

21st annual report

2010 - 11



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

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



INDSIL

Indsil Hydro Power and
Manganese Limited



INDSIL

INDSIL HYDRO POWER AND MANGANESE LIMITED

21ST ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE 2011

BOARD OF DIRECTORS

SRI S.N.VARADARAJAN
CHAIRMAN

SRI VINOD NARSIMAN
MANAGING DIRECTOR

SRI S. INDERCHAND

SRI B. BALCHAND

SMT. D. PUSHPA VARADARAJAN

DR. S. RAMA IYER

SRI K.S. MAHADEVAN

DR. A.K. SREEDHARAN

SRI. K. RAMAKRISHNAN

COMPANY SECRETARY

SRI S. MAHADEVAN

AUDITORS

M/S. K.S.G. SUBRAMANYAM & CO.,
CHARTERED ACCOUNTANTS, COIMBATORE

REGISTRARS & SHARE TRANSFER AGENT (PHYSICAL & DEMAT)

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

BANKERS

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

REGD. & CORPORATE OFFICE

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

WORKS

SMELTER UNIT

VI-679 PALLATHERI
ELAPULLY
PALAKKAD 678 007
KERALA

RAJAKKAD HYDRO ELECTRIC POWER PLANT

VIII/351 RAJAKKAD
IDUKKI DISTRICT - 685 566
KERALA

CONTENTS

NOTICE	2
DIRECTORS' REPORT	7
MANAGEMENT DISCUSSION AND ANALYSIS	15
REPORT ON CORPORATE GOVERNANCE	18
AUDITORS' REPORT	27
BALANCE SHEET	30
PROFIT & LOSS ACCOUNT	31
SCHEDULES	32
NOTES TO ACCOUNTS	38
COMPANY'S PROFILE	45
CASH FLOW STATEMENT	46



NOTICE OF THE 21ST ANNUAL GENERAL MEETING

NOTICE is hereby given that the 21st Annual General Meeting of the Company will be held at Chamber Towers, 8/732 Avanashi Road, Coimbatore 641 018 on Wednesday, the 14th day of December, 2011 at 10.00 A.M. to transact the following business:

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

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2011 and Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on the equity shares.
3. To appoint a Director in place of Sri B. Balchand, who retires from office by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. S. Rama Iyer, who retires from office by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors of the Company. The retiring Auditors M/s. K.S.G. Subramanyam & Co., Chartered Accountants are eligible for reappointment.

SPECIAL BUSINESS

6. Variation of vesting period of options under "INDSIL ESOS 2008"

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

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

Under Para 7(b) falling under the head "Vesting of Options", the clause (iv) shall be replaced by the following clauses (iv) and (v)

(iv) 25% shall be vested when a period of 36 months would expire from the Effective Date.

(v) 25% shall be vested when a period of 48 months would expire from the Effective Date."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all effective steps and to do all deeds and things that are expedient to give effect to this resolution and also to seek the approval of the Bombay Stock Exchange to obtain its requisite approval, prior to giving effect to the aforesaid variation and further the Board shall authorize the communication of the said variation to the Eligible Employees who are Option Grantees accordingly."

7. Commission to Non-whole time (Non-Executive) Directors

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 Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, and such other approvals as are necessary, a sum not exceeding 1% (one percent) of the annual net profits of the Company computed in accordance with the provisions of Sections 198, 349 and 350 of the said Act and subject to an overall ceiling of Rs.6,00,000/- (Rupees Six Lakhs only) per year, be paid to and distributed amongst the non-whole time (Non-Executive) Directors of the Company and further such amounts be paid in such proportions and in such manner as may be directed by the Board of Directors and such payment shall be made in respect of the profits of the Company for each year for a period of three financial years commencing from the financial year 2010-11".

Place : Coimbatore
Date : 28.10.2011

By Order of the Board

Sd/-
S.MAHADEVAN
Company Secretary.



NOTES FOR MEMBERS' ATTENTION:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member of the Company. The proxy form should be lodged at the Registered Office of the Company atleast 48 hours before the commencement of the meeting. Corporate members are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
3. Dividend, if approved at the Annual General Meeting will be paid to those members whose names appear:
 - a) As Beneficial owners as at the end of business hours on 8th December 2011 as per the list to be furnished by NSDL & CDSL in respect of the shares held in electronic form and
 - b) As members in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before 8th December 2011.

The Register of Members and Share Transfer books will be closed from 9th December 2011 to 14th December 2011 (both days inclusive).

4. Details in respect of Directors retiring by rotation, pursuant to Clause 49 of the Listing Agreement are annexed hereto.
5. Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividends remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund of the Central Government and no payments shall be made in respect of any such claims by the Fund.

The Company did not declare dividend for the financial year 2003-04 and the question of transferring the dividend amount after 7 years to the Investor Education and Protection Fund did not arise for this year. Members who have not encashed their dividend warrants from the financial year 2004-05 and subsequent years are requested to make their claim to the Company immediately.

6. Members holding shares in physical form are requested to notify change in their addresses, if any, to the Registrars & Share Transfer Agent of the Company and Members holding shares in dematerialised form are requested to notify change in their address to their respective Depository Participants.
7. Members are requested to bring their copy of the Annual Report to the Annual General Meeting. No fresh copies will be issued at the Meeting.
8. Members who have not yet given their bank's name, address and account number are requested to furnish the same to the Registrars & Share Transfer Agent of the Company.
9. The equity shares of the Company are listed on The Bombay Stock Exchange Ltd. The Annual Listing fee has been paid upto date to the above said Exchange.
10. Members who have multiple accounts in identical names or joint accounts in same order are requested to send all their share certificates to the Registrars & Share Transfer Agent of the Company for consolidation of all such shareholding into one account to facilitate better service.



11. For the convenience of the Members, an attendance slip is annexed to the proxy form. Members are requested to affix their signatures at the space provided and hand over the attendance slip at the place of the meeting.
12. All the documents referred to in the Notice of the AGM are open for inspection at the Registered Office of the Company during office hours (9.30 A.M to 5.30 P.M) on all working days except holidays before the date of the AGM.
13. Shareholders seeking any information with regard to the accounts are requested to write to the Company seven days prior to the date of the AGM so as to enable the management to keep the information ready.
14. Equity shares of the Company have been placed under Compulsory Demat Trading. Members who have not dematerialised their physical holding in the Company are advised to avail the facility of dematerialisation of equity shares of the Company.
15. The ISIN of the equity shares of your Company is INE867D01018.
16. The soft copy of the Annual Report has been sent to the e-mail addresses registered with the respective Depository Participant of the shareholders and where such e-mail addresses are not available, physical form of Annual Reports are sent to the registered addresses of the concerned shareholders.

Place : Coimbatore
Date : 28.10.2011

By Order of the Board

Sd/-
S.MAHADEVAN
Company Secretary.



EXPLANATORY STATEMENT:

As required by Section 173(2) of the Companies Act, 1956 the following Explanatory Statement sets out all material facts relating to the business mentioned under items 6 and 7 of the accompanying Notice dated 28th October 2011.

Item No. 6. - Variation of vesting period of options under "INDSIL ESOS 2008"

"INDSIL ESOS 2008" (the Scheme), was approved by the Shareholders at the 18th Annual General Meeting of your Company held on 5th December, 2008. The Bombay Stock Exchange vide their letter dated 4th August, 2009 granted in-principle approval for the Scheme.

As per the Scheme, the vesting would take place in the following manner:

- a. 25% shall be vested when a period of 12 months would expire from the Effective Date.
- b. 25% shall be vested when a period of 24 months would expire from the Effective Date.
- c. 50% shall be vested when a period of 36 months would expire from the Effective Date.

The Exercise Period as per the Scheme is 3 years from the date of vesting of the options.

The Human Resource Department of your Company proposed to the Board that splitting the third and final tranche into two tranches of 25% each would be advantageous to the Eligible Employees because it improves their loyalty factor and it also makes it easier for them to pay the Exercise Price in two stages. Further they would be in a position to enjoy the benefits of capital appreciation as a result of the benefits that are likely to accrue due to the constant expansion activities undertaken by the management.

It is hereby clarified that the aforesaid variation in the vesting of options will not be prejudicial to the interests of the Eligible Employees and in turn it will be advantageous to them. It is hereby further clarified that the aforesaid variation does not involve any change in the Eligible Employees or the Exercise Price or the Appraisal Policy or the number of options granted. Further there will be no change in any other terms and conditions of the Scheme, apart from the split of the third tranche of vesting of options as explained.

As per Clause 7 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, read with Para 7(j) of the Scheme, any variation to the ESOS Scheme requires prior approval of the Shareholders by means of a Special Resolution. Further it is provided that such variation should not relate to options that are already exercised and such variation is not detrimental to the interests of the Option Grantees. The proposal to vary the "INDSIL ESOS 2008" to the extent of vesting as explained are in conformity with the said Guidelines and the Scheme.

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

The Board proposes the Resolution under Item No.6 as a SPECIAL Resolution. Approval of BSE for the variation will be sought if the Shareholders pass the Resolution.

None of the Directors are either interested or concerned in the Resolution.

Item No 7 - Commission to Non-Wholetime (Non-Executive) Directors

Since the Non-wholetime (non-executive) Directors devote considerable time to the business of the Company and the Company substantially benefits by their expertise and mature advice, it is appropriate that they are paid suitable remuneration by way of commission not exceeding 1% (one percent) per annum of the net profits of the Company subject to a ceiling of Rs.6,00,000/- (Rupees Six lakhs only) per annum computed in accordance with the provisions of the Companies Act, 1956. This remuneration shall be paid in respect of the profits of the Company for each year for a period of three financial years commencing from the financial year 2010-11.

Necessary resolution for payment of commission to Non-wholetime (Non-Executive) Directors is proposed under Item No. 7 as a SPECIAL Resolution for your approval.

All the Directors of the Company may be deemed to be concerned or interested in the aforesaid resolution to the extent of the remuneration that may be received by them.

Place : Coimbatore

Date : 28.10.2011

By Order of the Board

Sd/-

S.MAHADEVAN
Company Secretary.



INDSIL

Details of the Directors seeking appointment / reappointment at the forthcoming Annual General Meeting

Sri B. Balchand (Independent, Non-Executive Director) is a reputed businessman of Coimbatore region with considerable contacts among business communities. He joined the Board on 30.9.1992. He is also Chairman of the Board of Directors of M/s.Sumangala Synthetics Ltd.

