

## GENERAL INFORMATION

<b>Board of Directors</b>	Mr Rajiv Saxena Mr Prashant Boorugu Mrs Sarita Boorugu Mr S. Gajendran Mr K. Mallikarjuna Rao Mr M.V. Bhaskara Rao, IPS (Retd.) Mr A V L Narasimham	Chairman Managing Director Director Director Director Director Director
<b>Company Secretary</b>	Mr Chandrashekhar Hegde	
<b>Statutory Auditors</b>	M/s. S. Venkatadri & Company Chartered Accountants 1408, Babukhan Estate Basheerbagh Hyderabad - 500 001	
<b>Bankers</b>	State Bank of Travancore UCO Bank State Bank of India	
<b>Registered Office</b>	'Vishnu Splendor' D.No. 8-3-979/12356 Flat No. 302, 'B' Block Yellareddyguda HYDERABAD - 500 073	
<b>Factory</b>	Ravivalasa Village - 532 212 Tekkali Mandal, Srikakulam District, A.P. Tel : 08945 - 244701 / 244312 Fax : 08945 - 244545	
<b>Registrar &amp; Share Transfer Agents</b>	Karvy Computershare Pvt. Ltd. Plot # 17-24, Vittal Rao Nagar Madhapur, Hyderabad - 500 081 Tel : 040-23420819 to 824 / 244312 Fax : 040-23420814	

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## NOTICE

Notice is hereby given that the 5<sup>th</sup> Annual General Meeting of Cronimet Alloys India Limited (Formerly known as GMR Ferro Alloys & Industries Limited) will be held on Thursday, September 29, 2011 at 11.00 AM at the HOCKS GATE INN PEARLS, # 1-58/A/8, Madinaguda, Miyapur, Hyderabad - 500 050 to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, the Profit & Loss Account for the year ended as on that date and the reports of the Directors' and the Auditors' thereon.
2. To declare dividend on Preference Shares.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Mr Rajiv Saxena, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr S Gajendran, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Statutory Auditors and in this connection to pass, with or without modification (s) the following resolution as an **Ordinary Resolution**:  
"RESOLVED THAT Messers S Venkatadri & Company, Chartered Accountants be and are hereby appointed as Auditors of the Company to hold Office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting on a remuneration of such sum as may be fixed by the Board of Directors".

### Special Business:

6. To consider, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:  
"RESOLVED THAT pursuant to the provisions of Article 109 of the Articles of Association of the Company and Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr M V Bhaskara Rao who was appointed as an Additional Director by the Board under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation".
7. To consider, 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 94 and other applicable provisions, if any, of the Companies Act, 1956 and of Memorandum and Articles of Association of the Company and subject to the approval/consent/permissions/sanctions as may be necessary from the concerned regulatory/statutory authority(ies), equity share of the face value of ₹10/- each fully paid up be sub-divided into 5 (five) equity shares of face value of ₹2/- each fully paid up".  
"RESOLVED FURTHER THAT convertible Warrants of the Company, if any, as existing on the Record Date shall also be subject to the sub-division and accordingly shall be sub-divided from convertible warrants of ₹10/- each into Convertible Warrants of ₹2/- each and the balance amount payable on the warrants shall be payable proportionately".  
"RESOLVED FURTHER THAT the sub-division of equity share as aforesaid, the Company shall issue new certificate to the members whose name appears in the Register of Members on the record date and share certificate issued earlier will stand cancelled from the record date and in case of share held in dematerialized form the number of subdivided equity shares be credited to the respective beneficiaries account of the share holders with the depositories participant in lieu of the existing credits representing the equity shares of the Company before sub-division."  
"RESOLVED FURTHER THAT Mr Prashant Boorugu, Managing Director and Mr Chandrashekhar Hegde, Company Secretary be and are hereby severally authorized to give effect to the changes and take appropriate steps to intimate the CDSL & NSDL, BSE, NSE and other statutory authorities and call back the existing share certificates from the share holders or give effect the changes in the shares and shares held with the custodial (CDSL/NSDL) in the aforesaid proportion subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960 and the Articles of Association of the Company."  
"RESOLVED FURTHER THAT the Register of Members of the Company at the Close of Business on 01.11.2011 (herein after referred to as "the Record Date") or such other dates as approved by the Stock Exchange be taken as the record date for the purpose of sub-division of shares."
8. To Consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:  
"RESOLVED THAT Clause V of the Memorandum of Association be and is hereby substituted by the following:  
Clause 5: The Authorized share capital of the Company is ₹ 47,00,00,000/- (Rupees Forty Seven Crore) divided into 19,10,00,000 equity shares of ₹ 2/- each and 80,00,000 (8%) preference shares of ₹11/- each. The Company has power from time to time to increase or reduce its capital and issue share in the original or new capital as equity or preference shares and to attach to any of such shares any preference, rights, privileges, conditions or priorities in payment of dividends or distribution of assets or otherwise to subject the same to any restrictions, limitations and conditions and to vary, modify, abrogate any such rights, privileges and conditions and to vary any regulations of the Company as far as necessary to give effect to the same and upon sub-division of a share, to apportion the rights to participate in the profits in any manner subject to the consent of the Government of India or other order of Court if the same be necessary being obtained before doing so.

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 31(1) and other applicable provisions of the Companies Act, 1956 if any, Clause 3 of the Articles of Association of the Company be altered as follows:

The Authorised Share Capital of the Company is as per Clause V of the Memorandum of Association of the Company”

By Order of the Board of Directors

Bangalore  
August 12, 2011

**Chandrashekhar Hegde**  
Company Secretary

**NOTES:**

1. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. Members holding physical shares are requested to notify promptly any change in their addresses to our Registrars & Share Transfer Agents, viz., Karvy Computershare Pvt Ltd., Hyderabad and those who have shares in electronic form to communicate to their depository participants.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2011 to 29.09.2011(both days inclusive).
4. Members intending any information about accounts are requested to send their queries atleast 7 days in advance of the meeting.
5. Explanatory Statement in terms of Section 173(2) of the Companies Act, 1956 is appended.

**Explanatory statement pursuant to Section 173(2)**

**ITEM NO.6 :**

The Board of Directors at their Meeting held on May 13, 2011 appointed Mr M V Bhaskara Rao, IPS [Retd] as an Additional Director w.e.f. 13.05.2011. In terms of Section 260 of the Companies Act, 1956, Mr M V Bhaskara Rao holds office upto the date of this Annual General Meeting and the Company has received a notice under the provisions of Section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr M V Bhaskara Rao for the office of Director, liable to retire by rotation.

Mr M V Bhaskara Rao holds no shares in the Company.

A Brief resume in relation to his experience, functional expertise and memberships on other Board and Committees, as required under Clause 49 of the Listing Agreement, is set out in the Annexure.

The resolution is recommended for the approval of the Members.

Except Mr M V Bhaskara Rao, no other Director is interested or concerned in the proposed resolution.

**ITEM NO.7:**

The Equity shares of the Company are listed and are actively traded at National Stock Exchange and Bombay Stock Exchange. The equity shares of the Company are being quoted at the above stock exchanges at around ₹150/- per share. Promoters hold 70.48% and rest by the public at large. Such high price keeps the small investors away from trading in Company's shares. In order to improve the liquidity of the Company's shares in the stock market and to make it affordable to the small investors, it is proposed to sub-divide the nominal value of the equity shares from the present ₹10/- to ₹ 2/- per share.

The sub-divided shares shall be distributed to the members of your Company, whose name appear in its Register of Members on the Record Date determined by the Board of Directors of your Company.

The resolution is recommended for the approval of the Members.

None of the Director except Mr Prashant Boorugu, Mrs Sarita Boorugu is interested or concerned in the proposed resolution .

**ITEM NO. 8 & 9 :**

As a resultant development of the proposed sub-division of equity shares, it is proposed to alter its Authorised Share capital from the existing ₹47,00,00,000 [Rupees Forty-seven Crore] divided into 3,82,00,000 equity shares of ₹10/- each and ₹8,80,00,000 divided into 80,00,000 8% Preference Shares of ₹11/- each to ₹47,00,00,000 [Rupees Forty Seven Crore] divided into 19,10,00,000 equity shares of ₹2/- each and 80,00,000 8% Preference Shares of ₹11/- each.

The resolution is recommended for the approval of the Members.

None of the Director is interested or concerned in the proposed resolution.

