	JSW ISPAT Steel Limited (formerly Ispat Industries Limited) Navoday Consultant Limited Navdisha Real Estate Private Limited Shakti Chrome Limited Gontermann-Peipers (India) 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.

(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 on investment in debentures and interest bearing advances					
Shakti Chrome Limited				237.00 (71.34)	237.00 (71.34)
Raw Material Consumed (Processing Charges Paid)					
Shakti Chrome Limited				508.06 (825.52)	508.06 (825.52)
Rent Paid					
Navdisha Real Estate Private Limited				76.33 (64.00)	76.33 (64.00)
Managerial Remuneration					
Mr. R.K Jena			299.76 (256.69)		299.76 (256.69)
Mr. C R Pradhan			14.11 (19.08)		14.11 (19.08)
Mr B N Panda			18.83 (—)		18.83 (—)
Mr R K Parakh			13.17 (—)		13.17 (—)
Miscellaneous Expenses (Service Charges)					
Navoday Consultant Limited				8.00 (—)	8.00 (—)

NOTES TO FINANCIAL STATEMENTS *(contd.)*

(b) Related Party Disclosures (contd.) : (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
Bad debts / advances 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)
Guarantees Given					
JSW ISPAT Steel Limited (formerly Ispat Industries Limited)				57.03 (101.47)	57.03 (101.47)
Guarantees Obtained					
Mr. Pramod Kumar Mittal			11,208.95 (12,818.54)		11,208.95 (12,818.54)
Mr. V K Mittal			11,208.95 (12,818.54)		11,208.95 (12,818.54)
Balances Outstanding as at year end – Credit Balance					
Mr. R K Jena			— (0.62)		— (0.62)
Mr. C R Pradhan			— (1.21)		— (1.21)
Mr B N Panda			2.50 (—)		2.50 (—)
Mr R K Parakh			1.71 (—)		1.71 (—)
Balances Outstanding as at year end – Debit Balance					
Milton Holdings Limited	2,194.83 (1,994.25)				2,194.83 (1,994.25)
Shakti Chrome Limited				1,231.85 (1,140.43)	1,231.85 (1,140.43)
Navdisha Real Estate Private Limited				50.00 (50.00)	50.00 (50.00)
Gontermann-Peipers (India) Limited				6.25 (—)	6.25 (—)

NOTES TO FINANCIAL STATEMENTS *(contd.)*

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

Particulars		**2011-12**	**2010-11**
Present Weighted Average Equity Shares	Nos.	64290411	64290411
Equivalent Weighted Average Equity Shares to be allotted against share warrant	Nos.	—	—
Potential weighted Average Equity Shares	Nos.	64290411	64290411
Net Profit after Taxes	Rs. in Lacs	3,193.06	2,688.54
Nominal Value of each Shares of Rs 5/- Basic & Diluted Earnings Per Share	(Rs)	4.97	4.18

39. CIF Value of Imports (Rs in Lacs)

	2011-12	**2010-11**
Raw Materials	1,257.76	7,870.66
Stores, Spares & Consumables	—	—

40. Expenditure in foreign currency (accrual basis) (Rs in Lacs)

	2011-12	**2010-11**
Travelling and conveyance	5.83	21.82
Branch Expenses	69.08	36.45
Claim Expenses	444.05	—
Commission on Sales (other than sole selling agent)	117.27	45.69
Legal and professional fees	30.87	11.85
Others	41.20	54.56
Finance costs	61.60	—

41. Earning in foreign currency (on accrual basis) (Rs in Lacs)

	2011-12	**2010-11**
FOB Value of Exports	21,714.34	21,246.97

42. 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 Consumed***	
	Rs. in Lacs	**%**	**Rs. in Lacs**	**%**
Indigenous	17,347.95 (14,952.87)	76.74 (66.85)	1,671.71 (1,579.69)	99.85 (99.88)
Imported	5,256.85 (7,414.41)	23.26 (33.15)	2.47 (1.95)	0.15 (0.12)
Total	**22,604.80** **(22,367.28)**	**100.00** **(100.00)**	**1,674.18** **(1,581.64)**	**100.00** **(100.00)**

* Includes Rs 779.92 Lacs (Rs 838.19 Lacs) charged to other heads of expenses excluding discarded fixed assets

NOTES TO FINANCIAL STATEMENTS *(contd.)*

43. Remittances (Net of Tax) in Foreign Currency on account of Dividend:

	As at 31st March 2012	As at 31st March 2011
a) No. of non-resident shareholders	1,297	1,345
b) No. of Equity Shares Held	871,648	991,080
c) Amount remitted as dividend	Nil	Nil
d) Period to which dividend relates	2010-11	NA

44. Tangible fixed Assets include Vehicles acquired under hire purchase scheme [(Gross Block Rs 60.25 Lacs (Rs Nil), Net Block Rs 59.83 Lacs (Rs Nil)] and the year wise break-up of future obligations, inclusive of finance charges of Rs 15.39 Lacs (Rs Nil) is given below:

(Rs in Lacs)

Lease Obligations		Not later than 1 year		Later than 1 year and not later than 5 years	
Total Minimum Lease payments at the year end	Present Value of Minimum Lease Payments	Minimum Lease Payment	Present Value as on 31st March 2012	Minimum Lease Payment	Present Value as on 31st March 2012
68.93 (—)	53.54 (—)	14.43 (—)	9.04 (—)	54.50 (—)	44.50 (—)

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

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. 054968

Place : Kolkata
Date : 28th May, 2012

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies

(Rs in Lacs)

		Milton Holdings Ltd.	Balasore Metals Pte Ltd.*
1.	**Name of the Subsidiary Company**	**Milton Holdings Ltd.**	**Balasore Metals Pte Ltd.***
2.	The Financial year of the Subsidiary Company ended on	31st March, 2012	31st March, 2012
3	Holding Company's Interest	100% of the paid up Equity Share Capital	100% of the paid up Equity Share Capital
4	Equity Share Capital (Issued, Subscribed & Paid Up)	2,194.83	–**
5	Reserves & Surplus (incl. debit balance in Profit & Loss Account)	246.48	(1.58)
6	Total Assets	2,443.02	6.73
7	Total Liabilities	1.71	8.31
8	Investments	–	–
9	Turnover	–	–
10	Total Income	–	–
11	Profit/(Loss) Before Tax	(2.90)	(1.46)
12	Provision for Taxation (including Deferred Tax)	–	–
13	Profit/(Loss) After Tax	(2.90)	(1.46)
14	Proposed Dividend	–	–
15.	The net aggregate of Profit/ (Loss) of the Subsidiary Company so far as it concerns the members of Balasore Alloys Limited		
	(a) Not dealt with in the accounts of Balasore Alloys Limited for the year ended 31st March, 2012		
	(i) For the Subsidiary Financial Year (Rs in Lacs)	(2.90)	(1.46)
	(ii) For the previous Financial Years of the Subsidiary, since it became the Holding Company's Subsidiary (Rs in Lacs)	(9.78)	NIL
	(b) Dealt with in the accounts of Balasore Alloys Limited for the year ended 31st March, 2012	NIL	NIL
	(i) For the Subsidiary Financial Year (Rs in Lacs)		
	(ii) For the previous Financial Years of the Subsidiary, since it became the Holding Company's Subsidiary (Rs in Lacs)	NIL	NIL

* Subject to audit as per the laws of Singapore

** The Holding Company helds the entire Equity Share Capital of 1 Ordinary, fully paid share having Face value of USD 1.00 amounting to USD 1.00.