Dr. S. Rama Iyer (Non Independent, Non Executive Director) has his Doctorate in Chemical Engineering. He is also a leading professional in the field of project engineering, instrumentation and structurals. He is on the Board of several companies.

Place : Coimbatore
Date : 28.10.2011

By Order of the Board

Sd/-
S.MAHADEVAN
Company Secretary.



INDSIL

DIRECTORS' REPORT

Your Directors have great pleasure in presenting the 21st Annual Report of your Company together with the Audited statements of account for the year ended 30th June 2011.

FINANCIAL RESULTS:

Particulars	Rs. in lakhs	
	2010-11	2009-10
Profit before depreciation and Financial charges	1789.61	2044.38
Less : Financial charges	66.32	148.92
Profit before Depreciation	1723.30	1895.46
Less : Depreciation	354.45	348.53
Profit before taxes and extraordinary items	1368.85	1546.93
Less : Extraordinary items	22.50	---
Profit before tax	1346.35	1546.93
Less : Provision for Tax	280.00	210.00
Add/Less : Deferred Tax asset/liability	-11.85	22.05
Profit after tax	1054.50	1358.98
Add : Balance brought forward	3017.73	2825.48
Surplus available for appropriation	4072.23	4184.46
Less: Transfer to General Reserve	-	1000.00
Less: Proposed Dividend	158.87	142.98
Less: Tax on Proposed Dividend	25.77	23.75
Balance carried over to Balance sheet	3887.59	3017.73
Paid-up equity share capital	1588.68	951.36
Earnings per share (Rs.)	7.55	14.34
Book value per share (Rs.)	43.03	62.61

REVIEW OF OPERATIONS:

Your Company's financial performance was on expected lines this year. Your Company's increased exposure to the European markets for its core product low carbon silico manganese and most of the business were contractual in nature with price formula clause.

The Company registered a PBDIT of Rs.1,790 lakhs as compared to Rs.2,044 lakhs in the previous year. The PBT is Rs.1,346 lakhs as compared to Rs.1,547 lakhs in the previous year.

The hydro electric power generated 43.12 million units in the previous year. More detailed view is given in the "Management Discussion and Analysis Report" forming part of this Annual Report.

FUTURE PROSPECTS:

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

LOCK-OUT:

A lock-out was declared in the Company's Smelter division with effect from August 11, 2011. This lock-out was pursuant to industrial unrest in the factory which in turn was a consequence of temporary breakdown in talks for a long term settlement of wages. The situation is expected to be resolved any time soon and the factory is expected to commence normal operations from 1st November 2011. It is to be noted here that the Company's Hydro Electric Power Plant was unaffected and operations were normal.

JOINT VENTURE PROJECT IN OMAN :

As reported in the last year's Directors' Report, your Company along with a group sister company, was in the process of promoting a 75,000 tpy Ferro Chrome smelter in the Sultanate of Oman. Indsil group has a 50% interest in the JV with the Sultanate's largest chrome ore miner viz., the Muscat Overseas Group.



As shareholders are aware, the JV called Al-Tamman Indsil Ferro Chrome LLC was established in the Sultanate of Oman and the project was earlier expected to go on stream in its FIRST phase by December 2011. Your Company's stake is 25% in the entire venture.

Due to delay in environmental clearance, the project implementation scheme got delayed.

Having obtained the environmental clearance, your Company signed an agreement with the Sohar Free Zone in mid September this year.

The new JV Al-Tamman Indsil Ferro Chrome LLC is coming up in a 15 hectare plot in Sohar Free Zone and this is the FIRST Ferro Chrome Project in the Sultanate of Oman.

The JV will be building a world class ferro chrome smelter within Sohar Free Zone with an initial capacity to produce 75,000 tpa.

In the initial phase, two smelters with an investment of USD 35 million are expected to commence production by December 2012. The Second phase will follow with an additional investment of USD 45-50 million for building two additional smelters to produce ferro chrome which is the key ingredient in making stainless steel.

By the turn of 2014, around 1,50,000 tons of ferro chrome and 20,000 tons of low carbon ferro chrome are expected to be produced and the expected revenue will be in the range of USD 200 million.

ACQUISITION OF SREE MAHALAKSHMI SMELTERS (P) LTD (SMSPL):

Your Company, on October 24, 2011 has acquired a 51% stake in SMSPL and subsequently SMSPL would become a material subsidiary of your Company.

SMSPL operates a 8400 tpy silico manganese smelter at Garbham, Vizianagaram-Dist., Andhra Pradesh. The two key advantages that SMSPL enjoys are proximity to the Vizag Port and access to economical electric power from the Andhra Pradesh grid.

More than 80% of your Company's products are sold in the global markets and more than 50% of the main feed stock, manganese ore is imported. Consequent to the acquisition, your Company plans to carryout de-bottlenecking and capacity enhancement measures to increase the existing capacity by around 50%. The acquisition has been financed purely by internal accruals.

DIVIDEND:

Your Directors recommend payment of dividend at 10% on the equity share capital of Rs. 15,88,67,920/- for the year ended 30th June 2011. The dividend, if approved, will be paid to those members whose names appear on the Register of members of the Company as on 8th December 2011, the date fixed for the purpose, subject to the approval of the shareholders.

The aggregate dividend payout for the year 2010-11 amounts to Rs 1,85,64,027/- including Corporate dividend tax.

KERALA STATE INDUSTRIAL DEVELOPMENT CORPORATION (KSIDC) AWARD:

KSIDC had honored your Company with "Outstanding Entrepreneurship Award" and the award was presented by Sri Oommen Chandy, Hon'ble Chief Minister of Kerala to our Chairman Sri S. N. Varadarajan during the Golden Jubilee function of KSIDC held on 30th July 2011 at the Le Meridien Convention Centre, Kochi.

FORBES RANKING:

The global magazine, Forbes came out with the list of top 200 Companies having revenues "Under a Billion in the Asia Pacific Region". Your Company has been selected as one amongst them. Specifically, the magazine points out to your Company's consistent profitability, dividend track record and low indebtedness as key factors behind this selection.



EMPLOYEE STOCK OPTION SCHEME:

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

The applicable disclosures as stipulated under the SEBI Guidelines as at 30th June, 2011 are given below:

The total number of options in force:

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

For options granted on 28.1.2009 :

As per the Scheme, 1st tranche of 16,125 options (being 25% of 64,500 options granted) were exercised by the Eligible Employees and shares were issued to them accordingly from the ESOS Trust. This was before bonus issue.

Consequently the 2nd tranche of 16,125 options (being 25% of 64,500 options granted) were vested with Eligible Employees, which were exercised by them in full. As a result, 16,125 shares and 10,750 Bonus shares were re-issued by way of transfer from ESOS Trust. There were no options lapsed which were vested with the Eligible Employees as a result of not being exercised by the Eligible Employees.

Number of Options Granted (First Batch of Eligible Employees)	64,500
1st tranche of 25% transferred from Trust on 13.05.2010	16,125
2nd tranche of 25% transferred from Trust on 31.5.2011	16,125*
Balance number of shares in Trust account	32,250**

*10,750 Bonus shares were also transferred proportionately.

** Proportionate Bonus Shares already allotted and credited to ESOS Trust will be transferred to Eligible Employees as and when they exercise their balance 50% of options.

Money realized by exercise of options : Rs. 3,22,500/-

Any Employee who received a grant of options in any one year amounting to 5% or more of options granted during the year : NIL

Identified Employees, who were granted options, during any one year, equal to or exceeding 1% of the issued Capital of the Company at the time of grant : NIL

Diluted Earnings per share (EPS) pursuant to issue of share on exercise of options calculated in accordance with Accounting Standard (AS) 20 "Earnings per Share" : Rs. 7.55



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

For options granted on 30.4.2010

As per the Scheme, out of 18,500 options granted to 2nd set of eligible employees, 25% of the options were vested on 30.04.2011. Accordingly, 4,625 shares were transferred to the eligible employees. There were no options lapsed which were vested with the Eligible Employees as a result of not being exercised by the Eligible Employees.

Number of Options Granted to second set of employees	18,500
1st tranche of 25% transferred from Trust on 12.8.2011	4,625*
Balance number of shares in Trust account	13,875**

*3,081 Bonus shares were also transferred proportionately.

** Proportionate Bonus Shares already allotted and credited to ESOS Trust, will be transferred to eligible employees as and when they exercise their balance 75% of options.

Money realized by exercise of options	Rs. 46,250
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Valuation of options:

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

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

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

INSURANCE:

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

DIRECTORS:

Sri B. Balchand and Dr. S. Rama Iyer are retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS:

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

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



DEPOSITS:

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

MANAGEMENT DISCUSSION & ANALYSIS:

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

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

The Board of Directors report that

1. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a fair view of the state of affairs of the Company at the end of the year and of the profit of the Company for that year.
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

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

INDUSTRIAL SAFETY

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

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

Particulars required under Section 217 (1) (e) of the Companies Act, read with relevant rules are annexed in Annexure-A.

Information in accordance with Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure-B of this Report.

"GROUP" FOR INTER-SE TRANSFER OF SHARES:

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



INDSIL

DECLARATION:

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

ACKNOWLEDGEMENTS:

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

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

Place : Coimbatore
Date : 28.10.2011

For and on behalf of the Board

Sd/-
S.N. VARADARAJAN
Chairman

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

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

II. TECHNOLOGY ABSORPTION

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

III.FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	2010-11 (Rs.in lakhs)	2009-10 (Rs.in lakhs)
1. Earnings (Export)	5,961.77	5,578.83
2. Expenditure in Foreign Currency		
a. Subscription & Others	15.56	8.27
b. Traveling Expenses	0.60	2.43
c. Net dividend	0.02	0.02

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

ANNEXURE 'B'

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

Name	Age in years	Designation	Remuneration (Rs.)	Qualification	Experience	Date of Commencement of employment	Last employment before joining the Company
Sri S.N.Varadarajan	65	Chairman	50,41,179	B.Com	30	3.9.1992	Sun Metals & Alloys Pvt. Ltd.
Sri Vinod Narsiman	39	Managing Director	50,06,507	B.E., MBA (University of Michigan)	15	18.1.1997	--



ANNEXURE 'C'

“Group” for inter-se transfer of shares:

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

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

Place : Coimbatore
Date : 28.10.2011

For and on behalf of the Board

Sd/-
S.N. VARADARAJAN
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

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

a. INDUSTRY STRUCTURE AND DEVELOPMENTS :

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

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

The early part of 2010-11 saw a fairly decent year in terms of capacity utilization and demand growth. The latter part of the year started witnessing slowdowns in new capacity additions. Your Company's markets are mostly in the European and Asia Pacific regions. The financial crisis in Europe has led to a lull in terms of demand growth opportunities. The Asia Pacific region continued to be strong and is expected to be a key driver for growth in demand in the next couple of years.

b. OPPORTUNITIES AND THREATS :

Your Company sees exciting opportunities over the long term in terms of growth in demand for its core product low carbon silico manganese. Your Company is one of the most cost competitive players for this product globally. This virtue has led to increased market penetration in the European regions. This has led to a significant growth in business with underlying price formulas in the form of medium term contracts. This trend is expected to grow over the long term and the Company is seeking opportunities to expand its manufacturing base as well by looking at inorganic options.