By Order of the Board of Directors

Bangalore  
August 12, 2011

**Chandrashekhar Hegde**  
Company Secretary

**Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting  
(Pursuant to Clause 49 of the Listing Agreement)**

Name of the Director Mr. / Mrs.	Date of Birth	Date of Appointment	Expertise in Specific functional areas	Qualification	Directorships in other Public Limited Companies	Membership of Committees in other Public Limited Companies
Rajiv Saxena	30.09.1958	17.12.2009	25 years of experience, including 5 years as practising chartered accountant and partner in a professional firm. Has in depth knowledge in alloys business, entertainment, hospitality and construction industries and in the financial services industry.	C.A.	Six Sigma Investments Limited Matrix Entertainment Limited Matrix Metal Limited XPO Gulf Limited New Tasman Resources Limited Comuniquie Limited Dato Consult Limited World Media Group Limited Oceanic Enterprises Limited Matrix Investments Limited Matrix Properties Limited Bossoe Offshore Limited	NIL
S Gajendan	07.07.1944	17.12.2009	Retired as Executive Director of IDBI. He has wide ranging experience in industrial development.	Electrical Engineer	Sun Flag Iron & Steel Industries Limited Vijay Electrical Appliance Limited Mynah Industries Limited	Chairman - Audit Committee - Mynah Industries Ltd.
M V Bhaskara Rao	13.04.1940	13.05.2011	Retired Director General and Inspector General of Police, Government of A.P. and former Principal Secretary to Home Department, A.P. Has over 35 years experience in the areas of Administration, Management, Legal etc., Awardee of Indian Police Medal for Meritorious Service in 1970.	M.A. (Economics) Diploma in Business Management IPS	Sujana Towers Limited	Member of Audit and Shareholders Grievance Committee of Sujana Towers Limited

## DIRECTORS REPORT

To Members of Cronimet Alloys India Limited  
(Formerly known as GMR Ferro Alloys & Industries Limited)

Your Directors have pleasure in presenting their Fifth Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2011.

## FINANCIAL RESULTS

(₹ In Lakhs)

Particulars	2010-11	2009-10
Sales Income	<b>17,074.93</b>	11,475.39
Total income	<b>17,112.94</b>	11,522.79
Profit before interest and depreciation	<b>2,525.82</b>	1,186.02
Interest	<b>297.25</b>	38.73
Depreciation	<b>224.80</b>	229.09
Profit before tax	<b>2,003.77</b>	917.20
Provision for –		
- Current Tax	<b>728.63</b>	251.30
- Deferred Tax	<b>(63.86)</b>	72.35
Profit after tax	<b>1,339.19</b>	593.46
Balance brought forward from previous year	<b>389.92</b>	(42.14)
Balance available for appropriations	<b>1,729.11</b>	551.32
Preference Dividend	<b>69.21</b>	138.42
Proposed Dividend on Equity	<b>61.43</b>	-
Corporate Dividend Tax - Preference	<b>11.22</b>	22.99
Corporate Dividend Tax - Equity	<b>9.96</b>	-
Balance carried forward to Balance Sheet	<b>1,577.38</b>	389.91

## DIVIDEND

The Company continued its impressive performance during the year under review, with expansion of its top line and bottom line, your Directors recommend Dividend of 8% on Preference shares.

Your Directors are also pleased to recommend a dividend of 5% on equity share of ₹10/- each on 1,22,85,295 shares for the year ended March 31, 2011. The Dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the Register of Members of the Company as on the Book Closure date.

## REVIEW OF OPERATIONS AND PERFORMANCE

In the year under review the Company has achieved a record production of 28,057 MT of Ferro Alloys products as against 20,848 MT during previous year, an increase of 34.58%. The turnover of Ferro Alloys product has increased to ₹17074.93 lakhs as compared to ₹11475.39 lakhs during previous year, registering a growth of 48.80%. The Company has registered a Profit after tax of ₹1339.19 lakhs against ₹593.46 lakhs of previous year.

## EXPANSION PROGRAM

Strategic Acquisition/Merger: In line with the Company's strategy to expand its product portfolio and to maintain its leadership position in the domestic market, your Company has over a period, successfully enhanced its activities and acquired mines in Turkey and also acquiring mines in India for getting ore for manufacturing activities.

## SHIFTING OF REGISTERED OFFICE

Effective from 07.10.2010, the Registered Office of the Company has been shifted from Ravivalasa Village – 532 212 Tekkali Mandal, Srikakulam District, Andhra Pradesh to 'Vishnu Splendor', D.No. 8-3-979/123456, Survey No.41, 42, Flat No.302, 'B' Block, Yellareddyguda, Hyderabad – 500 073.

## ISSUE OF CONVERTIBLE WARRANTS

To Pursue expansion plans beyond the domestic boundaries and in order to meet the increasing fund requirements, your Company has raised capital through private placement by issuing 54,00,000 warrants of ₹100/- each convertible into equity shares of ₹10/- each with a premium of ₹90/- each.

## DEPOSITORY SYSTEM

The Company's shares are compulsorily tradable in electronic form. As on March 31, 2011, 95.99% of the company's total paid-up shares are in dematerialised form. In view of the numerous advantages offered by the depository system, members holding shares in physical form are advised to avail of the facility of dematerialisation on either of the depositories.

## MANAGEMENT DISCUSSION AND ANALYSIS

### a. PROSPECTS

Ferro Alloy is a crucial raw material of the Steel Industry (Stainless Steel) and hence the demand and supply of Ferro Alloys is decided based on the prospects of stainless steel industry. The Indian Economy is expected to grow at an accelerated growth rate of 7-8 percent, steel production would also simultaneously witness a growth. The massive destruction by tsunami in Japan, the demand for rebuilding will result in increased demand for stainless steel which in turn will result in demand for Ferro Alloys. The constrained situation of electricity in South Africa, which is the main Ferro Alloys producing country, is expected to continue for several years and their electricity price is expected to double in the coming years. These factors would create new opportunities for Indian Ferro Alloys producers.

In India, buoyed by the favorable demand outlook, both domestic and international steel producers have announced large steel projects. Further, India's increase in export duty on chrome ore has led to focus on indigeneous ferrochrome production, which will boost the requirement in capacity enhancement in India.

### b. OPPORTUNITIES AND THREATS

Your Company has more than twenty five years track record in manufacturing and marketing of Ferro Alloys and having developed state of art process and established wide external network globally and domestic market, stands in sound position to avail the opportunities in the Industry. However, supply of quality power at competitive cost may pose some difficulties. Since the Company has concessional tariff and initiating similar tie-up for concessional price in Orissa, it is confident of mitigation this factor.

### c. EXPORT AND IMPORTS

During the year under review, your Company had exports worth ₹931.35 lakhs and imports worth ₹904.94 lakhs.

### d. INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

The Company has put in place an extremely effective internal control system along with an internal audit system that commensurate with its size and activities. The reports are scrutinized periodically by the management and are placed before the Audit Committee for its approval. The shortcomings are rectified and suggestions for improvement are implemented in letter and spirit.

### e. HUMAN RESOURCE DEVELOPMENT

Effective human resource management plays a key role in the company's performance. Our HR Department's priority is attracting and retaining dedicated and skilled human talent while offering conducive work environment and career development opportunities in the Company.

Industrial relations with the Union and the employees continue to be cordial and harmonious. As on March 31, 2011, the number of employees on the rolls of the Company stood at 238.

### f. CAUTIONARY STATEMENT

The Management discussion and analysis report contains your company's objectives, projections, estimates and expectation may have certain statements, which are forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statements. Your company's operation may inter alia be affected by the supply and demand situations, input price and the availability, changes in the government regulations, tax laws and other factors.

## DIRECTORS

In terms of Section 260 of the Companies Act, 1956, Mr M V Bhaskara Rao was appointed as Additional Director on the Board w.e.f. 13.05.2011 and holds office until the date of the ensuing Annual General Meeting. Notice has been received from a member, pursuant to Section 257 of the Companies Act, 1956, together with the prescribed deposit, proposing the appointment of Mr M V Bhaskara Rao as Director at the ensuing Annual General Meeting.

Mr Harjith D Bubber tendered his resignation w.e.f. 13.05.2011 and ceased to be Director.

In accordance with provisions of the Companies Act, 1956 and Article of Association of the Company, Mr Rajiv Saxena and Mr S Gajendran, retire by rotation and being eligible, offer themselves for re-appointment.

The Board places its record of appreciation for outgoing Director for his contribution and welcomes new director.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217[2AA] of the Companies Act, 1956 and on the basis of explanation given by the Executives of the Company and also subject to the disclosures in the Annual Accounts, your Directors confirm as under:

- i. That in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures.

- ii. That the Directors had 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.
- iii. That the Directors had 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.
- iv. That the Directors had prepared the annual accounts for the financial year ended March 31, 2011 on a going concern basis.

#### **SOCIAL RESPONSIBILITY**

Your Company actively supports the corporate social responsibility in the field of education, health, hygiene & sanitation, empowerment, safety and community development programmes in the surrounding areas. Your Company continues to make significant contribution to promote sustainable livelihoods of people living in and around its factory zones by providing educational support, technical, financial assistance, organizing medical camps, etc.,

Your Company also provides hygienic drinking water to nearby villages and facilitates medical aid in times of emergency and recognizes protection and management of environment as one of its highest priorities and every effort is made to conserve and protect environment.

Your Company continues to focus on maintenance and performance improvement of related pollution control facilities like effluent treatment plant and waste disposal facility at its manufacturing locations.

#### **POLLUTION CONTROL SYSTEM**

Your Company has installed Pollution Control equipment at an approximate cost of ₹350 lakhs. This has enhanced the pollution control measures taken by the Company in protecting environment.

#### **FIXED DEPOSITS**

During the year under review, your Company neither invited nor accepted any fixed deposits from the public.

#### **CORPORATE GOVERNANCE**

Report on Corporate Governance and Certificate of Auditors of the Company for the due compliance of code of Corporate Governance pursuant to Clause 49 of the Listing Agreement are attached and form part of this Report.