Exchange Rate for conversion:

1 USD - Rs 51.8521 as on 31st March, 2012 (for assets and liabilities)

1 USD - Rs 48.0972 daily average of Financial year 2011-12 (for income and expenses)

AUDITORS' REPORT

THE BOARD OF DIRECTORS BALASORE ALLOYS LIMITED

1. We have audited the attached Consolidated Balance Sheet of Balasore Alloys Limited and its subsidiaries ("the Group") as at 31st March, 2012, and also the Consolidated statement of profit and loss and the Consolidated Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Balasore Alloys Limited 's ("the Company") 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 2443.02 Lacs as at 31st March, 2012, total loss of Rs 2.90 Lacs and cash flows of Rs 0.51 Lacs for the year then ended. We also did not audit the financial statements of Balasore Energy Limited, an associate, whose share of loss attributable to Group for 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 did not audit the financial statements of Balasore Metal Pte Limited, a subsidiary, whose financial statements reflect total assets of Rs 6.73 Lacs as at 31st March, 2012, total loss of Rs 1.46 Lacs and cash flows of Rs 5.16 Lacs for the year then ended. These financial statements and other financial information have been consolidated in these accounts on the basis of unaudited financial statements as certified by the management and our opinion, in so far as it relates to the amount included in respect of the subsidiary is based on such certified unaudited financial statements.

5. 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).

6. *Attention is drawn to the following items :*

   a) *Note No. 30 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 claim for Rs 16,418.28 Lacs (Rs 9,874.34 Lacs as at 31st March, 2011) (including delayed payment surcharge). As represented to us by the management, the Company is under discussion with NESCO and has also referred the matter to Hon'ble High Court of Orissa. However, pending outcome of the court case/ discussion, we are unable to comment upon the matter and its consequential impact on the Company's profits.*

      The above matter had caused us to qualify our audit opinion on the financial statements for the year ended 31st, March 2011.

b) *Note No. 32 regarding :*

   (i) *Lender's right to recompense under Corporate Debt Restructuring Scheme sanctioned in earlier years and demand of Rs 3020 Lacs for the sacrifice made upto 31st March, 2007, which has not been provided for. Had the impact of above amount been considered, there would be a net profit of Rs 168.61 Lacs for the year as against the reported net profit of Rs 3188.61 Lacs for the year*

   (ii) *Further, the recompense amount for the period from 1st April, 2007 to till date has not been worked out and presently unascertainable. The management has approached its lenders to determine the final liability towards such recompense amount till date, which is unascertainable and therefore we are unable to opine on the matter.*

c) *Note No 34 regarding loans of Rs 962.00 Lacs and interest receivable of Rs 543.13 Lacs thereon which are overdue and pending confirmation but based on the current status of negotiation with these parties, the management is hopeful to recover the amount in full. We are unable to opine on the recoverability of these loans and interest receivable and thus its consequential impact, if any, on the Company's profit.*

7. On the basis of the information and explanations given to us and on consideration of the audit reports of other auditors on separate financial statements and on the consideration of unaudited financial statements and on the other relevant financial information of the Group, in our opinion, *except for the effect / possible effect of matter stated in Para 6 above*, *as the case may be*, 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, 2012**;**

   (b). in the case of the Consolidated Statement of profit and loss, 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. 054968

22 Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016.
Date : 28th May, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs in Lacs)

	Notes	As at 31st March, 2012	As at 31st March, 2011
Equity and Liabilities			
Shareholders' funds			
Share capital	3	**3,366.38**	3,366.38
Reserves and surplus	4	**91,660.69**	93,970.58
		95,027.07	97,336.96
Non-current liabilities			
Long-term borrowings	5	**4,322.80**	6,808.25
Deferred tax liabilties (net)	6	**1,075.00**	721.52
Long-term provisions	7	**470.08**	632.35
		5,867.88	8,162.12
Current liabilities			
Short-term borrowings	8	**8,288.02**	12,301.74
Trade payables	9	**14,803.11**	18,094.93
Current Maturities of Long-term borrowings	5	**2,223.84**	1,532.80
Other current liabilities	10	**3,677.17**	3,387.44
Short-term provisions	7	**1,717.62**	936.24
		30,709.76	36,253.15
TOTAL		**131,604.71**	141,752.23
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	**102,326.65**	105,111.76
Intangible assets	11	**1,388.04**	728.38
Capital work-in-progress		**3,520.19**	6,054.34
Non-current investments	12	**1,650.25**	1,707.28
Long-term loans and advances	13	**3,943.23**	3,642.24
Other non-current assets	14	**149.14**	123.00
		112,977.50	117,367.00
Current assets			
Inventories	16	**10,700.98**	13,036.91
Trade receivables	15	**994.44**	4,131.47
Cash and bank balances	17	**629.17**	1,411.28
Short-term loans and advances	13	**5,474.62**	5,061.78
Other current assets	14	**828.00**	743.79
		18,627.21	24,385.23
TOTAL		**131,604.71**	141,752.23
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

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. 054968

Place : Kolkata
Date : 28th May, 2012

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs in Lacs)

	Notes	2011-12	2010-11
Income			
Revenue from operations (gross)	18	**62,645.72**	66,936.19
Less: Excise duty		**3,695.03**	3,035.46
Revenue from operations (net)		**58,950.69**	63,900.73
Other income	19	**901.00**	863.14
Total revenue (I)		**59,851.69**	64,763.87
Expenses			
Cost of raw materials consumed	20	**22,604.80**	22,367.28
Purchase of stock-in-trade	21	**—**	11,587.46
(Increase)/ decrease in Finished Goods, Work-in-Progress and Saleable Scraps	22	**(136.73)**	309.77
Power and Fuel		**16,880.30**	12,371.50
Employee benefits expenses	23	**2,348.16**	2,161.14
Other expenses	24	**6,882.91**	5,306.83
Total (II)		**48,579.44**	54,103.98
Profit before finance costs, tax, depreciation & amortization (I) - (II)		**11,272.25**	10,659.89
Depreciation & amortization expenses	25	**1,657.98**	1,545.68
Finance costs	26	**4,729.56**	5,038.21
Profit before taxes (III)		**4,884.71**	4,076.00
Tax expenses			
Current tax		**1,386.50**	1,093.69
Deferred tax charge		**295.73**	313.26
Taxation expenses of earlier years [including deferred tax charge of Rs 57.75 Lacs (Rs 138.08 Lacs)]		**13.78**	(16.93)
Total tax expenses (IV)		**1,696.01**	1,390.02
Profit for the year [(III) - (IV)]		**3,188.70**	2,685.98
Less: Share of loss of Associate Company		**0.09**	0.09
Net Profit for the year		**3,188.61**	2,685.89
Earnings per equity share [nominal value of share Rs. 5 (Rs. 5) - Basic & Diluted (Rs.) (Refer Note No 38)		**4.96**	4.18
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

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. 054968

Place : Kolkata
Date : 28th May, 2012

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs in Lacs)

		Notes	As at 31st March, 2012	As at 31st March, 2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**			
	Profit before tax		**4,884.71**	4,076.00
	Non-cash adjustment to reconcile profit before tax to net cash flows			
	Depreciation/Amortisation		**1,657.98**	1,545.68
	Loss on sale/discard of Fixed Assets (Net)		**146.02**	546.71
	Unrealized foreign exchange loss		**0.26**	(13.23)
	Unspent Liabilities no longer required written back		**(84.20)**	(6.66)
	Provision for diminution in value of Investment/(written back)		**56.94**	(28.96)
	Irrecoverable debts, deposits & Advances written off		**165.99**	88.18
	Provision for doubtful debts/advances		**42.66**	9.83
	Interest Expense		**4,068.65**	4,277.86
	Interest Income		**(528.70)**	(485.20)
	Operating profit before working capital changes			
	Movements in working capital :			
	Increase/ (Decrease) in trade payables and other current liabilities		**(3,430.55)**	6,915.50
	Increase/ (decrease) in provisions		**(172.26)**	57.78
	Decrease / (increase) in trade receivables		**1,023.61**	(3,970.06)
	Decrease / (increase) in inventories		**2,335.93**	(1,889.24)
	Decrease / (Increase) in loans and advances and other assets		**(165.38)**	(1,303.81)
	Cash generated from /(used in) operations		**10,001.66**	9,820.38
	Direct taxes paid (net of refunds)		**(209.22)**	(549.64)
	Net cash flow from operating activities (A)		**9,792.44**	9,270.74
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets, including CWIP and capital advances		**(2,877.31)**	(3,902.33)
	Purchase of non-current investments		—	(0.22)
	Proceeds from sale of fixed assets		**5.27**	21.76
	Interest received		**401.83**	439.92
	Net cash flow used in investing activities (B)		**(2,470.21)**	(3,440.87)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from long-term borrowings		**55.11**	—
	Repayment of long-term borrowings		**(1,849.52)**	(2,802.75)
	Dividend paid on equity shares		**(361.24)**	—
	Net movement in short-term borrowings		**(1,376.22)**	325.87
	Interest paid		**(4,049.31)**	(3,921.90)
	Net cash flow used in financing activities (C)		**(7,581.18)**	(6,398.78)
C.	**Exchange Differences on translation of foreign subsidiaries (D)**		**276.10**	13.50
	Net increase/(decrease) in cash and cash equivalents (A + B + C + D)		**17.15**	(555.41)
	Cash & Cash equivalents as at the beginning of the year		**34.06**	589.47
	Cash & Cash equivalents as at the end of the year		**51.21**	34.06
	Cash & Cash equivalents as at the end of the year includes			
	Cash-on-hand		**8.92**	8.49
	Balances with banks:			
	On current accounts		**28.69**	25.57
	On unpaid dividend account*		**13.60**	—
	Cash and cash equivalents at the end of the year		**51.21**	34.06
	Summary of significant accounting policies	2		