In terms of threats, the financial crisis in Europe and the economic crisis in USA are expected to influence the Company's business demand and business opportunities over the short and medium term. Over the long term, the Company expects that the growth cycle would resume.

c. SEGMENT WISE PERFORMANCE:

SMELTER DIVISION:

The smelter division witnessed good levels of capacity utilization during the year. The PBDIT of the smelter division for the year was Rs.420 Lakhs.

POWER DIVISION :

The hydro electric plant generated 43.12 million units during this year as compared to 37.76 million units during the previous year. The monsoon was average.

The hydro electric power plant generated PBDIT of Rs.1,370 lakhs during this year.

d. RISKS AND CONCERNS :

Already covered under 'Threats'.

e. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

i) COST CONTROL

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

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

ii) OPERATIONS

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



f. FUTURE PROSPECTS :

Towards expanding its capacity base for manufacture of low carbon silico manganese, your Company plans certain green field investments in the State of Chattisgarh. However, due to environmental concerns and bottle necks, your Company has been unable to commence project work on the land site that was procured for this purpose. While efforts are going on to resolve that situation, your Company is alternatively looking at inorganic strategies in terms of acquisitions to increase its capacity base.

The Joint Venture project proposal in Oman was approved by the Sultanate of Oman in September 2011 and project construction is expected to commence by the end of the year 2011. The 75,000 tpy ferro chrome plant is expected to commence operations by end 2012.

g. CAUTIONARY FORWARD-LOOKING STATEMENTS :

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

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

h. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Rs. in lakhs

Particulars	30th June, 2007	30th June, 2008	30th June, 2009	30th June, 2010	30th June, 2011
I. OPERATING RESULTS :					
1. Sales	7293	11550	8016	10626	10540
2. Operating Profit (PBIDT)	1212	2577	1054	2044	1790
3. Interest	352	296	235	149	66
4. Depreciation	346	350	350	349	354
5. Taxes	24	148	93	188	292
6. Net Income (PAT)	490	1783	283	1358	1054
7. Dividend Percentage	15%	15%	10%	15%	10%
Dividend Amount	142	142	94	143	159
Dividend Tax	24	24	16	24	26
8. Production :					
- Ferro Alloys (MT)	12673	12937	10143	12496	11498
- Power (Lakh KWH)	397	589	270	378	431

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

Rs. in lakhs

Particulars	30th June, 2007	30th June, 2008	30th June, 2009	30th June, 2010	30th June, 2011
II.PERFORMANCE PARAMETERS:					
1. Share capital	945	945	945	951	1589
2. Reserves & Surplus	2016	3633	3808	5005	5247
3. Secured Loans	2218	1352	754	588	1083
4. Deferred liabilities	1185	1159	1134	1112	1123
5. Fixed Assets (Gross Block)	8288	8351	8530	8674	8980
6. Accumulated Depreciation	(2891)	(3217)	(3564)	(3906)	(4260)
7. Investments	18	1147	422	829	527
8. Net Current Assets	951	807	1253	2059	3796
III. RATIOS :					
1. Profit after tax/ Sales (%)	6.72	15.49	4.69	12.79	10.23
2. Return on Net worth (%)	16.54	37.67	5.82	22.20	15.43
3. Earnings per share (Rs.)	5.18	18.93	3.00	14.34	7.55
4. Cash Earnings per share (Rs.)	8.85	22.64	6.70	17.95	8.87
5. Debt Equity ratio	0.75	0.28	0.16	0.04	0.10
6. Book Value per share (Rs.)	31.33	48.45	50.30	62.61	43.03

i. HUMAN RESOURCES:

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

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

Place : Coimbatore
Date : 28.10.2011

For and on behalf of the Board
Sd/-

S.N. VARADARAJAN
Chairman



REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

2. BOARD OF DIRECTORS

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

a. Present Composition of Board of Directors:

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

The present Board of Directors consists of:

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

b. Board Meetings and attendance:

During the year six Board meetings were held and the gap between two meetings did not exceed four months. The Board meetings were held on 5.7.2010, 23.8.2010, 6.10.2010, 19.10.2010, 28.1.2011 & 22.4.2011.

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

Name of the Directors	Board Meetings	Audit Committee Meetings	Shareholders'/ Investors' Grievance Committee Meetings	Share Transfer Committee Meetings	Last AGM Attended (Yes/No)	No. of shares held by non-Executive Directors
Sri S.N. Varadarajan	6	-	-	-	Y	N.A
Sri Vinod Narsiman	6	4	-	-	Y	N.A
Smt. D. Pushpa Varadarajan	6	-	1	19	Y	5,30,208
Sri S.Inderchand	6	4	1	19	Y	1,39,630
Sri B. Balchand	5	-	-	-	Y	66,666
Sri K.S. Mahadevan	5	-	-	-	Y	93,000
Dr. S. Rama Iyer	1	-	-	-	Y	--
Dr. A.K. Sreedharan	6	4	-	-	Y	--
Sri K. Ramakrishnan	6	-	-	-	Y	--

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

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

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

d. Changes in the composition of Directors:

There are no changes in the composition of Directors during the year 2010-11.

e. Code of Conduct

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

f. DETAILS OF REMUNERATION PAID OR PAYABLE TO DIRECTORS DURING 2010-11

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

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

3. AUDIT COMMITTEE

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

a. Composition

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

b. Terms of reference

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

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

c. Committee Meetings

The Committee met 4 times during the year on 23.8.2010, 19.10.2010, 28.1.2011 and 22.4.2011.

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

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

The Chairman of the Committee Dr. A.K. Sreedharan was present at the Annual General Meeting held on 6.10.2010.



4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

a. Composition

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

b. Terms of reference

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

c. Committee meetings

The Shareholders'/Investors' Grievances Committee met on 28.10.2011 and reviewed the grievances/complaints received and the action taken on the grievances/complaints.

Complaints Status from 1.7.10 to 30.6.11

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

5. SHARE TRANSFER COMMITTEE

a. Composition.

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

b. Terms of reference

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

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

c. Committee Meetings

During 2010-11, 19 meetings of the Committee were held on 17.7.10, 31.7.10, 14.9.10, 25.9.10, 18.10.10, 13.11.10, 27.11.10, 11.12.10, 22.1.11, 5.2.11, 19.2.11, 5.3.11, 26.3.11, 16.4.11, 30.4.11, 14.5.11, 28.5.11, 11.6.11 and 29.6.11.

The number of share transfer committee meetings attended by the Directors is as follows:

Member	Committee meetings attended
Sri.S.Inderchand	19
Smt.D.Pushpa Varadarajan	19

6. REMUNERATION COMMITTEE

a. Composition

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

b. Terms of reference

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



7. COMPENSATION COMMITTEE

a. Composition

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

b. Terms of reference :

The terms of reference of this Committee is to administer the "Indsil Hydro Power and Manganese Limited Employee Stock Option Scheme "INDSIL-ESOS 2008".

GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2010	Chamber Towers 8/732 Avanashi Road Coimbatore 641 018	06-10-2010	10.15 A.M.
2009	Chamber Towers 8/732 Avanashi Road Coimbatore 641 018	21-12-2009	10.15 A.M.
2008	Chamber Towers 8/732 Avanashi Road Coimbatore 641 018	05-12-2008	10.15 A.M.

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

DISCLOSURES

1. Disclosure on related party transactions i.e transactions of the Company with its promoters, directors or the management, relatives, bodies corporate in which the directors are interested etc., are annexed elsewhere in the Annual Report. There is no materially significant related party transaction that would have been a potential conflict with the interests of the Company at large.
2. No penalties / strictures were imposed on the Company by Stock Exchanges or SEBI or any other statutory authorities on any matter relating to the shareholders' complaints, any other matter on account of non-compliance of any requirements, legal and otherwise.
3. In compliance of Clause 49(1)(B) of the Listing Agreement, it is disclosed that the Company does not have any pecuniary relationship or transactions with its Non-Executive Directors during the financial year ended 30th June 2011.
4. The Company has scrupulously complied with all the mandatory requirements and the Company has at present not adopted the non mandatory requirements of corporate governance except for certain Clauses regarding remuneration committee. However in line with its policy to ever improve the good corporate governance practices, it is proposed to adopt all such practices in due course of time.
5. The Company has not yet established a mechanism for Whistle Blower Policy. However, no personnel have been denied access to the Audit Committee.
6. The accounting treatment as prescribed in the Accounting Standards has been followed in the preparation of financial statements.

**EMPLOYEE STOCK OPTION SCHEME:****A. 64,500 OPTIONS GRANTED TO FIRST SET OF ELIGIBLE EMPLOYEES**

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

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

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

Name of the Employee	Total No.of Options granted	25% of the options already vested and transferred by the Trust	lnd tranche transferred by the Trust	Bonus Shares transferred along with lnd tranche by the Trust
Sri V. Natarajan	10,000	2,500	2,500	1,667
Smt B Meenakshi	10,000	2,500	2,500	1,667
Sri S Mahadevan	10,000	2,500	2,500	1,667
Sri K Rajan Jose	7,500	1,875	1,875	1,250
Sri M Kannan	7,500	1,875	1,875	1,250
Sri K Ramakrishnan	7,500	1,875	1,875	1,250
Sri S Chakrapani	5,000	1,250	1,250	833
Sri M P L Sukumar	3,000	750	750	500
Sri K Jayasurian	2,000	500	500	333
Sri N Sundararajan	2,000	500	500	333
Total	64,500	*16,125	16,125	10,750

* The Bonus shares on these have been automatically credited to the de-mat account of the above eligible employees.

16,125 ESOS shares being the 25% (lnd tranche) were re-issued by way of transfer from the Trust to the above mentioned employees along with the Bonus shares as mentioned above.