#### **CONSERVATION OF ENERGY, TECHNICAL ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.**

The information relating to Conservation of Energy, Technical Absorption, Foreign Exchange earnings and outgo pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies [Disclosure of Particulars in the Report of the Board of Directors] Rules, 1988, is forming part of this report.

#### **AUDITORS**

The Auditors, M/s. S Venkatadri & Co, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have confirmed their willingness to act as Auditors of the Company for the financial year 2011-12 and confirmed that their re-appointment, if made, would be within prescribed limits under Section 224 (1B) of the Companies Act, 1956.

#### **PARTICULARS OF EMPLOYEES**

None of the employee is covered under Section 217 [2A] of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

#### **ACKNOWLEDGEMENT**

Your Directors take this opportunity to thank the Banks, Central and State Government authorities, Regulatory Authorities, Customers, Suppliers, Shareholders and Investors at large for their continued support to the Company and look forward to having the same support in the years to come.

Your Directors would like to express their appreciation to all the employees for their outstanding contribution to the operation of the Company during the year, under review.

On behalf of the Board of Directors

Bangalore  
August 12, 2011

**Prashant Boorugu**  
Managing Director

**FORM A**  
[See Rule 2]

**Conservation of Energy**

**A Power and Fuel Consumption**

Sl. No.	Description	Current Year 2010-11	Previous Year 2009-10
1.	Electricity		
	a. Purchased – Units	<b>10,04,32,200</b>	8,15,02,200
	Total amount – ₹	<b>28,08,84,916</b>	19,57,15,270
	Rate per Unit [₹]	<b>2.80</b>	2.40
	b. Own Generation:		
	i. Through Diesel Generator – Units	<b>NIL</b>	NIL
	Units per ltr of diesel – Cost/unit		
	ii. Through steam turbine/generator - Units	<b>NIL</b>	NIL
	Units per ltr of fuel oil/gas – cost/units		
2.	Coal [Specify quality and where used]	<b>NIL</b>	NIL
	Quantity [Tonnes]		
	Total Cost		
	Average rate		
3.	Furnace Oil		
	Quantity [ltr]	2,88,000	1,68,000
	Total Amount – ₹	<b>97,38,088</b>	47,06,167
	Average Rate – ₹	<b>33.81</b>	28.02
4.	Others internal generation [please specify]		
	Quantity	NIL	NIL
	Total Cost		
	Rate / Unit		
<b>B</b>	<b>Consumption per unit of production</b>		
1.	Electricity – Units	<b>3,579.58</b>	3,909.35
2.	Furnace Oil – ltr	<b>10.96</b>	8.06
3.	Coal [specify Quantity]	<b>NIL</b>	NIL
4.	Others [specify]	<b>NIL</b>	NIL

**FORM B**  
[See Rule 2]

**A. Conservation of energy:**

(a) Energy conservation measures taken:	The Company connected 1125 KVAR Capacitor Bank to furnace 2 for improvement of power factor 0.90 - 0.96, which saves power factor charges.
(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:	NIL
(c) Impact of the measures at (a) above for reduction of energy consumption and consequent impact on the cost of production of goods:	NIL
(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto	Form A enclosed
<b>B. Technology absorption</b>	
(e) Efforts made in technology absorption	NIL
<b>C. Foreign exchange earnings and outgo</b>	
(f) Activities relating to exports: initiatives taken to increase exports, development of new export markets for products and services; and export plans;	
(g) Total Foreign Exchange used and earned	<b>2010-2011</b> <b>2009-2010</b>
Foreign exchange earnings – ₹ in lakhs	<b>688.61</b> 3,618.29
Foreign Exchange outgo – ₹ in lakhs	<b>429.60</b> NIL



## Report on Corporate Governance

### Company's Philosophy on Corporate Governance

The Company believes that sound corporate governance is critical and of paramount importance to enhance and retain investors trust. The philosophy of the Company is founded upon the basic tenets of transparency, integrity, honesty, accountability, upholding its values and beliefs which will reverberate in every actions in line with the spirit of the principles of governance. We recognize that governance is a conscious and continuous process across the organization, which enables the Company to adopt best practices to retain and enhance the trust of all our stakeholders.

### Board of Directors

The Board comprises Directors including a Non-executive Chairman, Managing Director and Non Executive Directors who are independent as defined by Clause 49 of the Listing Agreement. All important strategic policy matters are deliberated at the Board Meetings where the role of Independent Directors are crucial. Independent Directors are Professionals with high credentials who actively contribute in the deliberations of the Board.

Name of the Director Mr/Mrs	Category	Attendance Particulars		Membership in Boards of other Public Limited Companies		
		Board Meeting	At last AGM 29.09.2010	As Director	As Committee	
					Chairman	Member
Rajiv Saxena	NEC	-	-	12	-	-
Prashant Boorugu@	Managing Director	2	NA	3	-	-
S Gajendran	NEID	7	Yes	3	1	-
K Mallikarjuna Rao	NEID	8	Yes	-	-	-
Harjith D Bubber	NEID	3	-	-	-	-
A V L Narasimham	NEID	5	Yes	-	-	-
Sarita Boorugu	NEID	4	-	-	-	-
M V Bhaskara Rao#	NEID	-	NA	1	-	-

NEC – Non-executive Chairman

NEID – Non-executive Independent Director

@ – from 25.10.2010

\*ceased w.e.f. 13.05.2011

#apptd w.e.f. 13.05.2011

Eight Board Meetings were held viz., May 6, 29, August 10, September 29, October 25, November 12, 30, 2010 & February 14, 2011.

The Company did not have any pecuniary relationship or transaction with any non-executive director during the year 2010-11.

The brief particulars of the Directors of the Company, retiring by rotation and proposed to be appointed at the ensuing Annual General Meeting is given in the Annexure to the Notice.

### Audit Committee

#### Composition of the Audit Committee

The Audit Committee comprises 3 members viz., Mr S Gajendran, Chairman, Mr K Mallikarjuna Rao and Mr M V Bhaskara Rao (from 04.06.2011) as members. All are independent directors and have finance background.

The Auditors, Internal Auditors and other senior management personnel are permanent invitees.

#### Meeting and attendance during the year

Four Meetings were held during the year 2010-11 viz., on May 29, August 10, November 12, 2010 and February 14, 2011. The attendance of the Committee members is as follows:

Sl.No.	Name of the Member	No. of Meeting	
		Held	Attended
1.	Mr S Gajendran	4	4
2.	Mr K Mallikarjuna Rao	4	4
3.	Mr Harjith D Bubber*	4	2
4.	Mr M V Bhaskara Rao **	-	-

\* Ceased w.e.f. 13.05.2011      \*\* Appointed w.e.f. 04.06.2011

The terms of reference is as prescribed under provisions of the Companies Act, 1956.

## Remuneration Committee

The Remuneration Committee meets to consider whenever matters pertaining to the remuneration payable including any revision to Managing Director / Executive Directors / Non Executive Directors.

### A. Composition of the Remuneration Committee

The Remuneration Committee comprises three members ie. Mr S Gajendran as Chairman, Mr K Mallikarjuna Rao and Mr A V L Narasimham as Members.

The Remuneration Committee had met once during the year 2010-11 ie. on 25.10.2010.

### B. Terms of Reference

The Remuneration Committee, inter alia, shall:

- Determine and recommend to the Board, the remuneration payable including any revision in remuneration payable to Managing Director / Executive Directors/ Non-Executive Directors.
- Take into consideration and ensure compliance of provisions under Schedule XIII of the Companies Act, 1956, while determining the remuneration.
- To consider such other matters as the Board may advise.

Details of remuneration paid during the financial year 2010-11 is NIL as Mr. Prashant Boorugu has agreed to discharge duties without remuneration.

### C. Remuneration to Non-Executive Directors

The Non-Executive Directors are paid sitting fee for attending each meeting of the Board and / or Committee thereof. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meeting. The details of sitting fee paid to the Non-Executive Directors for the financial year 2010-11 are as under:

Name of the Director	Sitting Fees ₹
Mr S Gajendran	60,000
Mr Harjith D Bubber	20,000
Mr K. Mallikarjuna Rao	60,000
Mr AVL Narasimham	40,000
Mrs Sarita Boorugu	30,000
<b>Total</b>	<b>2,10,000</b>

## Shareholders/Investors Grievance Committee

### Composition of the Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee consists of Mr S Gajendran as Chairman, Mr K Mallikarjuna Rao and Mr A V L Narasimham as members.