* The Company can utililize these balance only towards settlement of the respective unpaid dividend

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. 054968

Place : Kolkata
Date : 28th May, 2012

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012

1. Corporate information

Balasore Alloys Limited ("the Company") and its wholly owned subsidiaries Milton Holdings Limited & Balasore Metals Pte. Limited (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, Odisha.

2. Summary of significant accounting policies

(a) Principles of Consolidation

(i) The Consolidated Financial Statements present the consolidated Accounts of Balasore Alloys Limited and its following Subsidiaries:

Name of the Subsidiaries	Country of Incorporation	Proportion of Ownership / Interest	
		31st March, 2012	31st March, 2011
Milton Holding Limited (MHL)	Mauritius	**100%**	**100%**
Balasore Metals Pte. Limited (BMPL)	Singapore	**100%**	**Not Applicable**

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. BMPL is into the business of trading of ferro alloys.

(ii) The financial statements of the Company and its subsidiaries 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.

(iii) 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% (34%) shares, is an associate company, and the proportionate share of BEL's net profit/loss has been duly considered in these accounts.

(iv) The financial statements of Milton Holding Limited have been prepared in accordance with International Financial Reporting Standards which has been converted using the accounting policies of the company by the management and considered for consolidation.

(v) The financial statements of Balasore Metals Pte. Limited have been prepared in accordance with Singapore Financial Reporting Standards which has been converted using the accounting policies of the company by the management and considered for consolidation.

(vi) 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.

(vii) In translating the financial statements of the non-integral foreign Subsidiaries 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.

(viii) The Consolidated Financial Statements are based on the audited financial statements of MHL and unaudited financial statements of BMPL, which are certified by the management.

(b) **Basis of preparation of Financial Statements**

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.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group ascertains its operating cycle for the purpose of current or non- current classification of assets and liabilities.

(c) Presentation and disclosure of financial statements

During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Group, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures including those given in brackets in accordance with the requirements applicable in terms of Revised Schedule VI in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

(d) 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.

(e) Tangible fixed assets

Tangible 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.

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

Machinery spares which can be used only in connection with an item of tangible 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.

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

Subsequent expenditure related to an item of tangible fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Expenditure incurred on development of mines are capitalized as intangible assets.

Computer software not being part of the hardware operating system are capitalised as intangible asset.

(g) Depreciation/Amortisation

The classification of plant & machinery into continuous and non-continuous process is done as per the technical evaluation and depreciation thereon is provided accordingly.

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.

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.

Additional depreciation arising due to revaluation of fixed assets is adjusted against Revaluation Reserve and thereafter against General Reserve on FIFO basis.

Leasehold land is amortized on a straight line basis over the period of lease of 90 years.

Mining lease and mines development expenditure are amortised over the balance period of mining leases on straight line basis.

Computer software are amortized over a period of three years on straight line basis.

(h) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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.

(i) Impairment of tangible and intangible assets

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.

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

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.

(j) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(k) Inventories

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

Work in Progress 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 and is determined on a weighted average basis.

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

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.

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.

(l) 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. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Export Benefits

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

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head “other income” in the statement of profit and loss.

(m) Foreign currency translation

(i) 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.

(ii) 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.

(iii) 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.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

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.

(v) 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.

(n) Retirement and other employee benefits

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.

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.

Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method made at the end of each financial year.

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

(o) Income taxes

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 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.

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.

(p) Segment reporting

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(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 relates to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated – Common".

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

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.

(q) 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.

(r) Provisions

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle such 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.

(s) Contingent liabilities & Commitments

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Capital commitments' are future liabilities for capital expenditure in respect of capital contracts yet to be executed.

'Other commitments' include all future liabilities for contractual commitments arising out of non cancellable contracts having penalty disproportionate to the benefits.

(t) 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.

(u) Royalty

Royalty on mining materials is accounted based on the rates notified by Indian Bureau of Mines for each month in absence of monthly rates, these are accounted on the basis of latest available rates.

(v) Lease

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

3. Share capital

(Rs in Lacs)

	As at 31st March, 2012	As at 31st March, 2011
Authorized shares		
200,000,000 (200,000,000) equity shares of Rs.5/- each	**10,000.00**	10,000.00
Issued, subscribed and fully paid-up shares		
64,290,411 (64,290,411) equity shares of Rs. 5/- each	**3,214.52**	3,214.52
Add: Shares forfeited	**151.86**	151.86
	3,366.38	3,366.38

(a) There is no movement in share capital in the current year and previous year as compared to corresponding previous year.

(b) Terms/ rights attached to equity shares

(i) The Company has only one class of equity shares having par value of Rs 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(ii) The amount of per share dividend recognized as distribution to equity shareholders is Rs 0.50 per share (Rs 0.50 per share).

(iii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholder	As at 31 March 2012		As at 31 March 2011	
	Numbers	% holding	Numbers	% holding
Goldline Tracom Private Limited	**12,402,346**	**19.29%**	12,402,346	19.29%
Ushaditya Trading Private Limited	**7,392,500**	**11.50%**	7,392,500	11.50%
Navoday Exim Private Limited	**4,888,800**	**7.60%**	4,888,800	7.60%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(d) 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:

Particulars	As at 31st March 2012	As at 31st March 2011
Total number of equity shares held by the Promoter Group	**29,935,816**	29,935,186
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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

4. Reserves and surplus

(Rs in Lacs)

	As at 31st March 2012	As at 31st March 2011
Capital Reserve		
Capital Investment Subsidy (a)	**41.96**	41.96
Amount arisen on Forfeiture of Equity Warrants (b)	**490.00**	490.00
Revaluation Reserve		
Balance as per the last financial statements	**71,019.59**	76,337.69
Less: Amount transferred to the statement of profit and loss as reduction from depreciation	**(5,067.40)**	(5,220.43)
Less: Adjustment towards discard/sale of fixed assets	**(272.95)**	(97.67)
Closing Balance (c)	**65,679.24**	71,019.59
Securities Premium Account (d)	**1,550.00**	1,550.00
Foreign Currency Translation Reserve		
Balance as per the last financial statements	**(17.06)**	(30.56)
Addition/Deduction for the year	**276.10**	13.50
Closing Balance (e)	**259.04**	(17.06)
General Reserve		
Balance as per the last financial statements	**7,749.01**	8,012.06
Less: Adjustment towards discard/sale of fixed assets	**(60.65)**	(263.05)
Closing Balance (f)	**7,688.36**	7,749.01
Surplus in the statement of profit and loss		
Balance as per last financial statements	**13,137.08**	10,826.03
Profit for the year	**3,188.61**	2,685.89
Less: Appropriations		
Proposed final equity dividend [amount per share Rs 0.50 (Rs 0.50)]	**(321.45)**	(321.45)
Tax on proposed equity dividend	**(52.15)**	(53.39)
Total appropriations	**(373.60)**	(374.84)
Net surplus in the statement of profit and loss (g)	**15,952.09**	13,137.08
Total reserves and surplus (a to g)	**91,660.69**	93,970.58