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

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

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

Name of the Employee	Total No.of Options granted	25% of the options re-issued by way of transfer by the Trust	Bonus Shares transferred along with this allotment by the Trust
Sri C. J. Antappan	3,000	750	500
Sri S. Varadarajan	3,000	750	500
Sri V.D. Johnson	2,500	625	416
Sri V. Pushparajan	2,500	625	416
Sri N. Hariharan Pillai	5,000	1,250	833
Sri K Balamurugan	2,500	625	416
Total	18,500	4,625	*3,081

*The Bonus shares on these have already been automatically credited to the de-mat account of the "INDSIL ESOS TRUST".



RISK MANAGEMENT

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

MEANS OF COMMUNICATION

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

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

Quarterly results of the Company can be viewed in the Company's website i.e. www.indsil.com.

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

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting

- | | | |
|---------------|---|---|
| a. Date & Day | : | 14.12.2011 (Wednesday) |
| b. Time | : | 10.00 A.M. |
| c. Venue | : | Chamber Towers
8/732 Avanashi Road
Coimbatore 641 018 |

2. Financial Calendar for 2011-12 :

Declaration of financial results:

- | | | |
|---|---|------------------------|
| Unaudited financial results for the 1st quarter | : | by 15th November, 2011 |
| Unaudited financial results for the 2nd quarter | : | by 15th February, 2012 |
| Unaudited financial results for the 3rd quarter | : | by 15th May, 2012 |
| Unaudited financial results for the 4th quarter | : | by 15th August, 2012 |

Annual General Meeting for the year ending 30th June 2012	:	Within 6 months from the close of the accounting year
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3. Date of Book Closure	:	09.12.2011 to 14.12.2011
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4. Dividend payment	:	Dividend on Equity Shares, if approved will be paid within the stipulated time as prescribed
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5. Listing on Stock Exchange & Scrip code	:	The Bombay Stock Exchange Ltd & 522165
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**6. Stock price data.**

High / Low prices during the financial year 2010-11 on The Bombay Stock Exchange Ltd.

Month & Year	High (Rs.)	Low (Rs.)
July 2010	88.00*	74.60*
August 2010	104.95*	77.80*
September 2010	100.00*	87.10*
October 2010	109.00*	47.20
November 2010	50.20	41.00
December 2010	47.90	33.00
January 2011	44.45	34.20
February 2011	41.00	30.20
March 2011	40.95	31.60
April 2011	44.90	36.00
May 2011	41.00	31.70
June 2011	34.95	30.20

* Pre Bonus

7. Categories of Shareholders as on 30th June 2011

Category of Shareholders	No. of Shareholders	No. of shares held	% of Holding
Promoters Shareholding			
Indian			
Individuals / Hindu Undivided Family	16	26,18,462	16.48
Bodies Corporate	1	53,30,600	33.55
Sub Total - A	17	79,49,062	50.03
Public Shareholding			
Institutions			
Mutual Funds / UTI	2	3,666	0.02
Central / State Government(s)	1	10,54,166	6.64
Sub-Total - B	3	10,57,832	6.66
Non-institutions			
Bodies Corporate	167	6,80,141	4.28
Resident Individuals	8,431	59,34,951	37.36
Non-Resident Indians	301	2,64,806	1.67
Sub-Total - C	8,899	68,79,898	43.31
GRAND TOTAL (A+B+C)	8,919	1,58,86,792	100.00

8. Registrars and Transfer Agents.

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

9. Share Transfer System

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

**10. Distribution of shareholding as on 30th June 2011.**

Range (Value in Rs.)	No. of Shareholders	%held (% No. of Shareholders)	Face value of shares (Rs.)	% held (% Value)
Up to 5000	6,943	77.85	1,39,31,420	8.77
5001 to 10000	1,003	11.25	79,49,290	5.00
10001 to 20000	510	5.72	77,56,630	4.88
20001 to 30000	142	1.59	35,26,820	2.22
30001 to 40000	99	1.11	34,56,170	2.18
40001 to 50000	62	0.70	28,61,710	1.80
50001 to 100000	86	0.96	64,65,900	4.07
100001 and above	74	0.83	11,29,19,980	71.08
TOTAL	8919	100.00	15,88,67,920	100.00

11. Dematerialisation of shareholdings and liquidity:

As on 30.6.2011, 15127758 shares constituting 95.23% of the total paid up capital of the Company have been dematerialized. In view of the numerous advantages offered by the depository system, members are requested to avail of the facility of dematerialisation of the Company's shares.

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

12. Secretarial Audit:

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

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

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

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

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

15. Plant locations

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

16. Address for correspondence

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

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

17. Compliance Officer

Sri S. Mahadevan
Company Secretary

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

Place : Coimbatore
Date : 28.10.2011

For and on behalf of the Board
Sd/-

S.N. VARADARAJAN
Chairman



INDSIL

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

As the Chairman of Indsil Hydro Power and Manganese Limited and as required pursuant to Clause 49 I(D)(ii) of the Listing Agreement, I hereby declare and certify that all the Board Members and Senior Management Personnel of Indsil Hydro Power and Manganese Limited have affirmed compliance with the Code of Conduct adopted by the Company for the year 2010-11.

Place : Coimbatore
Date : 28.10.2011

For **INDSIL HYDRO POWER AND MANGANESE LIMITED**

Sd/-
S.N. VARADARAJAN
CHAIRMAN

AUDITORS' CERTIFICATE

To

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

We have examined the compliance of conditions of Corporate Governance by Indsil Hydro Power and Manganese Limited for the year ended 30th June 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

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

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

Place : Coimbatore
Date : 28.10.2011

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



AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **INDSIL HYDRO POWER AND MANGANESE LIMITED**, Coimbatore as at 30th June 2011 and also the Profit and Loss Account and the cash flow statement for the year ended on that date together with the schedules annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors' Report) Order 2003 and amended by the Companies (Auditors' Report Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act 1956 and on the basis of the information and explanations given to us and the books and records examined by us in the normal course of our audit and to the best of our knowledge and belief, we annex hereto a statement on the matters specified in paragraph 4 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
 - e) On the basis of written representations received from the Directors of the Company and taken on record by the Board of Directors, and the information and explanations given to us, we report that none of the Directors is prima facie disqualified as on 30th June, 2011 from being appointed as a Director in terms of Section 274 (1)(g) of the Companies Act, 1956
 - f) In our opinion and to the best of our information and according to the explanations given to us, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of the:
 - 1) Balance sheet, of the state of affairs of the Company as at 30th June 2011;
 - 2) Profit and Loss account, of the Profit of the Company for the year ended on that date; and
 - 3) Cash Flow statement, of the cash flows for the year ended on that date.

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

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

Place : Coimbatore
Date : 28.10.2011



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

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

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



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

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

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

Place : Coimbatore
Date : 28.10.2011



INDSIL

BALANCE SHEET AS AT 30TH JUNE 2011

PARTICULARS	SCHEDULE NO	30.6.2011		30.6.2010	
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS :					
Share Capital	I		15,88,67,920		9,51,35,750
ESOS Outstanding net of unamortised ESOS employee compensation			7,55,227		4,75,999
Reserves & Surplus	II		52,39,57,220		50,00,04,913
LOAN FUNDS :					
Secured Loans	III		10,83,04,935		5,88,20,624
Provision for Deferred Liability	IV		11,09,49,430		11,09,49,430
Deferred Tax Liability (Net)			14,14,907		2,30,240
TOTAL			<u>90,42,49,639</u>		<u>76,56,16,956</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	V		89,79,83,843		86,73,56,113
Less : Depreciation Reserve			42,60,04,584		39,05,59,397
			<u>47,19,79,259</u>		<u>47,67,96,716</u>
Investments-Long term	VI		66,14,375		88,64,375
- Short term-in Debt based liquid funds			4,60,44,477		7,40,30,502
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	VII		23,44,64,890		22,05,58,977
Sundry Debtors			3,94,42,197		1,97,19,156
Cash & Bank Balances			8,02,45,807		259,82,900
Loans & Advances			9,89,85,706		5,76,98,240
			<u>45,31,38,600</u>		<u>32,39,59,273</u>
Less : Current Liabilities & Provisions	VIII		<u>7,35,27,072</u>		<u>11,80,33,910</u>
			37,96,11,528		20,59,25,363
TOTAL			<u>90,42,49,639</u>		<u>76,56,16,956</u>
Notes on accounts	XV				

As per our report of even date

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

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

Place : Coimbatore
Date : 28.10.2011

Sd/-
S.N. VARADARAJAN
Chairman

Sd/-
S. INDERCHAND
Director

Sd/-
VINOD NARSIMAN
Managing Director

Sd/-
S. MAHADEVAN
Company Secretary



INDSIL

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2011

PARTICULARS	SCHEDULE NO	30.6.2011		30.6.2010	
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
INCOME					
Gross Sales					
Smelter					
Export		63,83,68,071		56,87,36,641	
Domestic		27,18,10,353		36,59,05,846	
		<u>91,01,78,424</u>		<u>93,46,42,486</u>	
Power		14,38,52,936		12,79,91,176	
			105,40,31,360		106,26,33,662
Less : Excise Duty			<u>2,14,40,549</u>		<u>2,17,39,259</u>
Net Sales			103,25,90,811		104,08,94,403
Less: Interdivisional sale of power			<u>14,38,52,936</u>		<u>12,79,91,176</u>
			88,87,37,875		91,29,03,227
DEPB Claims			2,73,72,985		65,82,706
Interest receipts-Gross			7,61,500		4,85,935
(TDS : Rs.1,28,426/- Previous year - Rs.76,737/-)					
Income from Mutual funds			26,09,796		12,84,036
Increase / (Decrease) in Stock of Finished Goods	IX		<u>(-) 43,58,076</u>		<u>1,10,83,166</u>
			<u>91,51,24,080</u>		<u>93,23,39,070</u>
EXPENDITURE					
Consumption of Raw Materials	X		50,53,91,150		43,23,59,678
Purchase of Traded goods			-		4,92,28,119
Manufacturing Expenses	XI		14,62,49,489		16,73,53,938
(Net of interdivisional purchase of power)					
Selling Expenses	XII		3,57,62,394		3,14,00,794
Administrative Expenses	XIII		4,87,59,668		4,75,58,917
			<u>73,61,62,701</u>		<u>72,79,01,446</u>
Profit before Depreciation & Financial Charges & Interest			17,89,61,379		20,44,37,624
Financial Charges & Interest	XIV		66,31,565		1,48,92,124
Profit before Depreciation & Taxes			17,23,29,814		18,95,45,500
Depreciation			3,54,45,187		3,48,52,708
Profit before Taxes & Extraordinary items			13,68,84,627		15,46,92,792
Extraordinary Items			22,50,000		-
Profit before Taxes			13,46,34,627		15,46,92,792
Add/Less : Deferred Tax Asset/Liability			(-) 11,84,667		22,05,250
Less : Provision for taxation - Current			<u>(-) 2,80,00,000</u>		<u>(-) 2,10,00,000</u>
Profit after Taxes			10,54,49,960		13,58,98,042
Add : Balance of Profit b/f			30,17,72,985		28,25,47,794
Amount available for Appropriation			<u>40,72,22,945</u>		<u>41,84,45,836</u>
Appropriations :					
Transfer to General Reserve			-		10,00,00,000
Proposed Dividend			1,58,86,792		1,42,98,113
Tax on Proposed Dividend			25,77,235		23,74,738
Nett balance carried to Balance Sheet			<u>38,87,58,918</u>		<u>30,17,72,985</u>
			<u>40,72,22,945</u>		<u>41,84,45,836</u>
Earnings per share (Refer Note: 10 in Notes to Accounts)					
Basic			Rs. 7.55		Rs. 14.34
Diluted			Rs. 7.55		Rs. 14.34
Notes on accounts					