The functions of the Committee include (i) dealing with the investors complaints viz., delay in transfer of shares, non-receipt of Annual Report, dividends / share certificates, dematerialization of shares, replacement of lost/ stolen/ mutilated share certificates, etc, (ii) investigate into investors complaints and take necessary steps for redressal thereof

### Meetings of the Shareholders'/Investors' Grievance Committee

During the financial year 2010-11, the Committee met three times viz., May 29, August 10, 2010 and February 14, 2011. The attendance of the Committee members is as follows:

Sl.No.	Name of the Member	No. of Meeting	
		Held	Attended
1.	Mr Rajiv Saxena*	3	-
2.	Mr Harjith D Bubber*	3	2
3.	Mr AVL Narasimham	3	2
4.	Mr S Gajendran@	1	1
5.	Mr K Mallikarjuna Rao@	1	1

\*upto 12.11.2010 @from 12.11.2010

**The following details of complaints received and resolved during the financial year 2010-11**

Sl. No.	Particulars	No. of complaints		
		Received	Resolved	Pending
1	Complaint relating to transfer of shares	-	-	-
2	Non receipt of dividend warrants	9	9	-
3	Non-receipt of securities	55	55	-
4	Non-receipt of Annual Report	1	1	-
5	Non-receipt of duplicate/transmission/deletion of SCs	1	1	-
6	Non receipt of securities after transfer	3	3	-
7	Non-receipt of stickers	3	3	-
	<b>T O T A L</b>	<b>72</b>	<b>72</b>	<b>-</b>

**5. General Body Meetings**

**(a) Annual General Meetings**

Details of last three Annual General Meetings held are furnished as under:

Year	Date & Time	Venue	Special Resolutions passed
2007-08	25.09.2008 11.30 AM	KLN Prasad Auditorium Federation House HYDERABAD – 500 004	NIL
2008-09	29.09.2009 10.30 AM	KLN Prasad Auditorium Federation House HYDERABAD – 500 004	NIL
2009-10	29.09.2010 11.00 AM	Ravivalasa (Vill)-532 217 Tekkali Mandal Srikakulam Dist. A.P.	YES

**Postal Ballot**

During the Financial Year 2010-11, three resolutions were passed by postal ballot for Shifting of Registered Office from Ravivalasa Village to Hyderabad [within the State of Andhra Pradesh], borrowing powers and mortgage of properties.

**Extra-ordinary General Meeting**

During the year 2010-11, an extra-ordinary General Meeting of the Company was held on 25.11.2010 at Hotel Renaissance, Hosur for obtaining shareholders approval for issue of 54,00,000 convertible warrants of ₹100/- each convertible into equity shares of ₹10/- each with a premium of ₹90/- each.

**6. Disclosures**

**(i) Disclosure on materially significant related party transactions that may have potential conflict with the interests of Company at large:**

There were no such transactions which may have potential conflicts with the interests of the Company at large.

**(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years, Hence no penalties or strictures have been imposed by the stock exchanges or SEBI or any statutory authority.

**(iii) Whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee.**

With a view to maintain high level of legal, ethical and moral standards and to provide a platform for the employees to voice their concern on any malpractices, impropriety, abuse or wrongdoing, the Company has formulated a whistle blower policy. The employees can raise his/her concern to the designated person and necessary action will be taken. This mechanism has been communicated to the employees. During the year under review the Company has not received any complaint or concern.

**(iv) Details of compliance with mandatory requirements and adoption of the non mandatory requirements of this clause.**

The Company has complied with all the mandatory requirements on Corporate Governance as specified in Clause 49 of the Listing Agreement with the Stock Exchanges.

So far the adoption of non-mandatory requirements are concerned, the Company has constituted a Remuneration Committee of the Board of Directors and the whistle blower policy.

**(v) Code of Conduct**

Company has adopted the code of conduct for all Board Members and Senior Management, as required under Clause 49 of the Listing Agreement. The code is posted on the company's website [www.cronimetalloys.com](http://www.cronimetalloys.com). The Board members and Senior Management personnel have affirmed compliance with the Code on an annual basis. A declaration to this effect signed by the Director forms part of this report.

**(vi) Corporate Identity Number (CIN)**

The Corporate Identity Number of the Company allotted by the Ministry of Corporate Affairs, Government of India is: L27101AP2006PLC049591

**(vii) Compliance certificate of the auditors**

Certificate from the Auditors of the Company M/s. S. Venkatadri & Co., Chartered Accountants confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this Report.

**(viii) Entrepreneur Risk Management**

The Company has risk management systems commensurate with the size of the Company.

**(ix) Secretarial Audit**

A qualified Practicing Company Secretary carried out secretarial 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 secretarial audit report confirms that the total issued/paid up is in agreement with the total number of shares in physical form and the total number of dematerialized shares. This audit is carried out every quarter and report thereon is submitted to the Stock Exchanges and is placed before the Shareholders/Investors Grievance Committee as well Board of Directors.

**7. Means of Communication**

The Notice, Annual Report and other communications have been sent to shareholders by post. The quarterly/ annual financial results of the Company as per Clause 41 of the Listing Agreement with Stock Exchanges are published in "Economic Times / MINT" and 'Andhra Prabha', 'Andhra Jyoti' (regional daily). The quarterly /annual financial results, shareholding pattern and other updates of the Company have been posted on the Company's website: [www.cronimetalloys.com](http://www.cronimetalloys.com) as also Corpfiling. The Company also submits, inter-alia, to the Stock Exchanges, the Annual Report; quarterly/ half yearly/ yearly unaudited/ audited financial results; shareholding pattern; secretarial audit report; disclosure as per SEBI (SAST) Regulations and SEBI (Prohibition of Insider Trading) Regulations; Limited Review Reports of Auditors; details of appointment/ resignation of Directors and Company Secretary and such other reports as may be specified.

**8. General Shareholder information**

**Annual General Meeting**

Date	::	September 29, 2011
Time	:	11.00 AM
Venue	::	HOCKS GATE INN PEARLS, # 1-58/A/8, Madinaguda, Miyapur, Hyderabad - 500 050.

**Financial Calendar** :: Financial Year : April 1 to March 31

	<b>Financial Calendar</b>	<b>Declaration of Unaudited Financial Results</b>
Quarter 1	April to June 30, 2011	August 12, 2011
Quarter 2	July to September 30, 2011	on or before 15th November, 2011
Quarter 3	October to December 31, 2011	on or before 15th February, 2012
Quarter 4	January to March 31, 2012	on or before 15th May, 2012

**Annual General Meeting for 2011-12** :: Before September 30, 2012

**Date of Book Closure** :: September 24 to 29, 2011 [both days inclusive]

**Dividend payment date** :: Dividend @ 5% on equity share and 8% on Preference Shares.

**Listing on Stock Exchanges ::**

The Bombay Stock Exchange Limited  
 Phiroze Jeejeebhoy Towers  
 Dalal Street, MUMBAI – 400 001  
 Tel Nos. : 022 – 2272 1233 / 34  
 Fax No. : 022 – 2272 3121

National Stock Exchange of India Limited  
 Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1  
 G Block, Bandra-Kurla Complex  
 Bandra [E], MUMBAI – 400 051  
 Tel Nos. : 022 – 26598100 - 14  
 Fax No. : 022 – 26598237/38

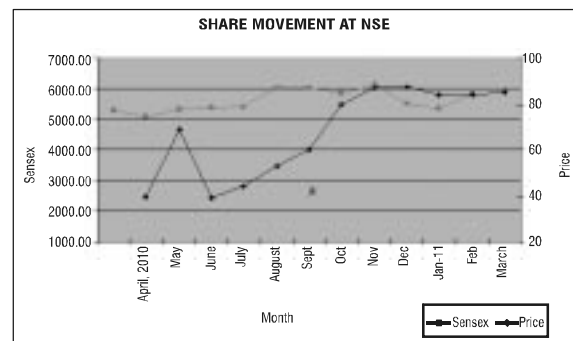
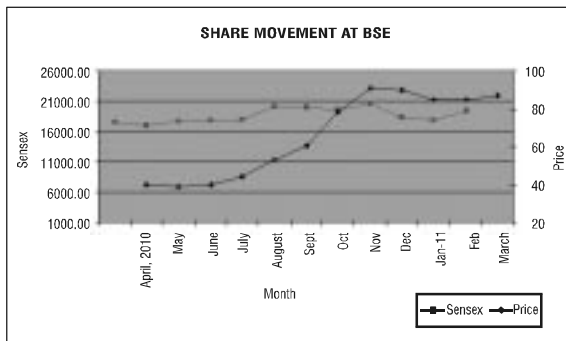
**Stock Code : 532990**

**CRONIMET**

**9. Stock Market Data**

The monthly high & low quotations and the volume of shares traded on NSE & BSE for the period April 2010 to March 2011 are as follows:

Month	Mumabi Stock Exchange			National Stock Exchange of India Limited			
	High Price	Low Price	SENSEX	Month	High Price	Low Price	NIFTY
Apr 10	53.80	40.00	17558	Apr 10	56.00	39.25	5278
May	47.00	39.00	16944	May	46.00	68.65	5086
Jun	54.40	40.00	17700	Jun	54.45	39.00	5312
Jul	59.45	44.40	17868	Jul	59.50	44.10	5367
Aug	66.05	53.00	17971	Aug	65.00	52.60	5402
Sep	91.40	60.30	20069	Sep	91.50	60.00	6029
Oct	109.00	78.30	20032	Oct	108.00	80.00	6017
Nov	118.80	91.00	19521	Nov	119.20	87.00	5862
Dec	108.95	90.00	20509	Dec	108.50	87.50	6134
Jan 11	106.25	84.60	18327	Jan 11	107.00	84.15	5505
Feb	97.75	85.00	17823	Feb	100.00	84.05	5333
Mar	116.50	87.00	19445	Mar	118.00	85.00	5833



**VIII. Registrar & Share Transfer Agents**

Karvy Computershare Pvt. Ltd.  
 Unit: Cronimet Alloys India Limited  
 Plot No. 17 to 24, Vittal Rao Nagar  
 Madhapur, Hyderabad – 500 081  
 Phone : (040) 23420819 to 24  
 Fax : (040) 23420814  
 E-mail ID : einward.ris@karvy.com

## IX. Share Transfer System

95.99% of the shares of the Company are in electronic form. Regarding transfer of shares held in physical form, the transfer documents can be lodged with Karvy Computershare Pvt. Ltd. or at the Registered Office of the Company and the same are processed within a period of 30 days from the date of receipt subject to the documents being valid and complete in all respects. The Board of Directors of the Company has delegated the powers of approving transfers, transmission, issue of duplicate share certificates etc., to the Share Allotment and Transfer Committee. The minutes of the Committee meetings are placed before the Board. The Company obtains half yearly certificate from a Company Secretary in practice on compliance regarding share transfer formalities and submits a copy thereof to the Stock Exchanges in terms of Clause 47(c) of the Listing Agreement.