5. Long-term borrowings

(Rs in Lacs)

		Non Current Position		Current maturities	
		As at 31st March 2012	As at 31st March 2011	**As at 31st March 2012**	As at 31st March 2011
A) Secured					
Indian rupee loan from banks					
Term Loans		**2,608.58**	4,049.78	**1,505.20**	1,441.20
Funded Interest Term Loans		**1,669.72**	2,373.47	**364.60**	91.60
	(A)	**4,278.30**	6,423.25	**1,869.80**	1,532.80
Deferred Payment Credits	(B)	**44.50**	—	**9.04**	—
B) Unsecured					
Loans from Bodies Corporates		—	385.00	**345.00**	—
	(C)	—	385.00	**345.00**	—
Total (A+B+C)		**4,322.80**	6,808.25	**2,223.84**	1,532.80

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

a) Nature of securities and terms of repayment of each loan (Rs in Lacs)

Name of the Bank	Terms of Repayment	Nature of Securities	Interest Rate	Loan Amount as at 31st March 2012	Loan Amount as at 31st March 2011
Term Loans:					
State Bank of India	20 Quarterly installments of Rs 340 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.15%	**3,870.59**	5,166.59
State Bank of Hyderabad	20 Quarterly installments of Rs 16.35 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.00%	**196.22**	261.62
Allahabad Bank	20 Quarterly installments of Rs 3.95 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	11.25%	**46.97**	62.77
Funded Interest Term Loans:					
State Bank of India	20 Quarterly installments of Rs 81 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.15%	**491.98**	899.13
	8 Quarterly installments of Rs 261 Lacs each starting from 30.04.2013 till 31.03.2015	See (i) below	BPLR - 1.15%	**1,087.94**	1,087.94
State Bank of Hyderabad	20 Quarterly installments of Rs 4.20 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.00%	**41.15**	57.95
	8 Quarterly installments of Rs 30.13 Lacs each starting from 30.04.2013 till 31.03.2015	See (i) below	BPLR - 1.00%	**241.00**	241.00
Allahabad Bank	20 Quarterly installments of Rs 1.70 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	11.25%	**18.78**	25.58
	8 Quarterly installments of Rs 19.38 Lacs each starting from 30.04.2013 till 31.03.2015	See (i) below	11.25%	**153.47**	153.47
Deferred Payment Credits:					
BMW Financial Services	59 Monthly installments of Rs 0.84 Lacs each starting from 16.02.2012 till 16.12.2016	See (ii) below	10.70%	**37.22**	-
HDFC Bank	60 Monthly installments of Rs 0.37 Lacs each starting from 07.03.2012 till 07.01.2017	See (ii) below	11.37%	**16.32**	-
Loans from Bodies Corporates					
Various Bodies Corporates	Repayable after 30th June, 2012	N.A.	12.00%	**345.00**	385.00

(i) Term loans and Funded interest 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. The loans are also secured by pledge of a part of shareholding of the promoter group [including shares held by Mr Pramod Kumar Mittal (a director) and Mr V K Mittal (ceased to be director w.e.f. 28th July, 2010)]. The above loans are further guaranteed by Mr Pramod Kumar 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. All the mortgages and charges created in favour of the Banks for Term Loan and Working Capital Facilities rank pari passu inter se.

(ii) Deferred Payment Credits are secured against hypothecation of Vehicles purchased against such loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

6. Deferred tax liabilities (net)

(Rs in Lacs)

		As at 31st March 2012	As at 31st March 2011
Deferred tax liabilities			
Timing difference on depreciable assets		**2,221.88**	2,039.35
	(A)	**2,221.88**	2,039.35
Deferred tax assets			
Timing difference due to disallowance under section 43B of the Income Tax Act, 1961		**1,044.31**	1,255.80
Others		**102.57**	62.03
	(B)	**1,146.88**	1,317.83
Net deferred tax liabilities (A-B)		**1,075.00**	721.52

7. Provisions

(Rs in Lacs)

	Non Current (long term)		Current (short term)	
	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
Provision for employee benefits:				
Gratuity (Note 29)	**243.93**	314.17	**3.64**	11.82
Superannuation	—	—	**57.42**	52.10
Leave salary (Note 29)	**208.15**	300.18	**0.70**	7.83
	452.08	614.35	**61.76**	71.75
Other provisions for -				
Taxation [net of advance income taxes/Tax deducted at source Rs 1208.84 Lacs (Rs 608.09 Lacs)]	—	—	**1,282.26**	489.65
Site restoration (Refer note below)	**18.00**	18.00	—	—
Proposed equity dividends	—	—	**321.45**	321.45
Provision for tax on proposed equity dividend	—	—	**52.15**	53.39
	18.00	18.00	**1,655.86**	864.49
	470.08	632.35	**1,717.62**	936.24

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. There is no movement in the aforesaid provision in current year and previous year as compared to corresponding previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

8. Short-term borrowings

(Rs in Lacs)

		As at 31st March 2012	As at 31st March 2011
A) Secured Loans			
Cash credits from banks (repayable on demand)		**5,040.17**	3,787.59
Export Packing credit loan		**20.68**	1,074.90
	(A)	**5,060.85**	4,862.49
B) Unsecured Loans			
Loans from Body Corporates (repayable on demand)		**3,227.17**	7,439.25
	(B)	**3,227.17**	7,439.25
Total	(A+B)	**8,288.02**	12,301.74

a) Nature of securities and terms of repayment of each loan

(Rs in Lacs)

Particulars of Loan	Name of the Bank	Nature of Securities	Terms of Repayment	Interest Rate	Loan Amount as on	
					As at 31st March 2012	As at 31st March 2011
Cash credit from banks	State Bank of India	Refer (i) below	Repayable on Demand	BPLR	**3,066.52**	3,049.43
	State Bank of Hyderabad		Repayable on Demand	BPLR	**1,298.11**	181.31
	Allahabad Bank		Repayable on Demand	BPLR	**675.54**	556.85
Export Packing Credit Loan	State Bank of Hyderabad		Repayable within 180 days from balance sheet date	BPLR-0.50%	**20.68**	1,074.90
Other loans	Various Body Corporates	NA	Repayable on Demand	Nil	**525.00**	643.00
			Repayable on Demand	8.25% to 15.75%	**2,702.17**	6,796.25

(i) Working capital facilities are secured by first charge over current assets and by second charge over fixed assets of the Company. The loans are also secured by pledge of a part of shareholding of the promoter group [including shares held by Mr Pramod Kumar Mittal (a director) and Mr V K Mittal (ceased to be director w.e.f. 28th July, 2010)]. The above loans are further guaranteed by Mr Pramod Kumar Mittal and Mr V K Mittal and by corporate guarantee of Shakti Chrome Limited & Ispat Minerals Limited. All the mortgages and charges created in favour of the Banks for Term Loan and Working Capital Facilities rank pari passu inter se.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

9 Trade Payables

(Rs in Lacs)

	Current position	
	As at 31st March 2012	As at 31st March 2011
Acceptances	**3,654.37**	3,892.06
Creditors for goods, services etc (including retention money)	**11,148.74**	14,202.87
	14,803.11	18,094.93

Trade payable above includes amount due to Micro & Small Enterprises in terms of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as under:

(Rs in Lacs)

		As at 31st March 2012	As at 31st March 2011
a)	Principal Amount (included in Trade Payable)	**66.63**	111.37
	Interest due on above	**24.96**	19.56
		91.59	130.93
b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	**—**	—
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	**5.40**	4.54
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	**5.40**	4.54
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	**24.96**	19.56

10. Other Current liabilities

(Rs in Lacs)