As per our report of even date

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

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

Place : Coimbatore
Date : 28.10.2011

Sd/-
S.N. VARADARAJAN
Chairman

Sd/-
S. INDERCHAND
Director

Sd/-
VINOD NARSIMAN
Managing Director

Sd/-
S. MAHADEVAN
Company Secretary

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 30TH JUNE 2011**

SCH. NO	PARTICULARS	30.6.2011		30.6.2010	
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
I	SHARE CAPITAL				
	Authorized:				
	2,00,00,000 Equity shares of Rs.10/- each		20,00,00,000		20,00,00,000
	5,00,000 Redeemable cumulative preference shares of Rs.100/- each		5,00,00,000		5,00,00,000
			25,00,00,000		25,00,00,000
	Issued, Subscribed and paid up				
	1,58,86,792 (Previous year : 95,13,575) Equity shares of Rs.10/- each fully paid up (Includes 63,54,717 Bonus shares issued during the year)		15,88,67,920		9,51,35,750
			15,88,67,920		9,51,35,750
II	RESERVES & SURPLUS				
	State Subsidy		15,00,000		15,00,000
	Share Premium				
	Balance as per last Balance Sheet	79,24,755		76,99,811	
	Add: Credit on exercise of ESOS Shares during the year	5,13,544		2,24,944	
			84,38,299		79,24,755
	General Reserve				
	Balance as per last Balance Sheet	18,88,07,173		8,88,07,173	
	Less : Bonus shares issued during the year	-6,35,47,170		-	
	Add: Transfer from P & L Appropriation a/c	-		10,00,00,000	
			12,52,60,003		18,88,07,173
	Surplus in Profit & Loss Account		38,87,58,918		30,17,72,985
			52,39,57,220		50,00,04,913
III	SECURED LOANS				
	Term Loans from				
	The Federal Bank Limited	-		60,00,000	
	State Bank of India	-		2,01,04,756	
	ECB from Standard Chartered Bank, London	6,63,45,000		-	
			6,63,45,000		2,61,04,756
	Buyer's Credit for raw materials		4,19,59,935		3,27,15,868
			10,83,04,935		5,88,20,624
IV	PROVISION FOR DEFERRED LIABILITY				
	Electricity charges		11,09,49,430		11,09,49,430



SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 30TH JUNE 2011
V - FIXED ASSETS

Particulars	Gross Block		Depreciation		Nett Block				
	Cost as on 1.7.2010	Additions Deletions	Cost as on 30.6.2011	Upto 30.6.2010	For the year	Withdrawn on deletions	Upto 30.6.2011	WDV as on 30.6.2011	WDV as on 30.6.2010
Land	2,09,04,943	32,96,750	2,42,01,693	-	-	-	-	2,42,01,693	2,09,04,943
Buildings	29,75,42,506	5,18,428	29,80,60,934	9,92,77,789	99,22,884	-	10,92,00,673	18,88,60,261	19,82,64,717
Plant & Machinery	45,30,26,256	155,33,206	46,85,59,462	23,15,42,308	2,17,89,911	-	25,33,32,219	21,52,27,243	22,14,83,948
Electrical Installation	2,06,05,885	-	2,06,05,885	1,98,48,200	2,17,870	-	2,00,66,070	5,39,815	7,57,685
Pollution Control Equipments	1,93,31,657	55,72,808	2,49,04,465	135,61,518	11,57,808	-	147,19,326	101,85,139	57,70,139
Water Treatment Plant	61,82,332	-	61,82,332	46,97,748	3,26,427	-	50,24,175	11,58,157	14,84,584
Workshop Equipments	7,18,353	-	7,18,353	7,10,108	8,245	-	7,18,353	-	8,245
Laboratory Equipments	5,24,576	-	5,24,576	4,34,515	14,996	-	4,49,511	75,065	90,061
Fire Fighting Equipments	50,616	-	50,616	47,276	1,697	-	48,973	1,643	3,340
Air Conditioner / Cooler	15,17,031	1,23,600	16,40,631	8,86,680	65,891	-	9,52,571	6,88,060	6,30,351
Electrical Fittings	2,76,264	-	2,76,264	2,76,264	-	-	2,76,264	-	-
Office Equipments	26,23,037	254,448	28,77,485	13,89,260	1,27,874	-	15,17,134	13,60,351	12,33,777
Generator	18,33,694	-	18,33,694	16,10,873	67,078	-	16,77,951	1,55,743	2,22,821
Weighing Scale	116,939	-	116,939	54,737	5,555	-	60,292	56,647	62,202
Computer	40,87,181	6,30,300	47,17,481	29,96,874	3,46,377	-	33,43,251	13,74,230	10,90,307
Vehicles	31,59,392	13,26,467	44,85,859	11,40,051	3,39,400	-	14,79,451	30,06,408	20,19,341
Tractor & Trailor	12,10,128	-	12,10,128	12,10,128	-	-	12,10,128	-	-
Furnitures & Fixtures	39,64,656	-	39,64,656	27,89,657	1,63,037	-	29,52,694	10,11,962	11,74,999
Transmission Lines	2,67,04,115	-	2,67,04,115	80,85,411	8,90,137	-	89,75,548	1,77,28,567	1,86,18,704
Capital W.I.P	86,43,79,561	2,72,56,007	89,16,35,568	39,05,59,397	3,54,45,187	-	42,60,04,584	46,56,30,984	47,38,20,164
	29,76,552	33,71,723	63,48,275	-	-	-	-	63,48,275	29,76,552
TOTAL	86,73,56,113	3,06,27,730	89,79,83,843	39,05,59,397	3,54,45,187	-	42,60,04,584	47,19,79,259	47,67,96,716
Figures for Previous Year	85,29,86,018	1,52,57,692	86,73,56,113	35,64,39,874	3,48,52,708	7,33,185	39,05,59,397	47,67,96,716	49,65,46,144



SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 30TH JUNE 2011

SCH. NO	PARTICULARS	30.6.2011		30.6.2010	
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
VI	INVESTMENTS				
	Long term :				
	A: Equity shares - Unquoted (At Cost)				
	Non-Trade				
	1,50,000 equity shares of Rs.10/- each in Malayalam Communications Ltd.		15,00,000		15,00,000
	Trade				
	25,500 equity shares of Rs.10/- each in Indsil Energy & Electrochemicals Ltd.		2,55,000		2,55,000
	2,25,000 equity shares of Rs.10/- each in GoodEarth Indsil Natural Resources Ltd		-		22,50,000
	8,000 equity shares of Rs.10/- each in fully paid up in Kurumpetty HPP Ltd		80,000		80,000
	8,000 equity shares of Rs.10/- each in fully paid up in Palayakkam HPP Ltd		80,000		80,000
	8,000 equity shares of Rs.10/- each in fully paid up in Upper Poringal HPP Ltd		80,000		80,000
	8,000 equity shares of Rs.10/- each in fully paid up in Vattapara HP Ltd		80,000		80,000
	37,500 shares of OMR 1 each in Al Tamman Indsil Ferro Chrome LLC, Sultanate of Oman		45,39,375		45,39,375
	Short term :				
	B: Investment in Mutual Funds - quoted	Face value	Quantity		
	DWS Credit Opportunities Cash Fund	Rs. 10	7,28,200 Units	72,97,031	6,89,758 Units 69,11,575
	ICICI Prudential Flexible Income Plan	Rs. 10	52,001 Units	52,14,709	-
	HSBC Floating Rate Fund	Rs. 10	1,69,191 Units	16,94,803	-
	HDFC Cash Management Fund	Rs. 10	15,85,115 Units	1,59,01,080	-
	DSP Blackrock Money Manager Fund	Rs. 10	15,901 Units	1,59,36,854	-
	LIC MF Liquid Plus Fund	Rs. 10	-	-	67,11,892 Units 6,71,18,927
				5,26,58,852	8,28,94,877
	Aggregate value of unquoted investments			66,14,375	88,64,375
	Aggregate value of quoted investments			4,60,44,477	7,40,30,502
	Market value of quoted investments			4,60,44,477	7,40,30,502
	(Movement of investments in mutual funds given in Notes on accounts)				
VII	CURRENT ASSETS, LOANS & ADVANCES				
	1. INVENTORIES				
	Raw Materials		19,45,64,449		17,68,61,933
	Finished Goods		2,76,04,993		3,19,63,069
	Consumables		2,26,421		1,19,871
	Stores & Spares		98,98,732		99,52,063
	Work in Progress		17,54,948		15,89,160
	Packing Materials		4,15,347		72,881
			23,44,64,890		22,05,58,977
	2. SUNDRY DEBTORS				
	(Unsecured, Considered Good)				
	Debts exceeding 6 months		-		-
	Other Debts		3,94,42,197		1,97,19,156
			3,94,42,197		1,97,19,156