## X. Distribution of shareholding of equity shares as on March 31, 2011

Sl. No.	Category [Shares]	Holders	Shares	% to total shares
1	1 – 5000	17029	1101721	8.97
2	5001 – 10000	212	163044	1.33
3	10001 – 20000	102	160469	1.30
4	20001 – 30000	42	104091	0.85
5	30001 – 40000	22	79307	0.65
6	40001 – 50000	14	64127	0.52
7	50001 – 100000	34	249432	2.03
8	100001 and above	27	10363104	84.35
	<b>TOTAL</b>	<b>17482</b>	<b>12285295</b>	<b>100</b>

## XI Shareholding pattern of Equity Shares as at March 31, 2011

Sl. No.	Category	No.	No of Shares	% to total equity shares
1	Promoters			
	i. Bodies Corporate	2	8658855	70.48
	ii. Individuals / HUF			
2	Financial Institutions / Banks	3	237617	1.93
3	Clearing Members	42	13072	0.11
4	HUF	166	47865	0.39
5	Bodies Corporate	306	679062	5.53
6	Non Resident Indians	144	66974	0.55
7	Overseas Bodies Corporate	1	152	0.00
8	Individuals	16812	2144295	17.45
9	FIs	3	436871	3.56
10	Mutual Funds	3	532	0.00
	<b>TOTAL</b>	<b>17482</b>	<b>12285295</b>	<b>100.00</b>

## XII. Dematerialisation of shares and liquidity

The shares of the Company are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India viz., National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The company's shares are regularly traded on the National Stock Exchange of India Ltd. and the Bombay Stock Exchange Ltd.,

## XIII. Mode of Equity Shares held

The Company has registered with NSDL and CDSL and the ISIN to the equity shares of the Company is: INE592101011.

The mode of holding of the Company's equity shares as on March 31, 2011 is as under:

Description	No. of Shareholders	No. of shares	% to equity shares
PHYSICAL	7589	492765	4.01
NSDL	7325	10611561	86.38
CDSL	2568	1180969	9.61
<b>TOTAL</b>	<b>17482</b>	<b>12285295</b>	<b>100.00</b>

## XIV. The Company has not issued any GDRs or ADRs

## XV. Presentation of Insider Trading

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations 1992, the Company has instituted a Comprehensive Code of Conduct for prohibition of Insider Trading in the Company's shares.

## **XVI. Factory**

Ravivalasa Village – 532 212, Tekkali Mandal, Srikakulam District, Andhra Pradesh.

## **XVII. Address for Correspondence**

Registrar & Share Transfer Agents:  
Karvy Computershare Pvt. Ltd.  
(Unit: Cronimet Alloys India Limited)  
Plot Nos. 17 to 24, Vittal Rao Nagar, Madhapur

HYDERABD – 500 081  
Phone: (040) 23420815 to 824  
Fax: (040) 23420814  
E-mail: [svraju@karvy.com](mailto:svraju@karvy.com)

## **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT BY THE CEO UNDER CLAUSE 49(1)(D)(II) OF THE LISTING AGREEMENT TO THE MEMBERS OF CRONIMET ALLOYS AND INDIA LIMITED**

I, Prashant Boorugu, Managing Director of Cronimet Alloys India Limited to the best of my knowledge and belief, declare that all the members of the Board and Senior Management personnel have affirmed compliances to the Code of Conduct of the Company in respect of the Financial Year ended March 31, 2011.

Place :: Bangalore  
Date :: August 12, 2011

**Prashant Boorugu**  
Managing Director

## **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

### **To the Members of Cronimet Alloys India Limited**

We have examined the compliance of conditions of Corporate Governance by Cronimet Allys India Limited, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and 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 Venkatadri & Co**  
Chartered Accountants

Place : Hyderabad  
Dated : August 12, 2011

**K Srinivasa Rao**  
Partner  
Membership No. 201470

## AUDITOR'S REPORT

### To the Members of Cronimet Alloys India Limited

1. We have audited the attached Balance Sheet of **Cronimet Alloys India Limited** as at March, 31, 2011, the Profit and Loss Account and also 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 management. 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, 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 in paragraph 3 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.
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section [3C] of Section 211 of the Companies Act, 1956.
  - v. On the basis of written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March, 31, 2011 from being appointed as Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011
    - b. In the case of Profit and Loss Account, of the profit for the year ended on that date; and
    - c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For S Venkatadri & Co**  
Chartered Accountants

**K Srinivasa Rao**  
Partner

Membership No. 201470

Place : Hyderabad

Dated : August 12, 2011

### ANNEXURE TO AUDITOR'S REPORT

[Referred to in Paragraph 3 of our Report of even date]

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.  
(c) During the year, the Company has not disposed off any substantial part of its fixed assets, affecting the going concern status of the Company.
- (ii) (a) The inventory has been physically verified during the year by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable and adequate.  
(b) The procedure of physical verification of inventories 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. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of Clause 4(ii)(b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.  
b) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of Clause 4 (iii) (f), (g) and (h) of the Companies (Auditor's Report) Order, 2003 (as amended) 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, fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (vi) The Company has not accepted any deposits from the public governed by Sections 58 A and 58 AA of the Companies Act, 1956 for the year under reference. As per the information and explanations given to us no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records u/s 209 (1) (d) of the Companies Act, 1956 for this Company.
- (ix) a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including Income Tax, Provident Fund, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Service Tax and other material statutory dues as applicable, with the appropriate authorities. Investor Education and Protection Fund and Employees State Insurance Scheme are not applicable to the Company for the current year.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31.03.2011 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, the disputed statutory dues aggregating to Rs.9.76 lakhs, that have not been deposited on account of matters pending before appropriate authorities are as under.

Sl. No.	Nature of the Dues	Forum where Dispute is pending	Amount ₹ in lakhs]
1.	Sales Tax	S.T.A.T High Court	3.51 6.25
	<b>TOTAL</b>		<b>9.76</b>

- x) the Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit but has incurred cash losses in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 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 Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) The Company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi) During the year, Company has not raised any term loans.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix) According to the information and explanations given to us during the period covered by our audit report, the Company has not issued any debentures.
- xx) The Company has not raised any money by way of public issue during the year.
- xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For S Venkatadri & Co**  
Chartered Accountants

**K Srinivasa Rao**  
Partner  
Membership No. 201470

Place : Hyderabad  
Dated : August 12, 2011

**BALANCE SHEET AS AT MARCH 31, 2011**

(in ₹)

	Schedule	As At 31st March 2011	As At 31st March 2010
<b>I. Sources of Funds :</b>			
<b>1. Shareholders Funds</b>			
a) Share Capital	1	209,364,650	209,364,650
b) Reserves and Surplus	2	316,966,515	198,230,437
c) Convertible Warrants		135,000,000	-
		<b>661,331,165</b>	407,595,087
<b>2. Loan Funds:</b>			
a) Secured Loans	3	365,151,657	-
		<b>365,151,657</b>	-
<b>3. Deferred Tax Liability</b>			
		<b>38,038,640</b>	44,424,812
	<b>Total</b>	<b>1,064,521,462</b>	<b>452,019,899</b>
<b>II. Application of Funds:</b>			
<b>1. Fixed Assets:</b>			
a) Gross Block	4	513,217,137	494,988,280
b) Less: Depreciation		290,113,894	267,634,236
c) Net Block		223,103,243	227,354,044
d) Capital Work in Progress		126,252,784	-
		<b>349,356,027</b>	227,354,044
<b>2. Investments</b>			
	5	<b>1,708,586</b>	175,000
<b>3. Current Assets, Loans and Advances:</b>			
a) Inventories	6	368,983,023	171,468,480
b) Sundry Debtors	7	260,222,260	53,214,170
c) Cash and Bank Balances	8	12,801,420	44,326,069
d) Loans and Advances	9	319,950,596	131,519,915
		<b>961,957,298</b>	400,528,634
<b>Less : Current Liabilities and Provisions</b>			
a) Current Liabilities	10	166,739,942	134,758,143
b) Provisions		81,760,506	41,279,636
		<b>248,500,449</b>	176,037,779
<b>Net Current Assets</b>			
		<b>713,456,849</b>	224,490,855
	<b>Total</b>	<b>1,064,521,462</b>	<b>452,019,899</b>
<b>Notes to the Accounts</b>	15		