	As at 31st March 2012	As at 31st March 2011
Interest accrued but not due on borrowings	**0.28**	18.53
Interest accrued and due on borrowings	**608.65**	571.06
Advance from customers	**799.98**	892.78
Investor Education and Protection Fund:		
Unpaid Dividend (Not due)	**13.60**	—
Creditors for Fixed Assets (including retention money from contractors / suppliers)	**604.54**	646.83
Statutory Dues	**861.97**	1,051.43
Claims Payable	**555.50**	—
Others	**232.65**	206.81
	3,677.17	3,387.44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

11. FIXED ASSETS

(Rs.in Lacs)

		Tangible Assets									Intangible Assets		
		Freehold Land	Leasehold Land	Mining Lease	Buildings	Plant and equipment	Office Equipment	Furniture and fixtures	Vehicles	Total	Computer Software	Mines Development (See 3 below)	Total
Gross Block :													
As at 1st April, 2010	(1)	1,010.38	287.77	85,279.23	5,343.83	37,527.68	364.92	207.85	113.25	130,134.91	—	713.10	713.10
Additions		133.74	—	—	104.57	1,744.76	20.43	17.82	31.59	2,052.91	—	96.50	96.50
Disposals	(2)	—	—	—	—	(1,278.93)	(0.26)	—	(9.85)	(1,289.04)	—	—	—
As at 31st March 2011		1,144.12	287.77	85,279.23	5,448.40	37,993.51	385.09	225.67	134.99	130,898.78	—	809.60	809.60
Additions		3.58	—	—	1,468.02	2,794.18	36.46	10.27	70.38	4,382.89	17.44	684.49	701.93
Disposals	(2)	—	—	—	—	(884.54)	—	—	(66.85)	(951.39)	—	—	—
As at 31st March 2012		**1,147.70**	**287.77**	**85,279.23**	**6,916.42**	**39,903.15**	**421.55**	**235.94**	**138.52**	**134,330.28**	**17.44**	**1,494.09**	**1,511.53**
Accumulated Depreciation/ Amortisation:													
As at 1st April, 2010		—	18.65	3,652.51	1,418.51	14,213.52	260.48	143.11	78.23	19,785.01	—	50.82	50.82
Charge for the year		—	2.89	4,090.51	160.77	2,427.92	31.81	12.55	9.26	6,735.71	—	30.40	30.40
Disposals		—	—	—	—	(728.15)	—	—	(5.55)	(733.70)	—	—	—
As at 31st March 2011		—	21.54	7,743.02	1,579.28	15,913.29	292.29	155.66	81.94	25,787.02	—	81.22	81.22
Charge for the year		—	3.52	4,090.01	176.84	2,371.27	22.06	12.73	6.68	6,683.11	4.17	38.10	42.27
Disposals		—	—	—	—	(410.29)	—	—	(56.21)	(466.50)	—	—	—
As at 31st March 2012		**—**	**25.06**	**11,833.03**	**1,756.12**	**17,874.27**	**314.35**	**168.39**	**32.41**	**32,003.63**	**4.17**	**119.32**	**123.49**
Net Block													
As at 31st March 2011		1,144.12	266.23	77,536.21	3,869.12	22,080.22	92.80	70.01	53.05	105,111.76	—	728.38	728.38
As at 31st March 2012		**1,147.70**	**262.71**	**73,446.20**	**5,160.30**	**22,028.88**	**107.20**	**67.55**	**106.11**	**102,326.65**	**13.27**	**1,374.77**	**1,388.04**

(1) 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.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

12. Non-current investments (Long - term)

(Rs in Lacs)

	As at 31st March 2012	As at 31st March 2011
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares		
Investment in associate		
17000 (17000) Equity Shares of Rs 10 each fully paid-up in Balasore Energy Limited Net of Post Acquisation Loss Rs. 1.16 Lacs (Rs. 1.07 Lacs)	**0.54**	0.63
Investment in government securities		
6 years National Savings Certificates (Deposited with Government Departments)	**0.95**	0.95
Non-trade investments (valued at cost unless otherwise stated)		
Unquoted equity shares		
300000 (300000) equity shares of Rs 10 each fully paid-up in Elephanta Gases Limited.	**30.00**	30.00
116 (116) equity shares of Rs 10 each fully paid-up in Ispat Finance Limited	**0.10**	0.10
Unquoted mutual funds		
165000 (165000) Magnum units of Rs 10 each fully paid-up in SBI Mutual Fund	**10.00**	10.00
Unqouted debentures		
690000 (690000) 12% Unsecured redeemable non-convertible debentures of Rs 100 each fully paid-up in Shakti Chrome Limited.	**690.00**	690.00
850000 (850000) 12% Unsecured redeemable non-convertible debentures of Rs 100 each fully paid-up in Krish Trexim Private Limited	**850.00**	850.00
Quoted equity shares		
453000 (453000) equity shares of Rs 10 each fully paid-up in JSW ISPAT Steel Limited* (See (d) below) (Net of provision for dimunition Rs 236.12 Lacs (Rs 191.68 Lacs))	**57.03**	101.47
39950 (39950) equity shares of Rs 10 each fully paid-up in Ispat Profiles India Limited (Net of provision for dimunition Rs 7.99 Lacs (Rs 7.99 Lacs))	**—**	—
Quoted preference shares		
302000 (302000) 0.01% Cumulative Redeemable Preference Shares of Rs 10 each fully paid-up in JSW ISPAT Steel Limited* (Net of provision for dimunition Rs 183.80 Lacs (Rs 171.30 Lacs))	**11.63**	24.13
	1,650.25	1,707.28

* Formerly Ispat Industries Limited

	As at 31st March 2012	As at 31st March 2011
a) Aggregate amount of quoted investments		
Cost	**496.57**	496.57
Less: Provision for Dimunition	**427.91**	370.97
	68.66	125.60
b) Aggregate amount of unquoted investments (At cost)	**1,581.59**	1,581.68
c) Market Value of quoted investment	**68.66**	125.60

d) Investments in the equity shares of JSW ISPAT Steel Limited (JISL) have been pledged with the lenders of JISL as collateral security against financial facilities provided by the lenders to JISL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

13. Loans and advances (Unsecured, considered good unless stated otherwise) (Rs in Lacs)

		Non Current (long term)		Current (short term)	
		As at 31st March 2012	As at 31st March 2011	**As at 31st March 2012**	As at 31st March 2011
Capital advances	(A)	**2,590.91**	2,354.05	**—**	—
Advances recoverable in cash or kind					
Considered good - Related Parties (Refer Note no 37)		**—**	—	**441.71**	424.82
Considered good - Others		**—**	—	**1,981.88**	946.70
Doubtful		**120.55**	123.52	**—**	—
		120.55	123.52	**2,423.59**	1,371.52
Provision for doubtful advances		**(120.55)**	(123.52)	**—**	—
	(B)	**—**	—	**2,423.59**	1,371.52
Loans					
Body Corporates		**—**	—	**1,083.10**	1,584.00
Employees		**—**	—	**25.65**	20.54
	(C)	**—**	—	**1,108.75**	1,604.54
Security Deposits	(D)	**1,352.32**	1,288.19	**57.35**	56.65
Advance towards Recompense Amount	(E)	**—**	—	**252.00**	—
Others					
Balances with statutory / government authorities		**—**	—	**884.63**	822.62
Export benefits receivables		**—**	—	**383.56**	409.66
Prepaid expenses		**—**	—	**83.55**	174.90
Advance income-tax [net of provision for taxation Rs 1528.06 Lacs (Rs 1528.06 Lacs)]		**—**	—	**281.19**	621.89
	(F)	**—**	—	**1,632.93**	2,029.07
Total	(A to F)	**3,943.23**	3,642.24	**5,474.62**	5,061.78