**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 30TH JUNE 2011**

SCH. NO	PARTICULARS	30.6.2011		30.6.2010	
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
	3. CASH & BANK BALANCES				
	Cash on Hand		9,87,680		3,23,476
	Balances with Scheduled Banks:				
	- in Current Accounts	75,293		60,19,462	
	- in Margin and Fixed Deposits	7,77,91,615		1,84,25,374	
	- in Unpaid Dividend Accounts	13,91,219		12,14,588	
			<u>7,92,58,127</u>		<u>2,56,59,424</u>
			<u>8,02,45,807</u>		<u>2,59,82,900</u>
	4. LOANS & ADVANCES				
	Advances for Equipments & Purchases		1,25,28,439		50,46,318
	Cenvat Claim Receivable		32,87,239		15,14,783
	Balance in Current a/c with Central Excise		11,828		-
	Deposits / Other Advances Recoverable		8,22,90,389		5,03,88,103
	Prepaid Expenses		3,63,125		2,00,000
	Staff Advances		5,04,686		5,49,036
			<u>9,89,85,706</u>		<u>5,76,98,240</u>
VIII	CURRENT LIABILITIES & PROVISIONS				
	A. CURRENT LIABILITIES :				
	Sundry Creditors (No outstanding dues to Micro, small and medium enterprises)				
	Creditors for Purchases	2,02,90,628		4,76,98,509	
	Creditors for Equipments & Capital goods	13,74,779		4,76,159	
	Creditors for Expenses	31,89,997		43,49,074	
			<u>2,48,55,404</u>		<u>5,25,23,742</u>
	Other statutory liabilities		8,76,654		17,14,113
	Advance against supplies		6,00,612		-
	Outstanding expenses		1,50,34,348		1,99,40,900
	Unpaid dividends (No amount due and outstanding to be credited to Investor Education & Protection Fund)		13,90,622		12,14,336
	TOTAL (A)		<u>4,27,57,640</u>		<u>7,53,93,091</u>
	B. PROVISIONS :				
	Provision for taxation (net of advance taxes)		48,01,646		1,90,90,577
	Proposed Dividend		1,58,86,792		1,42,98,113
	Tax on Proposed Dividend		25,77,235		23,74,738
	Provision for Gratuity		69,11,564		63,24,322
	Provision for Leave encashment		5,92,195		5,53,069
	TOTAL (B)		<u>3,07,69,432</u>		<u>4,26,40,819</u>
	TOTAL (A+B).....		<u>7,35,27,072</u>		<u>11,80,33,910</u>

As per our report of even date

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

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

Place : Coimbatore
Date : 28.10.2011

Sd/-
S.N. VARADARAJAN
Chairman

Sd/-
S. INDERCHAND
Director

Sd/-
VINOD NARSIMAN
Managing Director

Sd/-
S. MAHADEVAN
Company Secretary



SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2011.

SCH. NO	PARTICULARS	30.6.2011		30.6.2010	
		Amount (Rs)	Amount (Rs)	Amount (Rs)	Amount (Rs)
IX	INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS				
	Closing Stock		2,76,04,993		3,19,63,069
	Opening Stock		3,19,63,069		2,08,79,903
			(-) 43,58,076		1,10,83,166
X	CONSUMPTION OF RAW MATERIALS				
	Opening Stock				
	Raw Materials	17,68,61,933		11,82,80,498	
	Consumables	1,19,871		3,59,446	
	Work-in-Progress	15,89,160		16,64,188	
			17,85,70,964		12,03,04,132
	Add : Purchases				
	Raw Materials & Consumables	45,68,66,082		41,16,66,424	
	Carriage Inwards	6,64,99,922	52,33,66,004	7,89,60,086	49,06,26,510
	Less : Closing Stock				
	Raw Materials	19,45,64,449		17,68,61,933	
	Consumables	2,26,421		1,19,871	
	Work-in-Progress	17,54,948		15,89,160	
			19,65,45,818		17,85,70,964
			50,53,91,150		43,23,59,678
XI	MANUFACTURING EXPENSES				
	Salary, Wages & Bonus - Factory		2,18,07,820		2,20,64,063
	Provision for Gratuity & Earned leave encashment		4,40,133		5,90,404
	Contribution to Provident Fund		15,71,909		14,64,159
	Contribution to ESI		8,19,443		7,78,849
	Electricity Charges		10,72,05,663		13,12,48,063
	(Net of interdivisional purchase of power)				
	Repairs & Maintenance - Buildings		8,39,107		7,48,837
	Repairs & Maintenance - Plant		127,10,193		94,82,660
	Repairs & Maintenance - Others		8,55,221		9,76,903
			14,62,49,489		16,73,53,938
XII	SELLING EXPENSES				
	Packing Materials		19,54,350		25,20,892
	Freight outward & Forwarding Expenses		2,80,53,072		2,27,03,863
	Royalty on Sales		44,29,652		42,41,478
	Advertisement		5,85,514		7,15,584
	Sales commission		7,10,542		10,87,422
	Sales Promotion Expenses		29,264		1,31,555
			3,57,62,394		3,14,00,794



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SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2011.

SCH. NO	PARTICULARS	30.6.2011 Amount (Rs.)	30.6.2010 Amount (Rs.)
XIII	ADMINISTRATIVE EXPENSES		
	Rent	20,16,631	19,07,388
	Salaries & Bonus - Admn. Office	77,52,769	68,22,122
	Staff & Labour Welfare Expenses	46,67,161	37,47,776
	Employee compensation - ESOS amortisation	7,92,772	4,97,869
	Sitting Fees	2,57,500	2,27,500
	Chairman's Remuneration	50,41,179	56,84,399
	Managing Director's Remuneration	50,06,507	56,47,309
	Commission to Non-Executive Directors	6,00,000	6,00,000
	Insurance	6,08,439	4,59,847
	Security Service Charges	23,25,066	18,47,950
	Building Maintenance	6,95,689	8,80,996
	Garden Maintenance	3,60,107	2,55,625
	Printing & Stationery	5,84,720	5,85,578
	Postage, Telephone & Telegram	20,75,185	22,14,351
	Travelling & Conveyance	54,48,520	67,54,680
	Petrol & Vehicle Maintenance	4,81,121	4,70,064
	Rates & Taxes	8,71,512	11,56,117
	Legal Fees	4,40,000	3,39,000
	Auditors' Remuneration	80,000	80,000
	Professional & Consultancy Fees	31,16,691	21,52,996
	Subscriptions	38,64,037	39,12,746
	Miscellaneous Expenses	16,74,062	13,14,604
		4,87,59,668	4,75,58,917
XIV	FINANCIAL CHARGES & INTEREST		
	Bank Charges	26,51,687	40,36,339
	Interest on Bills Discounted & other working capital facilities	35,44,788	35,56,041
	Interest on Term Loans	10,81,257	73,34,107
	Exchange fluctuation	(6,46,167)	(34,363)
		66,31,565	1,48,92,124

As per our report of even date

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

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

Place : Coimbatore
Date : 28.10.2011

Sd/-
S.N. VARADARAJAN
Chairman

Sd/-
S. INDERCHAND
Director

Sd/-
VINOD NARSIMAN
Managing Director

Sd/-
S. MAHADEVAN
Company Secretary



XV. NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS ON 30th JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention :

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

b) Fixed assets and Depreciation

- i) Fixed assets are stated at original cost net of tax / duty credits availed if any, less accumulated depreciation. Cost include pre-operative expenses and all expenses related to acquisition and installation of the concerned assets.
- ii) Depreciation on Fixed assets is provided on straight line method in accordance with the rates specified under Schedule XIV of the Companies Act, 1956. It is provided on prorata basis on additions made during the year.

c) Investments

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

d) Inventories

Raw Materials and Stores & Spares are valued at cost on FIFO basis, finished goods at lower of cost or net realisable value on weighted average basis and Work-in-Progress at average cost.

e) Foreign Currency Transactions

- i) Foreign currency transactions are recorded at exchange rates prevailing on the date of such transaction.
- ii) Monetary Foreign currency assets/liabilities at the end of the year are re-aligned at the exchange rate prevailing at the year end and the difference on re-alignment is recognised in the Profit & Loss account.

f) Recognition of revenue and expenditure:

- i) The Company generally follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties
- ii) Sale of goods is recognised when the risk and rewards of ownership are passed on to the customers, which is generally on despatch of goods. Gross sales include excise duty but exclude value added tax / central sales tax.
- iii) Purchases are net of value added tax set off and cenvat wherever applicable and include freight inward and exchange differences arising out of purchase transactions, if any.

g) Taxes on Income

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



NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS ON 30th JUNE 2011

h) Retirement Benefits

i) **Defined Contribution Plans:**

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

ii) **Defined Benefit Plans:**

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

- i) In respect of Employees stock Options the excess of market price on the date of grant over the exercise price is recognised as deferred compensation cost and amortised over the vesting period.
- j) Dividend as recommended by the Board of Directors is provided for in the accounts pending shareholders' approval.
- k) The management has carried out the assessment of impairment of assets and no impairment loss has been recognised during the year other than the assets discarded / dismantled and written off to Profit & Loss account.

l) **Contingent Liabilities**

All Liabilities have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated value in the notes to accounts.

II. OTHER NOTES ON ACCOUNTS.

- 1. a) The Term Loan (ECB from Standard Chartered Bank) is secured by first pari passu charge on the fixed assets funded out of ECB and second charge on the current assets of the Company.
- b) Working capital facilities from Banks are secured by hypothecation of stocks of raw materials, consumables, finished goods, book debts etc., and also by a second charge on the fixed assets of the Company. A portion of these facilities are further guaranteed by the personal guarantee of Sri Vinod Narsiman, Managing Director to the extent of Rs.4,065 lakhs.