The Schedules referred to above form an integral part of the Balance Sheet

As per our report attached  
**For S. Venkatadri & Co.**  
 Chartered Accountants  
 Firm Regn. No. 004614S

For and on behalf of the Board

**K. Srinivasa Rao**  
 Partner  
 Membership No. 201470

**Prashant Boorugu**  
 Managing Director

**S. Gajendran**  
 Director

Place : Bangalore  
 Date : 12th August, 2011

**Chandrashekhhar Hegde**  
 Company Secretary

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

(in ₹)

	Schedule	As At 31st March 2011		As At 31st March 2010
<b>I. Income</b>				
Sales (Gross)		1,823,698,935		1,208,251,960
Less: Duties & Taxes		116,206,231		60,712,644
Sales (Net)		1,707,492,704		1,147,539,316
Other Income	11	3,801,060		4,740,100
<b>Total</b>		<b>1,711,293,764</b>		<b>1,152,279,416</b>
<b>II. Expenditure</b>				
Materials Consumption	12	1,026,675,829		665,458,318
Manufacturing, Selling Admn. Expenses	13	432,035,429		368,219,636
Interest and Finance Charges	14	29,725,652		3,973,089
Depreciation	4	22,479,660		22,908,617
<b>Total</b>		<b>1,510,916,570</b>		<b>1,060,559,661</b>
<b>III. Profit Before Tax</b>		<b>200,377,194</b>		<b>91,719,755</b>
Provision for - Income Tax		72,844,464	25,138,802	
- Deferred Tax		(6,386,172)	7,234,846	
		<b>66,458,292</b>		<b>32,373,648</b>
<b>VI. Profit After Taxation</b>		<b>133,918,902</b>		<b>59,346,107</b>
Balance brought forward		38,991,716		(4,213,558)
<b>V. Available for Appropriation</b>		<b>172,910,618</b>		<b>55,132,549</b>
Preference Dividend		6,920,936	13,841,872	
Coprorate Dividend Tax -Preference		1,122,749	2,298,962	
Equity Dividend		6,142,648	-	
Coprorate Dividend Tax-Equity		996,491	-	
		<b>15,182,824</b>		<b>16,140,834</b>
<b>VI. Available surplus carried to Balance Sheet</b>		<b>157,727,794</b>		<b>38,991,716</b>

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report attached  
**For S. Venkatadri & Co.**  
 Chartered Accountants  
 Firm Regn. No. 004614S

For and on behalf of the Board

**K. Srinivasa Rao**  
 Partner  
 Membership No. 201470

**Prashant Boorugu**  
 Managing Director

**S. Gajendran**  
 Director

Place : Bangalore  
 Date : 12th August, 2011

**Chandrashekhar Hegde**  
 Company Secretary

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

(in ₹)

	As At 31st March 2011	As At 31st March 2010
<b>SCHEDULE 1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
3,82,00,000 Equity Shares of ₹10/- each.	382,000,000	132,000,000
(Previous year 132,00,000 Equity shares of ₹10/- each)		
80,00,000 8% Preference Shares of ₹11/- each.	88,000,000	88,000,000
<b>TOTAL</b>	<b>470,000,000</b>	<b>220,000,000</b>
<b>Issued, Subscribed and Paid up</b>		
1,22,85,295 Equity Shares of ₹10/- each	122,852,950	122,852,950
78,64,700 8% Preference Shares of ₹11/- each	86,511,700	86,511,700
<b>TOTAL</b>	<b>209,364,650</b>	<b>209,364,650</b>
<b>SCHEDULE 2</b>		
<b>Reserves and Surplus</b>		
Capital Reserve	159,238,721	159,238,721
Profit and Loss Account	157,727,794	38,991,716
<b>TOTAL</b>	<b>316,966,515</b>	<b>198,230,437</b>
<b>SCHEDULE 3</b>		
<b>Secured Loans</b>		
Cash Credit from State Bank of Travancore	290,151,657	-
Corporate Loan from State Bank of Travancore	75,000,000	-
<b>TOTAL</b>	<b>365,151,657</b>	-

**SCHEDULE 4**

**Fixed Assets**

(in ₹)

S. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 01.04.10	Additions during the Year	Deletions during the Year	Total as at 31.03.11	Upto 31.03.10	For the Period	Deletions for the Period	Upto 31.03.11	As at 31.03.11	As at 31.03.10
1	LAND	5,343,212	2,101,430	-	7,444,642	-	-	-	-	7,444,642	25,188,212
2	BUILDINGS	100,374,277	-	-	100,374,277	42,837,466	3,273,657	-	46,111,123	54,263,154	57,536,811
3	PLANT AND MACHINERY	352,780,410	35,571,197	-	388,351,607	212,702,887	18,321,053	-	231,023,938	157,327,669	140,077,523
4	FURNITURE & FIXTURES	11,532,794	401,230	-	11,934,024	8,827,840	642,393	-	9,470,233	2,463,791	2,704,954
5	VEHICLES	5,112,587	-	-	5,112,587	3,266,043	242,558	-	3,508,601	1,603,986	1,846,544
	<b>TOTAL</b>	475,143,280	38,073,857	-	513,217,137	267,634,236	22,479,660	-	290,113,894	223,103,243	227,354,044

**SCHEDULE 5**

**Investments**

Government Securities - National Savings Certificates

SBI - Mutual fund

**TOTAL**

175,000

1,533,586

1,708,586

175,000

-

175,000

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

(in ₹)

	As At 31st March 2011	As At 31st March 2010
<b>SCHEDULE 6</b>		
<b>Inventories</b>		
(As valued and certified by the management)		
Raw Materials	188,028,142	114,552,583
Work-in-Progress	480,000	360,000
Finished Goods	174,890,755	52,483,886
Stores & Spares	5,584,125	4,072,011
<b>TOTAL</b>	<b>368,983,023</b>	<b>171,468,480</b>
<b>SCHEDULE 7</b>		
<b>Sundry Debtors</b>		
(Unsecured and Considered Good)		
Debts outstanding for a period exceeding six months	-	-
Other Debtors	260,222,260	53,214,170
<b>TOTAL</b>	<b>260,222,260</b>	<b>53,214,170</b>
<b>SCHEDULE 8</b>		
Cash and Cheques on Hand	1,570,351	1,110,575
Balance with Scheduled Banks		
Current Accounts	2,420,469	29,300,494
Fixed Deposit Accounts	8,810,600	13,915,000
<b>TOTAL</b>	<b>12,801,420</b>	<b>44,326,069</b>
<b>SCHEDULE 9</b>		
<b>Loans and Advances</b>		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	198,292,239	61,798,883
Income Tax receivable	1,145,735	13,300,969
Deposits and other advances receivable	120,512,622	56,420,064
<b>TOTAL</b>	<b>319,950,596</b>	<b>131,519,916</b>
<b>SCHEDULE 10</b>		
<b>Current Liabilities</b>		
Sundry Creditors		
Dues to Small Scale Industrial Undertakings	-	-
Dues to other than Small Scale Industrial Undertakings	79,564,979	55,712,166
Advances from Customers	-	16,054,377
Other Liabilities	87,174,963	62,991,600
	<b>166,739,942</b>	<b>134,758,143</b>
<b>Provisions</b>		
Taxation	66,577,683	25,138,802
Dividend and tax thereon	15,182,823	16,140,834
	<b>81,760,506</b>	<b>41,279,636</b>
<b>TOTAL</b>	<b>248,500,449</b>	<b>176,037,779</b>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

(in ₹)

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>SCHEDULE 11</b>		
<b>Other Income</b>		
Miscellaneous income	3,801,060	4,740,100
<b>TOTAL</b>	<b>3,801,060</b>	<b>4,740,100</b>
<b>SCHEDULE 12</b>		
<b>Materials Consumption</b>		
Materials Consumed	114,552,583	130,531,927
Opening Stock	1,222,678,258	551,470,616
Add: Purchases	1,337,230,841	682,002,543
	188,028,142	114,552,583
Less: Closing Stock	1,149,202,698	567,449,960
(Increase) / Decrease in Finished Goods		
Opening Stock	52,483,886	148,452,245
Less: Closing Stock	174,890,755	52,483,886
	(122,406,869)	95,968,359
(Increase) / Decrease in Work-in-Progress		
Opening Stock	360,000	2,400,000
Less: Closing Stock	480,000	360,000
	(120,000)	2,040,000
<b>TOTAL</b>	<b>1,026,675,829</b>	<b>665,458,318</b>
<b>SCHEDULE 13</b>		
<b>Manufacturing, Selling and Administrative Expenses</b>		
Material Handling Expenses	6,367,696	2,574,472
Power and Fuel	280,884,916	195,010,846
Stores and Spares	34,007,314	21,572,762
Repairs and Maintenance		
Plant and Machinery	2,968,443	5,920,880
Furnace-II Recommissioning	-	25,323,842
Furnace-I Recommissioning	-	15,037,127
Annual Maintenance Charges	244,205	206,342
Vehicle Maintenance	358,393	286,255
Salaries, Wages and Bonus	47,292,581	43,646,572
Contribution to Provident and Other Funds	3,689,352	2,803,167
Staff Welfare Expenses	1,937,135	1,766,444
Travelling and Conveyance	1,902,455	2,284,133
Communication Expenses	635,703	699,155
Other Administrative Expenses	5,259,711	3,203,991
Consultancy and Other Professional Charges	5,434,285	5,972,431
Printing & Stationary	466,959	174,949
License & Fee	2,019,505	297,345
Insurance	1,460,131	1,375,293
Donations	335,500	1,215,697
Distribution Expenses	36,601,146	38,697,933
Auditor's Remuneration		
Statutory Audit	150,000	150,000
Tax Audit	20,000	20,000
<b>TOTAL</b>	<b>432,035,429</b>	<b>368,219,636</b>
<b>SCHEDULE 14</b>		
<b>Interest and Finance Charges</b>		
Interest on Working Capital	26,276,964	3,465,153
Interest - Others	325,297	-
Bank Charges	3,123,391	507,936
<b>TOTAL</b>	<b>29,725,652</b>	<b>3,973,089</b>

**SCHEDULE - 15**  
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**1. Basis of Financial Statements:**

- a. The Financial Statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles In India and the Provisions of Companies Act, 1956.
- b. The Company follows Mercantile System of Accounting and recognises significant items of income and expenditure on accrual basis.