14. Other Assets (Unsecured, considered good unless stated otherwise) (Rs in Lacs)

	Non Current		Current	
	As at 31st March 2012	As at 31st March 2011	**As at 31st March 2012**	As at 31st March 2011
Non-current bank balances (Note No 17)	**149.14**	123.00	**—**	—
Assets held for Disposal	**—**	—	**36.00**	36.00
Interest Receivable on				
Bank Deposits	**—**	—	**17.79**	1.70
Long-term investments	**—**	—	**165.22**	—
Loans and Security Deposits [including doubtful of Rs 42.66 Lacs (Rs Nil)]	**42.66**	**—**	**608.99**	706.09
	42.66	**—**	**792.00**	707.79
Provision for doubtful interest receivables	**(42.66)**	**—**	**—**	—
Total	**149.14**	123.00	**828.00**	743.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

15. Trade receivables (Unsecured) (Rs in Lacs)

		Non Current		Current	
		As at 31st March 2012	As at 31st March 2011	**As at 31st March 2012**	As at 31st March 2011
Outstanding for a period exceeding six months from the date they are due for payment					
Considered good		—	—	**157.88**	—
Doubtful		**27.83**	39.66	—	—
		27.83	39.66	**157.88**	—
Provision for doubtful receivables		**(27.83)**	(39.66)	—	—
	(A)	—	—	**157.88**	—
Other receivables (considered good)		—	—	**836.56**	4,131.47
	(B)	—	—	**836.56**	4,131.47
Total	**(A+B)**	—	—	**994.44**	4,131.47

16. Inventories (valued at lower of cost and net realizable value) (Rs in Lacs)

	As at 31st March 2012	As at 31st March 2011
Raw materials [includes in transit Rs 1,203.20 Lacs (Rs 2,916.59 Lacs)]	**9,405.83**	11,884.49
Stores, Spares & Consumables	**532.94**	536.98
Finished goods	**390.00**	245.74
Work in Progress	**141.83**	129.39
At estimated net realisable value		
Saleable Scraps	**230.38**	240.31
	10,700.98	13,036.91

17. Cash and bank balances (Rs in Lacs)

	Non Current		Current	
	As at 31st March 2012	As at 31st March 2011	**As at 31st March 2012**	As at 31st March 2011
Cash and cash equivalents				
Balances with banks:				
On current accounts			**28.69**	25.57
On unpaid dividend account			**13.60**	—
Cash on hand			**8.92**	8.49
			51.21	34.06
Other bank balances				
Margin money deposit #	**149.14**	123.00	**577.96**	1,377.22
	149.14	123.00	**577.96**	1,377.22
Amount disclosed under non-current assets (Note No 14)	**(149.14)**	(123.00)	—	—
	—	—	**629.17**	1,411.28

Receipts lying with Banks as security against guarantees/letters of credit issued by them.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

18. Revenue from operations

(Rs in Lacs)

	2011-12	2010-11
Revenue from operations		
Sale of products		
Finished goods	**61,476.69**	54,136.49
Traded goods	**—**	12,052.85
Saleable Scraps (Tailings)	**160.67**	142.67
Export Benefits	**912.23**	569.64
Other operating revenue		
Scrap sales	**96.13**	34.54
Revenue from operations (gross)	**62,645.72**	66,936.19
Less: Excise duty	**3,695.03**	3,035.46
Revenue from operations (net)	**58,950.69**	63,900.73

19. Other income

(Rs in Lacs)

	2011-12	2010-11
Interest income on		
Bank deposits	**101.18**	28.03
Long-term investments	**184.80**	—
Loan, advances and deposits	**172.53**	457.17
Others	**70.19**	—
Insurance Claims	**0.80**	46.02
Unspent liabilities no longer required written back	**84.20**	6.66
Provision for diminution in the value of investments written back	**—**	28.96
Gain on Foreign Exchange Fluctuation (net)	**115.45**	183.77
Other non-operating income	**171.85**	112.53
	901.00	863.14

20 Cost of raw materials consumed

(Rs in Lacs)

	2011-12	2010-11
Inventory at the beginning of the year	**11,884.49**	9,782.32
Add: Purchases (including cost of raw materials extracted and briquetted by the Company) Refer (a) below	**20,126.14**	24,469.45
	32,010.63	34,251.77
Less: Inventory at the end of the year	**9,405.83**	11,884.49
Cost of raw materials consumed	**22,604.80**	22,367.28

(a) Breakup of cost of extracted and briquetted by the Company and included in purchased below

(Rs in Lacs)

Nature of Expenses	2011-12	2010-11
Salaries, Wages, Bonus etc.	**239.06**	203.28
Contribution to provident and other funds	**9.94**	9.34
Excavation Cost	**1,299.48**	1,983.66
Consumption of stores and spares	**0.60**	0.82
Process Charge	**508.06**	825.52
Freight inward	**1,829.03**	3,107.77
Material handling expenses	**136.15**	545.74
Royalty and Cess	**2,108.54**	2,221.10
Power & Fuel	**67.93**	58.44
Repair & Maintenance - Plant and Machinery	**49.90**	39.75
Rates & Taxes	**0.86**	23.21
Rent & Hire Charges	**188.64**	184.78
Insurance Charges	**0.06**	0.04
Bank Charges	**0.02**	0.03
Travelling and conveyance	**11.53**	10.51
Miscellaneous expenses	**125.30**	113.03
	6,575.10	9,327.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

21. Purchase of Traded Goods

(Rs in Lacs)

	2011-12	2010-11
Coke	—	10,601.30
Chrome Ore Lumpy	—	950.20
Silicon & Ferro Alloys	—	35.96
	—	11,587.46

22. (Increase)/ decrease in Finished Goods, Work-in-Progress and Saleable Scraps

	2011-12	2010-11
Inventories at the end of the year:		
Work in Progress	**141.83**	129.39
Finished goods	**390.00**	245.74
Saleable Scraps	**230.38**	240.31
	762.21	615.44
Inventories at the beginning of the year:		
Work in Progress	**129.39**	92.90
Finished goods	**245.74**	160.18
Saleable Scraps	**240.31**	749.03
	615.44	1,002.11
Less: (Increase)/decrease of excise duty on Finished Goods, Work-in-Progress and Saleable Scraps	**(10.04)**	76.90
	(136.73)	309.77

a) Excise Duty & Cess on inventories represents differential excise duty and cess on opening and closing stock of Finished Goods and saleable scraps.

23. Employee benefits expense

	2011-12	2010-11
Salaries, wages and bonus	**2,021.29**	1,836.96
Contribution to provident and other funds	**159.11**	141.63
Gratuity expense (Refer Note No 29)	**31.56**	58.74
Staff welfare expenses	**136.20**	123.81
	2,348.16	2,161.14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

24. Other Expenses

(Rs in Lacs)

	2011-12	2010-11
Consumption of stores, spares & consumables	**894.26**	923.45
Contract Labour Charges	**341.26**	330.93
Packing and Carriage charges	**1,186.16**	1,334.96
[Net of Recoveries Rs 747.81 Lacs (Rs 644.98 Lacs)]		
Rent and Hire Charges	**129.72**	83.70
Rates and taxes	**52.08**	25.13
Insurance	**43.74**	29.01
Repairs and maintenance		
Plant and machinery	**498.48**	409.00
Buildings	**82.86**	108.88
Others	**73.46**	26.55
Commission on Sales (other than sole selling agent)	**135.43**	60.74
Travelling and conveyance	**602.82**	312.69
Charity and Donations	**13.07**	24.82
Communication costs	**71.13**	66.50
Legal and professional fees	**766.20**	286.72
Directors' sitting fees	**12.80**	10.50
Auditors' Remuneration as auditor:		
Audit fee	**25.00**	25.00
Limited review fee	**14.75**	13.75
Tax audit fee	**6.50**	6.50
In Other Capacity for Certification (etc)	**9.00**	5.00
Reimbursement of Expenses to auditor	**0.67**	0.81
Items pertaining to Previous Years (net) (see notes (a) below)	**12.96**	38.44
Provision for dimmunition in value of long-term investments	**56.94**	—
CSR and Site Development Expenses	**125.34**	136.19
Bad debts / advances written off (Net of adjustment against provision adjusted Rs 14.80 Lacs (Rs 54.54 Lacs)]	**165.99**	88.18
Claim Expenses	**488.29**	—
Provision for doubtful debts and advances	**42.66**	9.83
Loss on sale of fixed assets (net)	**146.02**	366.71
Miscellaneous expenses	**883.32**	582.84
	6,882.91	5,306.83