2. CONTINGENT LIABILITIES

	As at 30.6.2011 (Rs. in Lakhs)	As at 30.6.2010 (Rs. in Lakhs)
a) Claims against the Company not acknowledged as debts	-	-
b) Contingent liabilities in respect of Bills discounted (fully secured by LCs)	218.63	668.28
c) Letters of Credit issued by Banks on behalf of the Company	465.00	449.31
d) Guarantees issued by Banks on behalf of the Company	281.49	152.66



NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS ON 30th JUNE 2011

			As at 30.6.2011	As at 30.6.2010
			Rs.	Rs.
3. DISCLOSURE ON "EMPLOYEE BENEFITS" AS PER AS 15:				
i) Defined Contribution Plans:				
Employers' Contribution to Provident and Pension Funds			15,71,909	14,64,159
Employers' Contribution to Employees State Insurance			8,19,443	7,78,849
ii) Defined Benefit Plans (Non-Funded):				
	Gratuity		Earned leave encashment	
	As at 30.6.2011	As at 30.6.2010	As at 30.6.2011	As at 30.6.2010
<u>Reconciliation of opening and closing balances of Defined Benefit obligations:</u>				
Defined Benefit obligation at the beginning of the year	63,24,322	64,32,065	5,53,069	2,00,024
Interest cost	5,01,330	4,70,715	42,507	13,751
Current service cost	5,53,573	5,66,538	27,942	51,582
Benefits paid	-1,15,403	-3,11,741	-43,464	-33,361
Actuarial loss/(gain) on obligation	-6,63,999	-8,33,255	-21,220	3,21,073
Defined Benefit obligation at the end of the year	<u>65,99,823</u>	<u>63,24,322</u>	<u>5,58,834</u>	<u>5,53,069</u>
<u>Expenses recognised during the year in the Profit & Loss Account:</u>				
Current service cost	5,53,573	5,66,538	27,942	51,582
Interest cost	5,01,330	4,70,715	42,507	13,751
Expected return on plan assets	-	-	-	-
Actuarial (gain)/loss	-6,63,999	-8,33,255	-21,220	3,21,073
Expenses recognised in the Profit & Loss Account	<u>3,90,904</u>	<u>2,03,998</u>	<u>49,229</u>	<u>3,86,406</u>
<u>Principal Actuarial Assumptions:</u>				
Discount rate	8%	7.5%	8%	7.5%
Salary Escalation rate	6%	6%	6%	6%
Withdrawal rate	4%	5%	4%	5%
Expected rate of return on plan assets	0%	0%	0%	0%

The above information is certified by an Actuary.

4. SEGMENT REPORT

Primary Segments (Business Segments)	Rs. In Lakhs	Rs. In Lakhs
1. Segment Revenue		
a. Smelter	9,161.11	9,194.86
b. Hydro Power	1,438.53	1,279.91
	<u>10,599.64</u>	<u>10,474.77</u>
Less : Intersegment Revenue	1,438.53	1,279.91
Net Revenue	<u>9,161.11</u>	<u>9,194.86</u>
2 Segment Results (Profit / Loss before Financial charges & Tax)		
a. Smelter	266.66	691.82
b. Hydro Power	1,142.41	991.19
	<u>1,409.07</u>	<u>1,683.01</u>
Add / Less : Unallocable Income/Expenses	26.10	12.84
Operating Profit	1,435.17	1,695.85
Less : Financial Charges	66.32	148.92
Total Profit before Tax and extraordinary items	<u>1,368.85</u>	<u>1,546.93</u>
3 Capital Employed (Segment Assets - Segment Liabilities)		
a. Smelter	1,189.22	186.26
b. Hydro Power	6,907.67	6,626.90
	<u>8,096.89</u>	<u>6,813.16</u>



NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS ON 30th JUNE 2011

5. INVESTMENT IN MUTUAL FUNDS

	Balance as on 1.7.2010	Purchased/ Reinvested during the year	Redeemed during the year	Rs. Balance as on 30.6.2011
DWS Cash Opportunities Fund	69,11,575 6,89,758 Units	3,85,456 38,442 Units	- -	72,97,031 7,28,200 Units
LIC MF Liquid Plus Fund	6,71,18,927 67,11,892 Units	8,37,020 83,702 Units	6,79,55,947 67,95,595 Units	- -
ICICI Prudential Flexible Income Plan	- -	52,14,709 52,001 Units	- -	52,14,709 52,001 Units
HSBC Floating Rate Fund	- -	1,71,97,475 17,17,187 Units	1,55,02,672 15,47,996 Units	16,94,803 1,69,191 Units
HSBC Floating Rate Fund	- -	81,40,167 7,24,194 Units	81,40,167 7,24,194 Units	- -
HDFC Cash Management Fund	- -	1,89,01,080 18,81,157 Units	30,00,000 2,99,058 Units	1,59,01,080 15,82,099 Units
DSP Blackrock Money Manager Fund	- -	1,89,36,854 18,894 Units	30,00,000 2,993 Units	1,59,36,854 15,901 Units
Total (Rs.)	7,40,30,502	6,96,12,761	9,75,98,786	4,60,44,477

6. RELATED PARTY DISCLOSURES:

- a) Associates : Sunmet Holdings India P. Ltd, Indsil Energy and Electrochemicals Ltd.
 b) Key Management Personnel : Sri. S.N.Varadarajan
 Sri. Vinod Narsiman
 c) Relatives of Key Management Personnel : Smt. D.Pushpa Varadarajan (W/o Sri S.N. Varadarajan)
 d) Joint Venture : Al-Tamman Indsil Ferro Chrome LLC
 Joint Venture is expected to commence operations during next year.
 Investment made represents initial capital contribution.

Particulars	Joint Venture Rs.	Associates Rs.	Key Management Personnel Rs.	Relatives of Key Management Personnel Rs.
Current Year				
Investments made	-	-	-	-
Royalty paid	-	44,29,652	-	-
Rent paid	-	11,76,616	3,78,000	90,000
Sitting Fees	-	-	40,000	45,000
Managerial Remuneration	-	-	1,00,47,686	-
Balances outstanding as on 30.6.2011	-	-	1,02,76,174 (Payable)	-
Previous Year				
Investments made	45,39,375	-	-	-
Royalty paid	-	42,41,478	-	-
Rent paid	-	11,20,582	3,78,000	90,000
Sitting Fees	-	-	45,000	50,000
Managerial Remuneration	-	-	1,13,31,708	-
Balances outstanding as on 30.6.2010	-	-	1,21,87,476 (Payable)	-



NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS ON 30th JUNE 2011

7. CHAIRMAN'S REMUNERATION	2010-11 Rs.	2009-10 Rs.
Salary	6,00,000	6,00,000
Commission	43,58,469	49,98,735
Perquisites	82,710	85,664
	<u>50,41,179</u>	<u>56,84,399</u>
8. MANAGING DIRECTOR'S REMUNERATION		
Salary	6,00,000	6,00,000
Commission	43,58,469	49,98,735
Perquisites	48,038	48,574
	<u>50,06,507</u>	<u>56,47,309</u>
9. REMUNERATION TO STATUTORY AUDITORS (excluding service tax):		
Audit fees	50,000	50,000
Tax audit fees and representation	30,000	30,000
	<u>80,000</u>	<u>80,000</u>
10. EARNINGS PER SHARE		
A. Basic EPS:		
Net Profit after Tax (Rs.)	10,54,49,960	13,58,98,043
Weighted average Number of Equity Shares (Face value of Rs. 10 each)	1,39,68,935	94,76,112
Basic EPS (Rs.)	7.55	14.34
B. Diluted EPS:		
Weighted average Number of Equity Shares (Face value of Rs. 10 each)	1,39,68,935	94,76,112
Add: Potential Equity Shares taking into consideration Employee Stock options granted	-	1,767
Weighted average Number of Equity Shares including Potential Equity shares	1,39,68,935	94,77,879
Diluted EPS (Rs.)	7.55	14.34
11. COMPUTATION OF COMMISSION PAYABLE TO CHAIRMAN, MANAGING DIRECTOR AND NON-EXECUTIVE DIRECTORS :		
Net Profit before Tax as per Profit & Loss Account	13,46,34,626	15,46,92,793
Add: Chairman's Remuneration	50,41,179	56,84,399
Managing Director's Remuneration	50,06,507	56,47,309
Commission to Non-Executive Directors	6,00,000	6,00,000
	<u>14,52,82,312</u>	<u>16,66,24,501</u>
Net Profit as per Sec. 349 of the Companies Act		
a) Commission payable to Chairman - 3% of Net profits	43,58,469	49,98,735
b) Commission payable to Managing Director - 3% of Net profits	43,58,469	49,98,735
c) Commission payable to Non-Executive Directors -1% of Net profits subject to a maximum of Rs.6,00,000/-	6,00,000	6,00,000

**NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS ON 30th JUNE 2011****12 STATISTICAL INFORMATION**

Particulars	← 30.6.2011 →		← 30.6.2010 →		
	Quantity (M.T)	Value (Rs.)	Value (Rs.)	Quantity (M.T)	Value (Rs.)
a. TURNOVER (Net):					
Silico Manganese	11,547.450		88,87,37,875	12,992.940	91,29,03,227
b. CONSUMPTION OF RAW MATERIALS:					
Quartz	6,607.071	77,05,832		7,249.076	74,35,096
Carbon Reducers	11,005.178	17,90,35,448		9,820.311	15,00,90,629
Carbon Paste	323.407	95,94,327		409.811	1,07,95,015
Manganese Ore	23,384.525	28,83,93,559		26,640.931	25,68,10,144
Flux	226.595	4,32,455		1,503.361	24,40,148
Slag	1,308.066	1,37,80,955		-	-
Tor Steel (Nos.)	1,150	9,21,315		1,571	12,62,302
C.R.Sheet (Nos.)	525	12,75,041		511	9,99,165
Other Items	Different units	42,52,218		Different units	25,27,179
			50,53,91,150		43,23,59,678
c. STOCK OF FINISHED GOODS:					
Opening Stock					
Silico Manganese	411.927		3,19,63,069	326.717	2,08,79,903
Purchases	-		-	582.000	4,92,28,119
Closing Stock					
Silico Manganese	361.977		2,76,04,993	411.927	3,19,63,069
d. LICENCED CAPACITY		Not applicable			Not applicable
e. INSTALLED CAPACITY:					
Silico Manganese		14000 M.T.			14000 M.T.
Power		21 MW			21 MW
f. ACTUAL PRODUCTION:					
Silico Manganese		11,497.500 M.T.			12,496.150 M.T.
Power		4,31,16,480 KWH			3,77,61,840 KWH
g. Value of imports (on CIF basis)					
Raw Materials			Rs. 18,86,23,298		Rs. 11,47,51,041
h. Percentage consumption of raw materials:					
Imported		36.90%	18,65,04,617		21.40%
Indigenous		63.10%	31,88,86,534		78.60%
		<u>100.00%</u>	<u>50,53,91,151</u>		<u>100.00%</u>
					<u>43,23,59,678</u>
i. Expenditure in foreign currency:					
Travelling			Rs. 60,468		Rs. 2,43,220
Professional & Consultancy			Rs. 9,88,673		-
Subscription & Others			Rs. 5,66,678		Rs. 8,26,677
j. Dividend in Foreign currency			Rs. 2,400		Rs. 1,600
k. Earnings in foreign exchange			Rs. 59,61,76,579		Rs. 55,78,82,775



NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS ON 30th JUNE 2011

13. Details of shares allotted under Employees' Stock Option Scheme

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

14. The Kerala State Electricity Board (KSEB) has raised certain demands on the Company towards payment of maximum demand charges and certain other charges related to the working of the hydro electric power division of the Company. The Company has disputed these demands on account of the fact that these demands are not in line with the existing agreement between the Company and KSEB for operation of the hydro electric power plant. The Company is confident of getting these demands withdrawn, waived or cancelled at various forums and hence no provision is made for these disputed amounts.
15. The Company has not received information from vendors regarding their status under the "Micro, Small and Medium Enterprises Development Act, 2006". Consequently the amount paid/payable to these parties during the year is Nil. During the year the Company has paid no interest in terms of Section 16 of the said Act.
16. The Extraordinary item represents the loss of investment in Good Earth Indsil Natural Resources Limited amounting to Rs. 22,50,000/-.
17. Deferred tax liability of Rs. 14.15 lakhs as on 30.6.2011 is on account of timing difference relating to depreciation.
18. Amounts have been rounded off to the nearest rupee and previous year figures regrouped wherever necessary.