**2. Fixed Assets, Depreciation and Capital Work-In-Progress:**

- a. Fixed Assets are stated at cost Net of CENVAT wherever applicable less accumulated depreciation. All costs directly attributable to bring the assets to their working conditions for the intended use are capitalised
- b. Depreciation on the Fixed Assets of the Company is provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

**3. Investments:**

Investments are stated at cost.

**4. Inventories are Valued as follows :**

- a. Raw-materials: At cost on FIFO basis and stores on weighted average basis.
- b. **Finished goods and Work-in-process:**  
Finished Goods at lower of cost of production or realisable Value and Work in Process is valued at cost of production. The cost of production includes value of material, stores, direct and indirect expenses.

**5. Foreign Exchange Transactions:**

- a. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.
- b. Monetary Items denominated in foreign currency not covered by Forward Contracts and remaining unsettled at the end of the year are translated at year end rates.
- c. Monetary Items denominated in foreign currency covered by forward cover are recorded at the contract rate.

**6. Employee Benefits :**

**a) Defined Contribution Plans**

Contributions paid/payable to defined contribution plan comprises of provident fund and is charged on accrual basis to the Profit and Loss Account each year.

**b) Defined Benefit Plans**

Gratuity for employees is covered under a scheme of Life Insurance Corporation of India and contributions in respect of such scheme are recognised in the Profit and Loss Account. The liability as at the Balance Sheet date is provided on the actuarial valuation in accordance with the requirements of revised Accounting Standard (revised 2005) on " Employees Benefits" notified under Section 211 (3C) of the Act ('revised AS 15') as at the end of the year.

**c) Other Long term employee benefits**

Other Long term employee benefits viz., leave encashment which is provided on the actuarial valuation carried out in accordance with revised AS15 at the end of the year.

**7. Contingent Liabilities:**

Mentioned separately by way of notes to accounts.

**8. Sales:**

Sales includes Excise Duty and Sales Tax.

**9. Provision for Current and Deferred Tax :**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted by using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

**10. Earnings Per Share**

The earnings considered in ascertaining the company's Earning Per Share (EPS) comprise of the net profit after tax less dividend (including dividend distribution tax) on preference shares. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year.

**SCHEDULE -15 (CONTD.)**

**11. Additional Information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI to the Act**

	For the Year Ended 31.03.2011		For the Year Ended 31.03.2010	
	Qty.(MT)	₹ in Lakhs	Qty.(MT)	₹ in Lakhs
<b>1 Licenced and Installed Capacity :</b>				
Ferro Alloy Products (MT Per Year)	<b>25,000</b>		25,000	
<b>2 Production :</b>				
i) High Carbon Ferro Chrome	<b>26,271.60</b>		19,519.96	
ii) Silico Manganese	-		50.00	
iii) Ferro Silicon	<b>1,785.60</b>		1,277.95	
	<b>28,057.20</b>		<b>20,847.91</b>	
<b>3 Sales :</b>				
i) High Carbon Ferro Chrome	<b>24,712.15</b>	<b>16,295.45</b>	21,563.25	11,130.04
ii) Silico Manganese	-	-	1,260.80	418.17
iii) Ferro Silicon	<b>2,002.14</b>	<b>1,371.34</b>	927.49	495.98
iv) DEPB benefit	-	<b>82.39</b>	-	38.33
v) Trading sales -FG	<b>1130.50</b>	<b>137.72</b>	-	-
Trading sales -RM	<b>557.77</b>	<b>349.83</b>	-	-
vi) others	-	<b>0.25</b>	-	-
	<b>26,714.29</b>	<b>18,236.99</b>	23,751.54	12,082.52
<b>4 Opening and Closing Stock</b>				
<b>a) Opening Stock</b>				
i) High Carbon Ferro Chrome	<b>1,295.70</b>	<b>451.14</b>	3,338.99	1,116.96
ii) Silico Manganese	<b>14.41</b>	<b>3.60</b>	1,225.21	367.55
iii) Ferro silicon	<b>350.46</b>	<b>70.09</b>		
iii) Work in Process- Ferro Chrome	<b>12.00</b>	<b>3.60</b>	80.00	24.00
	<b>1,672.58</b>	<b>528.44</b>	<b>4,644.20</b>	<b>1,508.51</b>
<b>b) Closing Stock</b>				
i) High Carbon Ferro Chrome	<b>2,855.15</b>	<b>1,658.26</b>	1,295.70	451.14
ii) Silico Manganese	<b>14.41</b>	<b>3.60</b>	14.41	3.60
iii) Ferro Silicon	<b>133.92</b>	<b>87.05</b>	350.46	70.09
iii) Work in Process- Ferro Chrome	<b>15.00</b>	<b>4.80</b>	12.00	3.60
	<b>3,018.48</b>	<b>1,753.71</b>	<b>1,672.58</b>	<b>528.44</b>
<b>5 VALUE OF MATERIALS CONSUMED</b>				
<b>Raw Material consumption</b>				
i) Chrome Ore Fines & Lumps	<b>58,930.98</b>	<b>8,296.03</b>	47,672.50	3,924.95
ii) Coke & Coal	<b>23,546.11</b>	<b>2,464.11</b>	13,269.81	1,160.46
iii) Others (in different units of measurement)		<b>731.89</b>		589.09
		<b>11,492.03</b>		<b>5,674.50</b>



**SCHEDULE -15 (CONTD)**

	For the year ended 31.03.2011		For the year ended 31.03.2010	
	%	₹ in Lakhs	%	₹ in Lakhs
<b>6 Percentage of Raw Material Consumed</b>				
i) Indigenous	92.13	10,587.09	100.00	5,674.50
ii) Imported	7.87	904.94	0.00	-
	<b>100.00</b>	<b>11,492.03</b>	<b>100.00</b>	<b>5,674.50</b>
<b>7 Stores &amp; Spares Consumed</b>				
i) Indigenous	100.00	340.07	100.00	215.73
	<b>100.00</b>	<b>340.07</b>	<b>100.00</b>	<b>215.73</b>
<b>8 Auditors' Remuneration</b>				
i) Statutory Audit		1.50		1.50
ii) Tax Audit		0.20		0.20
		<b>1.70</b>		<b>1.70</b>
<b>9 Managerial Remuneration to Executive Director</b>				
i) Salary		-		30.41
ii) Contribution to Provident Fund		-		1.02
	-	<b>0.00</b>		<b>31.43</b>
<b>10 Foreign Exchange Earnings / Out Go</b>				
a) FOB Value of Exports		931.35		3,618.29
b) CIF Value of Imports(material) :		904.94		-
<b>11 Contingent Liabilities not provided for an account of</b>				
a) Bank Guarantees		13.60		35.55
b) Claims made by Govt Departments against the Company not acknowledged as debts.		124.69		63.10
<b>12</b> Interest is shown net of interest received.				
<b>13</b> The Details of Related Party transactions in terms of Accounting Standard ( AS 18 ) are as follows				
Related Party Disclosure				

	Name of the Person	Nature of Transaction	Amt. ₹ in Lakhs
a) Key Management Personal	Mr Prasanth Boorugu	Managerial Remuneration	Nil
b) Relatives of Individuals having significant influence	- Nil -		

**14** Total Assets of the Company as on 31.03.2011 amounting to ₹5,132.17 lakhs are situated within india only

**15 Segment Report**

The Company operates in only one segment of manufacturing / trading of metal alloys.