Notes

(a) Details of items pertaining to previous years (net) is follows

	2011-12	2010-11
Raw Materials Consumption credited	**1.37**	(11.97)
Store Consumption	—	3.61
Packing & Carriage charges	—	0.26
Miscellaneous Expenses	**11.59**	23.76
Interest & Finance Charges	—	22.78
Net Prior Period Items	**12.96**	38.44

25. Depreciation & amortization expense

	2011-12	2010-11
Depreciation of tangible assets	**6,683.11**	6,735.71
Amortization of intangible assets	**42.27**	30.40
	6,725.38	6,766.11
Less: Recoupment from Revaluation Reserve	**(5,067.40)**	(5,220.43)
	1,657.98	1,545.68

26. Finance costs

	2011-12	2010-11
Interest		
— To Banks	**3,782.86**	2,888.33
[(Net of recoveries Rs 595.33 Lacs (Rs 398.88 Lacs)]		
— To Others	**285.79**	1,389.53
Bank charges	**598.81**	760.35
Exchange difference to the extent considered as an adjustment to borrowing costs	**62.10**	—
	4,729.56	5,038.21

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

27. Contingent liabilities not provided for in respect of : (Rs.in Lacs)

	Particulars	**As at 31st March 2012**	As at 31st March 2011
a)	Sales tax matters under appeal {Amount paid under appeal Rs 103.94 Lacs (Rs. 204.15 Lacs)}*	**98.06**	169.41
b)	Entry tax matters {Amount paid under appeal Rs 14.67 Lacs (Rs. Nil)}*	**114.11**	—
c)	Excise / Service tax matters {Amount paid under appeal Rs 2.30 Lacs (Rs. Nil)}	**1,221.31**	—
d)	Un-expired Bank Guarantees and Letters of Credit	**751.97**	606.67
e)	Bills discounted with Banks	**5,523.54**	6,769.52
f)	Guarantee given by way of pledge of certain Investments as security. [Refer Note No. 12(d)]	**57.03**	101.47
g)	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.

28. Capital and other commitment:

Estimated amount of Capital commitments (net of advances) Rs 4,598.79 Lacs (Rs 4,735.03 Lacs)

29. 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 statement of profit and loss and balance sheet for the respective plans.

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

(Rs in Lacs)

Particulars	Gratuity		Leave	
	(2011-12)	(2010-11)	**(2011-12)**	(2010-11)
Current service cost	**36.83**	39.58	**25.45**	22.41
Interest cost on benefit obligation	**40.96**	36.74	**21.41**	22.15
Expected return on plan assets	**(18.34)**	(13.21)	**—**	—
Net actuarial (Gain)/losses	**(27.89)**	(4.37)	**(42.70)**	(0.36)
Net benefit expense	**31.56**	**58.74**	**4.16**	**44.20**
Actual return on plan assets	**20.74**	15.73	**—**	—

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

(Rs in Lacs)

Particulars	Gratuity		Leave	
	31st March 2012	31st March 2011	**31st March 2012**	31st March 2011
Defined benefit obligation	**525.51**	507.97	**208.85**	308.01
Fair value of plan assets	**277.94**	181.98	**—**	—
Net liability	**247.57**	325.99	**208.85**	308.01

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

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

(Rs in Lacs)

Particulars	Gratuity		Leave	
	(2011-12)	(2010-11)	**(2011-12)**	(2010-11)
Opening defined benefit obligation	**507.97**	451.69	**308.01**	269.85
Interest cost	**40.96**	36.74	**21.41**	22.15
Current service cost	**36.83**	39.58	**25.45**	22.41
Benefit paid	**(34.76)**	(18.19)	**(103.32)**	(6.04)
Actuarial (Gain)losses	**(25.49)**	(1.85)	**(42.70)**	(0.36)
Closing defined benefit obligation	**525.51**	507.97	**208.85**	308.01

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

(Rs in Lacs)

Particulars	Gratuity	
	(2011-12)	(2010-11)
Opening fair value of plan assets	**181.98**	152.10
Expected return on plan assets	**18.34**	13.21
Contribution by the Company	**109.98**	32.34
Benefits paid	**(34.76)**	(18.19)
Actuarial losses	**2.40**	2.52
Closing fair value of plan assets	**277.94**	181.98

(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, 2012	31st March, 2011
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	
	2011-12	2010-11	**2011-12**	2010-11
Discount rate	**8.75%**	8.35%	**8.75%**	8.35%
Rate of increase in salary	**10.00%**	10.00%	**10.00%**	10.00%
Expected average remaining working live of the employees	**16.30**	16.25	**15.92**	15.96
Return on Plan Assets (Gratuity Scheme)	**9.25%**	8.30%	Not Applicable	
Mortality Table	Standard Table LIC (1994-1996)			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

(g) Amounts of gratuity and leave for current and previous years are as follows:

(Rs in Lacs)

Particulars	(2011-12)	(2010-11)	(2009-10)	(2008-09)	(2007-08)*
Gratuity					
Defined benefit obligation	**525.51**	507.97	451.69	352.01	295.09
Fair value of plan assets	**277.94**	181.98	152.10	145.27	54.08
Deficit	**247.57**	325.99	299.59	206.74	241.01
Experience adjustments on plan liabilities - (gains)/losses	**(1.49)**	0.83	81.42	2.36	—
Experience adjustments on plan assets - (gains)/losses	**2.40**	2.52	2.19	(2.74)	—
Leave					
Defined benefit obligation	**208.85**	308.01	269.85	198.68	161.20
Deficit	**208.85**	308.01	269.85	198.68	161.20
Experience adjustments on plan liabilities - (gains)/losses	**(32.48)**	1.39	65.04	7.90	—

* (15 months)

(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. 100 Lacs (Rs 60 Lacs) to gratuity fund in the year 2012-2013.

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

(Rs in Lacs)

Particulars	(2011-12)	(2010-11)
Provident Fund	**83.90**	73.63
Employees' State Insurance	**18.55**	17.85
Superannuation Fund	**56.66**	50.15
Total	**159.11**	141.63

30. 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 claim for Rs 16,418.28 Lacs (including delayed payment surcharge). The Group is under discussion with NESCO and has also referred the matter to Hon'ble High Court of Orissa after receipt of disconnection notice from NESCO. The Group has paid Rs 1,400 Lacs towards such claims which has been shown as advance, and also continues to receive un-interrupted power supply from NESCO. Pending outcome of the court case/discussion and based on discussion with Company's legal counsel, no provision has been made towards above demand.

31. The Group 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.

32. During the year, the lender's have exercised their right to recompense under CDR Scheme sanctioned in earlier years and demanded Rs 3020 Lacs for the sacrifice made upto 31st March, 2007 towards which Rs 252 Lacs has been paid. The recompense amount for the period from 1st April, 2007 to till date has not been worked out and presently it is unascertainable. The management has approached its lenders to determine the final liability towards such recompense amount including liabilities for the period from 1st April, 2007 to till date, which is unascertainable, pending which no liability has been provided for.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

33. 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/Mining – Consists of mining and manufacturing of Silicon & Ferro alloys.

b) Trading – Consists of trading of Coke, Chrome Ore Lumpy, ferro chrome etc.