As per our report of even date

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

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

Place : Coimbatore
Date : 28.10.2011

Sd/-
S.N. VARADARAJAN
Chairman

Sd/-
S. INDERCHAND
Director

Sd/-
VINOD NARSIMAN
Managing Director

Sd/-
S. MAHADEVAN
Company Secretary



PART IV - SCHEDULE VI OF COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

A. REGISTRATION DETAILS:

Registration No. : L27101TZ1990PLC002849
State Code : 18
Balance Sheet Date : 30.6.2011

B. CAPITAL RAISED DURING THE YEAR: (Amount in Rs.)

Public Issue : NIL
Rights Issue : NIL
Bonus Issue : 6,35,47,170
Private Placement : NIL
Allotment under ESOS : 1,85,000

C. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS: (Amount in Rs.)

Total Liabilities :	90,42,49,639	Total Assets :	90,42,49,639
Paid-Up capital	15,88,67,920	Net Fixed Assets	47,19,79,259
Reserves & Surplus	52,39,57,220	Investments	5,26,58,852
Deferred Tax Liability	14,14,907	Net Current Assets	37,96,11,528
ESOS Outstanding net of unamortised ESOS employee compensation	7,55,227	Misc. Expenditure	-
Secured Loans	10,83,04,935		
Deferred Liability	11,09,49,430		

D. PERFORMANCE OF THE COMPANY: (Amount in Rs.)

Turnover (Net) : 88,87,37,875
Increase/Decrease in Stock : (-) 43,58,076
Other Income : 3,07,44,281
Total expenditure : 78,04,89,453
Profit(+)/Loss(-) Before Tax : 13,46,34,627
Profit (+)/Loss(-) After tax : 10,54,49,960
Basic Earnings per Share Rs. : 7.55
Diluted Earnings per Share Rs. : 7.55
Dividend Rate % : 10%

E. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY:

Item Code No. (ITC Code) : 7202 30 00 Not Applicable
Product Description : Silico Manganese Generation & supply of power

As per our report of even date

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

Firm No. : 004151S
Chartered Accountants

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

Place : Coimbatore
Date : 28.10.2011

Sd/-
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S. INDERCHAND
Director

Sd/-
VINOD NARSIMAN
Managing Director

Sd/-
S. MAHADEVAN
Company Secretary



INDSIL

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2011

Particulars	Year ended 30.06.11 Rs.	Year ended 30.06.10 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax	13,46,34,626	15,46,92,793
Adjustments for		
Interest Receipts	(-) 7,61,500	(-) 4,85,935
Income from Mutual Funds	(-) 26,09,796	(-) 12,84,036
Depreciation	3,54,45,187	3,48,52,708
Employee compensation - ESOS amortisation	7,92,772	4,97,869
Financial charges & Interest	66,31,565	1,48,92,124
Extraordinary Items	22,50,000	-
Profit/Loss on sale of assets	-	(-) 77,588
Provision for gratuity and Encashment of earned leave	4,40,133	5,90,404
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	17,68,22,987	20,36,78,339
Adjustments for changes in		
Inventories	(-) 1,39,05,913	(-) 6,94,33,168
Debtors	(-) 1,97,23,040	(-) 25,62,441
Other advances	(-) 4,12,87,467	(-) 1,70,42,294
Current liabilities	(-) 3,24,49,216	1,08,97,385
Cash generated from operations	6,94,57,352	12,55,37,820
Income Tax Payments	(-) 4,22,88,931	(-) 1,22,40,623
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	2,71,68,420	11,32,97,197
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(-) 3,06,27,730	(-) 1,52,57,692
Sale of Fixed Assets	-	2,32,000
Purchase of investments	-	(-) 45,39,375
Interest received	7,61,500	4,85,935
Income from Mutual Funds	26,09,796	12,84,036
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(-) 2,72,56,434	(-) 1,77,95,096
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	1,85,000	6,45,000
Repayment of Long term borrowings	(-) 2,61,04,756	(-) 4,93,16,525
Increase in Long term Borrowings	6,63,45,000	-
Increase in Short term Borrowings	92,44,067	3,27,15,868
Financial Charges & Interest	(-) 66,31,565	(-) 1,48,92,124
Payment of Dividend & Tax	(-) 1,66,72,851	(-) 1,10,54,945
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	2,63,64,895	(-) 4,19,02,726
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	2,62,76,882	5,35,99,375
Cash and Cash Equivalents as on 1.7.2010 (Opening Balance)	10,00,13,402	4,64,14,027
Cash and Cash Equivalents as on 30.6.2011 (Closing Balance)	12,62,90,284	10,00,13,402
Note : Cash and cash equivalents included in the cash flow statement comprise the following Balance sheet amounts:		
Cash in Hand and balance with Banks	8,02,45,807	2,59,82,900
Short term Investments in debt based liquid funds	4,60,44,477	7,40,30,502
	<u>12,62,90,284</u>	<u>10,00,13,402</u>

As per our report of even date

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

Firm No. : 004151S

Chartered Accountants

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

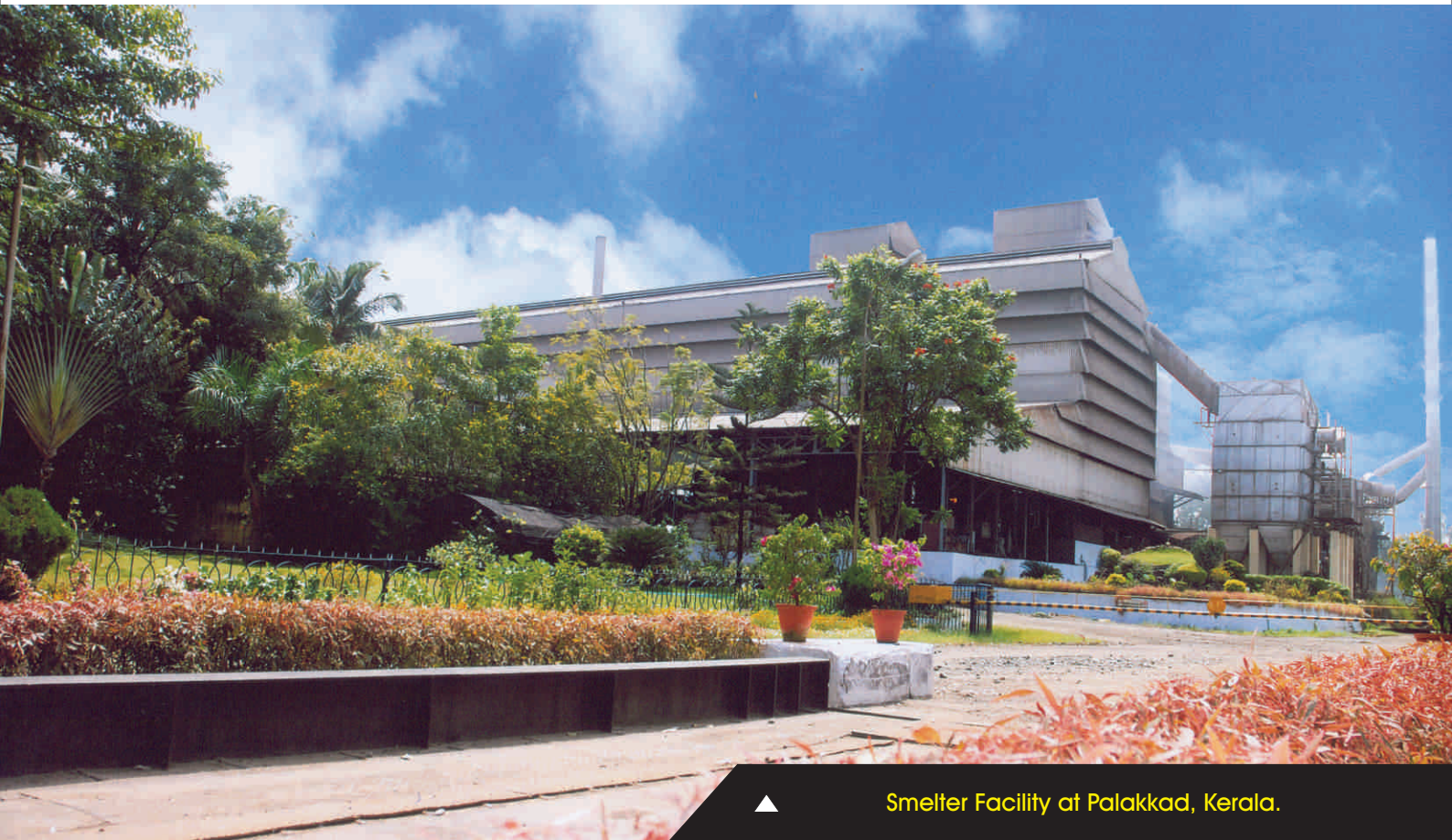
Place : Coimbatore
Date : 28.10.2011

Sd/-
S.N. VARADARAJAN
Chairman

Sd/-
S. INDERCHAND
Director

Sd/-
VINOD NARSIMAN
Managing Director

Sd/-
S. MAHADEVAN
Company Secretary



Smelter Facility at Palakkad, Kerala.



Indsil Hydro Power and Manganese Limited

Registered Office : "INDSIL HOUSE", T.V. Samy Road (West),
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