## 16. Employees Benefits

The Following table sets forth the status of gratuity plan of the Company and the amount recognized in the Balance Sheet and Profit and Loss Account

	(₹ In Lakhs)	
Change in Projected benefit obligation	2010-11	2009-10
Obligations at period beginning (01-04-2010)	81.07	75.33
Service Cost	18.20	7.61
Interest cost	6.37	5.88
Benefits settled	(2.86)	(3.61)
Actuarial (gain)/loss	(4.61)	(4.14)
Obligations at period end	98.16	81.07
<b>Change in plan assets</b>		
Plans assets as on 01-04-2010, at fair value	66.94	55.50
Expected return on plan assets (estimated)	5.62	4.68
Actuarial gain/(loss)	0.98	0.87
Contributions (less risk prem. etc.)	9.53	9.51
Benefits settled	(2.86)	(3.61)
Plans assets as on 31-03-2011, at fair value	80.22	66.94
<b>Funded status of the plan</b>	17.94	(14.13)
<b>Gratuity cost</b>		
Service cost	18.20	7.61
Interest cost	6.37	5.88
Expected return on plan assets	(5.62)	(4.68)
Actuarial (gain)/loss	(5.60)	(5.00)
Net gratuity cost	13.34	3.81
<b>Assumptions</b>		
Discount rate	8.00%	8.00%
Expected return on assets	8.00%	8.00%
Rate of compensation increase	6.00%	6.00%
Attrition Rate	5.00%	5.00%
Retirement expectancy	60	58
<b>17 Earnings Per Equity Share</b>		
a) Net Profit after Tax	1,339.19	593.46
b) Preference Dividend Accrued for the year (including Income Tax on Pref. Dividend)	80.44	161.41
c) Net Profit After Tax available for Equity Shareholders (a-b)	1,258.75	432.05
d) Weighted average No. of Equity Shares of ₹10 each outstanding during the year (No. of Equity shares)	12,285,295	12,285,295
e) Basic/Diluted Earnings per Equity Share	10.25	3.52
18 As on 31.03.2011, the timing difference has resulted in deferred tax liability/assets amounting to ₹380.38 lakhs. The break up of deferred tax assets/liabilities is as follows;		
Deferred Tax Liability on account of timing difference in Depreciation	: ₹ 4,44,24,812	
Deferred Tax Asset on account of Section 43B of IT Act	: ₹ (63,86,172 )	
19 Balance with Central Excise Department includes unavailed Modvat credit of ₹ 63.93 lakhs of which there is no dispute.		
20 Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Amount overdue on account of principal amount together with interest as on March 31, 2011 to Micro, Small and Medium Enterprises is ₹Nil (previous year ₹Nil.)		

- 21 Additional information pursuant to provisions of Part IV of Schedule VI of the Companies Act, 1956 is annexed.
- 22 During the Financial year the Company availed Working Capital Limits and Short Term Corporate Loan from the State Bank of Travancore. The working limits were Secured by First Charge on the entire current assets and First charge on entire fixed assets of the Company and Personal Gurantee of a Director. The Corporate Loan is secured by First charge on the entire fixed assets of the Company and Pledge of Promoter's Shares to the tune of 16 lakhs equity shares.
- 

as per our report attached  
**for S. Venkatadri & Co**  
Chartered Accountants  
Firm's Regn No.004614S

for and on behalf of the board

**K. Srinivasa Rao**  
Partner  
Membership No. 201470

**Prashant Boorugu**  
Managing Director

**S. Gajendran**  
Director

Place : Bangalore  
Date : 12th August, 2011

**Chandrashekhhar Hegde**  
Company Secretary

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

(₹ in Lakhs)

	As at 31/03/2011	As at 31/03/2010
<b>A. Net profit before tax and extraordinary items</b>	<b>2,003.77</b>	917.20
Adjustments for:		
Depreciation	224.80	229.09
Interest and Financial charges	297.26	39.73
<b>Operating Profit before Working Capital charges</b>	<b>2,525.83</b>	1,186.02
<b>Adjustments for :</b>		
Trade & Other receivables	(3,954.39)	(579.37)
Inventories	(1,975.15)	1,209.92
Trade Payables	319.82	163.95
<b>Cash generated from operations</b>	<b>(3,083.89)</b>	<b>1,980.52</b>
Direct Taxes paid	(314.06)	(0.44)
<b>Net Cash from Operation Activities</b>	<b>(3,397.95)</b>	<b>1,980.08</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(1,444.82)	(228.10)
(Purchase)/Sale of Investments	(15.34)	(0.50)
	<b>(1,460.16)</b>	(228.60)
<b>C. Cash flow from financing activities</b>		
Proceeds from secured borrowings(Net)	3,651.52	(1,324.33)
Proceeds from convertible warrants	1,350.00	-
Interest Paid	(297.26)	(39.73)
Dividend and Tax thereon	161.41	-
	<b>4,542.85</b>	(1,364.06)
<b>D. Net increase in cash &amp; cash equivalents (A+B+C)</b>	<b>(315.26)</b>	<b>387.42</b>
Cash & Cash equivalents (Opening Balance)	443.27	55.85
Cash & Cash equivalents (Closing Balance)	128.01	443.27

as per our report attached  
for **S. Venkatadri & Co**  
Chartered Accountants  
Firm's Regn No.004614S

for and on behalf of the board

**K. Srinivasa Rao**  
Partner  
Membership No. 201470

**Prashant Boorugu**  
Managing Director

**S. Gajendran**  
Director

Place : Bangalore  
Date : 12th August, 2011

**Chandrashekhhar Hegde**  
Company Secretary

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**  
(Pursuant to the provisions of Part IV of Schedule VI of the Companies Act, 1956)

**I. Registration Details**

Registration No. 

			4	9	5	9	1
--	--	--	---	---	---	---	---

 State Code 

0	1
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Balance Sheet Date 

3	1	0	3	2	0	1	1
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**II. Capital raised during the year (₹ in '000)**

Public Issue 

					N	I	L
--	--	--	--	--	---	---	---

 Rights Issue 

					N	I	L
--	--	--	--	--	---	---	---

  
Bonus Issue 

					N	I	L
--	--	--	--	--	---	---	---

 Private Placement 

					N	I	L
--	--	--	--	--	---	---	---

**III. Position of Mobilisation and deployment of funds (₹ in'000)**

Total Liabilities 

	1	0	6	4	5	2	1
--	---	---	---	---	---	---	---

 Total Assets 

	1	0	6	4	5	2	1
--	---	---	---	---	---	---	---

**SOURCES OF FUNDS**

Paid up Share Capital  
Equity Share Capital 

		1	2	2	8	5	3
--	--	---	---	---	---	---	---

 Net Fixed Assets 

		3	4	9	3	5	6
--	--	---	---	---	---	---	---

  
Preference Share Capital 

			8	6	5	1	2
--	--	--	---	---	---	---	---

 Investments 

					1	7	0	8
--	--	--	--	--	---	---	---	---

  
Reserve & Surplus 

		3	1	6	9	6	6
--	--	---	---	---	---	---	---

 Net Current Assets 

		7	1	3	4	5	7
--	--	---	---	---	---	---	---

  
Secured Loans 

		3	6	5	1	5	1
--	--	---	---	---	---	---	---

 Miscellaneous Expenditure 

					N	I	L
--	--	--	--	--	---	---	---

  
Deferred Tax Liability 

			3	8	0	3	9
--	--	--	---	---	---	---	---

**IV. Performance of the Company (₹ in'000)**

Turnover 

	1	7	1	1	2	9	4
--	---	---	---	---	---	---	---

 Profit before Tax 

		2	0	0	3	7	7
--	--	---	---	---	---	---	---

  
(including other income)  
Total Expenditure 

	1	5	1	0	9	1	6
--	---	---	---	---	---	---	---

 Profit after Tax 

		1	3	3	9	1	9
--	--	---	---	---	---	---	---

**V. Generic Name of Principal Product/Service of Company**

Item Code 

	7	2	0	2	-	4	1
--	---	---	---	---	---	---	---

 Product Description 

F E R R O						C H R O M E
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For and on behalf of the Board

**Prashant Boorugu**  
Managing Director

**S. Gajendran**  
Director

Place : Bangalore  
Date : 12th August, 2011



**Cronimet Alloys India Limited**

Registered Office : 'Vishnu Splendor' D.No. 8-3-979/12346, Flat No. 302, 'B' Block, Yellareddyguda, HYDERABAD - 073

**ATTENDANCE SLIP**

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

Name & Address of the Member	Registered Folio No.	Client ID & DP ID No.	No. of Shares Held

I hereby record my presence at 5th Annual General Meeting of the Company held on Thursday, September 29, 2011 at 11.00 AM at the HOCKS GATE INN PEARLS, # 1-58/A/8, Madinaguda, Miyapur, Hyderabad - 500 050.

**SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING**

If Member, Please Sign Here	If Proxy, Please Sign Here

**Note :** Members are requested to bring their copies of the AGM Notice and Annual Report to the Meeting.

**Cronimet Alloys India Limited**

Registered Office : 'Vishnu Splendor' D.No. 8-3-979/12346, Flat No. 302, 'B' Block, Yellareddyguda, HYDERABAD - 073

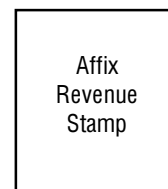
**PROXY FORM**

Folio No. .... Client ID No. & DP ID No. ....

I/We ..... of ..... being a Member/ Members of Cronimet Alloys India Limited, hereby appoint..... of..... or failing him/her..... of ..... or failing him / her ..... of ..... as my/our Proxy to attend and vote for me/us on my/our behalf at the 5th Annual General Meeting of the Company held on Thursday, September 29, 2011 at 11.00 AM at the HOCKS GATE INN PEARLS, # 1-58/A/8, Madinaguda, Miyapur, Hyderabad - 500 050. And at any adjournment thereof.

Signed .....

Date : .....



**Note :** The Proxy form duly completed must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting. The Proxy need not be a Member of the Company.