c) Others – Consists of mining operation of MHL 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	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
A	**Revenues from operations (net of excise duty)**								
	External Sales	58,950.69	51,847.88	—	12,052.85			58,950.69	63,900.73
	Total Revenue	**58,950.69**	**51,847.88**		**12,052.85**			**58,950.69**	**63,900.73**
B	**Results**								
	Segment results	9,784.56	8,719.86	(49.82)	305.60	(2.74)	(2.51)	9,732.00	9,022.95
	Less: Unallocated Expense net of unallocated Income							646.45	393.71
	Operating Profit							9,085.55	8,629.24
	Interest Income							528.70	485.20
	Finance Costs							4,729.54	5,038.21
	Tax Expense (Net)							1,696.01	1,390.25
	Profit after Taxes							**3,188.70**	**2,685.89**
C	**Total Assets**								
	Segment assets	124,165.95	130,763.08	159.45	2,953.40	2,442.46	2,012.75	126,767.86	135,729.23
	Unallocated Corporate Assets							4,836.85	6,023.00
		124,165.95	**130,763.08**	**159.45**	**2,953.40**	**2,442.46**	**2,012.75**	**131,604.71**	**141,752.23**
D	**Total Liabilities**								
	Segment Liabilities	10,091.58	14,743.43	8,296.30	6,869.14	1.71	2.84	18,389.59	21,615.41
	Unallocated Corporate Liabilities							18,188.05	22,799.86
		10,091.58	**14,743.43**	**8,296.30**	**6,869.14**	**1.71**	**2.84**	**36,577.64**	**44,415.27**
E	**Other Information**								
	Capital Expenditure	2,787.53	3,295.10					**2,787.53**	**3,295.10**
	Depreciation/Amortization	1,657.98	1,545.68					**1,657.98**	**1,545.68**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

(b) Secondary Geographical Segments (Rs. in Lacs)

	2011-12	2010-11
Sales Revenue :-		
Domestic Revenues (Net of Excise Duty)	35,855.55	41,655.80
Overseas Revenues (Including Export Benefits)	23,095.14	22,244.93
Total	**58,950.69**	**63,900.73**
Segment Assets :-		
Domestic	129,154.96	139,739.48
Overseas	2,449.75	2,012.75
Total	**131,604.71**	**141,752.23**

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.

34. Confirmation certificates in respect of loans given aggregating to Rs 962.00 Lacs to certain parties as well as interest receivable thereon amounting to Rs 543.13 Lacs are still awaited from the respective parties. Based on present status of negotiation, all these loans and interest receivable are considered good of recovery by the management.

35. Details of remuneration paid to the managing director and whole time directors:

Particulars		**2011-12**	**2010-11**
i)	Salary	101.52	223.68
ii)	Contribution to Provident and other funds	25.42	27.54
iii)	Perquisites* (including leave encashment Rs 78.20 Lacs (Rs Nil)	218.93	24.55
		345.87	**275.77**

*As the year end liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to directors is not ascertainable and therefore not included in above.

36. 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 2012**	**As at 31st March 2011**
(i)	Loans and advances	2,497.98	2,012.75
(ii)	Trade Receivables	73.09	172.25
(iii)	Trade Payables	58.60	952.44
(iv)	Other current liabilities	1,287.65	677.15
(v)	Cash and Bank Balances	6.16	0.26
(vi)	Short-term borrowings	—	42.53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

37. Related Party Disclosures

(a) Names of the related parties :

Associate Company	:	Balasore Energy Limited
Key Management Personnel and their relative	:	Mr. Pramod Kumar Mittal (Chairman) Mr. V K Mittal (Brother of Chairman) Mr. R.K Jena (Managing Director) (ceased to be managing director w.e.f. 11th November, 2011) Mr C.R. Pradhan (Whole-time Director) (ceased to be whole-time director w.e.f. 11th November, 2011) Mr B N Panda (Whole-time Director) (w.e.f. 17th November, 2011) Mr R K Parakh (Whole-time Director) (w.e.f. 17th November, 2011)
Enterprises over which Key Management Personnel / Major Shareholders / Relatives have significant influence*	:	JSW ISPAT Steel Limited (formerly Ispat Industries Limited) Navoday Consultant Limited Navdisha Real Estate Private Limited Shakti Chrome Limited Gontermann-Peipers (India) 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.

(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 on investment in debentures and interest bearing advances				
Shakti Chrome Limited			237.00 (71.34)	237.00 (71.34)
Raw Material Consumed (Processing Charges Paid)				
Shakti Chrome Limited			508.06 (825.52)	508.06 (825.52)
Rent Paid				
Navdisha Real Estate Private Limited			76.33 (64.00)	76.33 (64.00)
Managerial Remuneration				
Mr. R.K Jena		299.76 (256.69)		299.76 (256.69)
Mr. C R Pradhan		14.11 (19.08)		14.11 (19.08)
Mr B N Panda		18.83 (—)		18.83 (—)
Mr R K Parakh		13.17 (—)		13.17 (—)
Miscellaneous Expenses (Service Charges)				
Navoday Consultant Limited			8.00 (—)	8.00 (—)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

(b) Related Party Disclosures (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
Bad debts / advances written off				
Navoday Consultant Limited			— (43.69)	— (43.69)
Loan Repaid				
Global Steel Holdings Limited			42.53 (—)	42.53 (—)
Conversion of Interest Receivable and Loans into 12% Unsecured Debentures				
Shakti Chrome Limited			— (690.00)	— (690.00)
Guarantees Given				
JSW ISPAT Steel Limited (formerly Ispat Industries Limited)			57.03 (101.47)	57.03 (101.47)
Guarantees Obtained				
Mr. Pramod Kumar Mittal		11,208.95 (12,818.54)		11,208.95 (12,818.54)
Mr. V K Mittal		11,208.95 (12,818.54)		11,208.95 (12,818.54)
Balances Outstanding as at year end – Credit Balance				
Mr. R K Jena		— (0.62)		— (0.62)
Mr. C R Pradhan		— (1.21)		— (1.21)
Mr B N Panda		2.50 (—)		2.50 (—)
Mr R K Parakh		1.71 (—)		1.71 (—)
Global Steel Holdings Limited		— (42.53)		— (42.53)
Balances Outstanding as at year end – Debit Balance				
Shakti Chrome Limited			1,231.85 (1,140.43)	1,231.85 (1,140.43)
Navdisha Real Estate Private Limited			50.00 (50.00)	50.00 (50.00)
Gontermann-Peipers (India) Limited			6.25 (—)	6.25 (—)
Global Steel Holdings Limited		140.62 (—)		140.62 (—)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

38. Basis for calculation of Basic and Diluted Earnings per Share is as follows:

Particulars		**2011-12**	**2010-11**
Present Weighted Average Equity Shares	Nos.	64290411	64290411
Equivalent Weighted Average Equity Shares to be allotted against share warrant	Nos.	—	—
Potential weighted Average Equity Shares	Nos.	64290411	64290411
Net Profit after Taxes	Rs. in Lacs	3,188.61	2,685.89
Nominal Value of each Shares of Rs 5/-			
Basic & Diluted Earnings Per Share	(Rs)	4.96	4.18

39. Tangible fixed Assets include Vehicles acquired under hire purchase scheme [(Gross Block Rs 60.25 Lacs (Rs Nil), Net Block Rs 59.83 Lacs (Rs Nil)] and the year wise break-up of future obligations, inclusive of finance charges of Rs 15.39 Lacs (Rs Nil) is given below:

(Rs in Lacs)

Lease Obligations		**Not later than 1 year**		**Later than 1 year and not later than 5 years**	
Total Minimum Lease payments at the year end	Present Value of Minimum Lease Payments	Minimum Lease Payment	Present Value as on 31st March, 2012	Minimum Lease Payment	Present Value as on 31st March, 2012
68.93 (—)	53.54 (—)	14.43 (—)	9.04 (—)	54.50 (—)	44.50 (—)

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

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. 054968

Place : Kolkata
Date : 28th May, 2012

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

ATTENDANCE SLIP

BALASORE ALLOYS LIMITED

REGD. OFFICE : BALGOPALPUR - 756 020, DIST. BALASORE, ODISHA

TWENTY-FOURTH 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-FOURTH ANNUAL GENERAL MEETING** of the Company held at Balgopalpur - 756 020, Dist. Balasore, Odisha, on Wednesday, the 26th September, 2012 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, ODISHA

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-FOURTH ANNUAL GENERAL MEETING to be held on Wednesday, the 26th September, 2012 at 9.30 A.M. or at any adjournment thereof.

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

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.


WELCOME
TO
ISPAT FAMILY