



Hira Ferro Alloys Limited

Annual Report 2011-12

**Core Competence in Core Sector**



## BOARD OF DIRECTORS

Mr. Biswajit Choudhuri	Chairman, Independent Director (w.e.f. 09.11.2011)
Mr. N. P. Agrawal	Managing Director
Mr. B.N. Ojha	Independent Director (w.e.f. 06.08.2011)
Mr. Y. C. Rao	Non- Executive Director
Mr. Arvind Dubey	Executive Director (w.e.f. 06.08.2011)
Mr. G. B. Desai	Chairman, Independent Director (up to 09.11.2011)
Mr. B.L. Agrawal	Non -Executive Director (up to 22.05.2012)
Mr. H. P. Agrawal	Executive Director (up to 06.08.2011)
Mr. Umesh Agrawal	Independent Director (up to 06.08.2011)

## COMPANY SECRETARY

Mr. Mohit Chande

## AUDITORS

O.P. Singhania & Co.  
Chartered Accountants, Raipur

## HOLDING COMPANY

Godawari Power and Ispat Limited  
Plot No. 428/2 Phase I, Industrial Area,  
Siltara - 493111  
Raipur, Chhattisgarh

## BANKERS

State Bank of India  
Allahabad Bank  
Axis Bank Limited  
IDBI Bank Limited

## REGISTERED OFFICE

567B, Urla Industrial Area,  
Raipur -493221 Chhattisgarh  
Tel: +91 - 771 - 4082350/ 4082360  
Fax: +91 - 771 - 4082440

## CORPORATE OFFICE

First Floor, Hira Arcade, Near New Bus Stand,  
Pandri, Raipur - 492 001, Chhattisgarh,  
Tel: +91 - 771 - 4082000 / 4082001  
Fax: +91 - 771 - 4057601

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## NOTICE

TO ALL THE MEMBERS OF

HIRA FERRO ALLOYS LIMITED

NOTICE is hereby given that the Annual General Meeting of the Members of Hira Ferro Alloys Limited will be held on Saturday the 29th day of September, 2012 at 11:00 am at Second Floor, Hira Arcade, Near New Bus Stand, Pandri, Raipur, Chhattisgarh – 492001 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account of the company for the year ended 31st March 2012 and the Balance Sheet as at that date along with the reports of the Directors and Auditors thereon;
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2012;
3. To appoint a Director in place of Shri Arbind Kumar Dubey, who retires by rotation and being eligible for reappointment offers himself for reappointment;  
To appoint a Director in place of Shri Bhargunath Ojha, who retires by rotation and being eligible for reappointment offers himself for reappointment;
4. To consider and, if thought fit, to pass the following resolution, with or without modification as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s O.P. Singhania and Co., Chartered Accountants, Raipur with Firm Registration Number 002172C be and are hereby re-appointed as statutory auditor of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration to be decided mutually, by the Board of Directors of the Company and the M/s O.P. Singhania and Co., Chartered Accountants.”

### SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 31 & other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) and the provisions of other statutes as applicable and subject to such approvals, consent permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company

be and are hereby altered by inserting the following second para immediately Article 58 (3), immediately after the existing Article 58(2) as under:

(3) Notwithstanding any thing mentioned in these Articles, the Company may send any communication including notice of General Meeting, annual Reports, etc., to any person(s) by electronic mode as may be permitted by applicable law.

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

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) and the provisions of the statutes as applicable and subject to such approval consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered by the following second para immediately after the existing first para in Article 65 as under:

Notwithstanding anything mentioned in these Articles but subject to applicable provisions of the Companies Act, 1956 and any Rules / Circulars / Guidelines etc., notified there under, including any amendments made thereto from time to time by the statutory authorities in this behalf, and in case of the resolutions relating to such business as may be permitted to be conducted only by postal ballot (by electronic or any other mode), the Company shall get such resolution passed by means of a postal ballot, instead of transacting the business in General Meeting of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered by inserting second para immediately after the existing first para in Article 73 as under:



Notwithstanding anything contrary contained in the Articles of Association, the Company, to the extent permitted by the applicable laws, may, allow the member(s) of the Company to participate in the General Meeting(s) through any type of electronic mode like video conferencing, etc., and the members so participating shall be deemed to be present in such General Meeting(s) for the purposes of the quorum, voting, recording of minutes and all other relevant provisions in this regard."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered inserting the following second para immediately Article 86 (4), immediately after the existing Article 86 (3) as under::

- (4) Notwithstanding anything contrary contained in the Articles of Association, and to the extent permitted by the applicable laws, the Director(s) may participate in the meeting(s) of the Board or any Committee of the Directors through any type of electronic mode like video conferencing etc. and the Director(s) so participating shall be deemed to be present in the meeting for the purposes of the quorum, voting, recording of minutes and all other relevant provisions in this regard."

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

"RESOLVED THAT in accordance with the provision of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modifications or enactment thereof, Shri Biswajit Choudhuri, who was appointed as Additional Director with effect from 9th November, 2011, pursuant to provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company with immediate effect and he is subject to retirement by rotation under the provisions of the Article of Association of the Company."

By Order of the Board

Place : Raipur

Mohit Chande

Date : 22.05.2012

Company Secretary

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## NOTES

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 and the proxy need not be a member of the Company.
2. Proxy form duly stamped and executed in order to be effective, must reach the Registered Office of the Company not less than 48 hours before the time of commencement of the Annual General Meeting.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
4. Members / proxy holders are requested to bring their attendance slip duly signed so as to avoid inconvenience.
5. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business under Item No. 5 above, is annexed hereto and form part of this notice.
6. The Ministry of Corporate Affairs, vide its Circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 has taken a "Green Initiative" by allowing paperless compliances by the companies to serve the requisite documents to its members vide e-mode, in pursuance to Section 53 of the Companies Act, 1956. Accordingly, the Company shall be required to update its database by incorporating your designated e-mail ID in its records. You are thus requested to kindly submit your e-mail ID to your depository participant and members who holds shares in physical form are requested to send their email id at [hiraferrogogreen@linkintime.co.in](mailto:hiraferrogogreen@linkintime.co.in).
7. Members holding shares in physical form are requested to advise any change in their registered address, to the Company's Registrar and Share Transfer Agent, Link Intime India Limited, Mumbai quoting their folio number. Members holding shares in electronic form must send the advice about change in their registered address or bank particulars to their respective Depository Participant and not to the Company.
8. Members desiring any information on the Accounts of the Company are requested to write to the Company at least 10 days in advance so as to enable the Company to keep the information ready.



9. In all correspondence with the Company or with its Share Transfer Agent, members are requested to quote their folio number and in case the shares are held in the dematerialized form, they must quote their Client ID Number and their DPID Number.
10. Information under Clause 49 of the Listing Agreement of the Stock Exchanges with respect to the details of the Directors seeking appointment/re-appointment is furnished at the end of the notice.
11. The Copies of resolutions of the Board is available for inspections by members at the registered office of the company during working hours on any working day till the date of the Annual General Meeting.
12. The Register of Members and Share Transfer Books of the Company shall remain closed from September 22, 2012 to September 29, 2012 (both days inclusive) for the purpose of Annual General Meeting.
13. In terms of section 205C of the Companies Act, 1956, there is no unpaid /unclaimed dividend amount liable to be transferred into Investor Education and Protection Fund. The following are the details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to such IEP Fund of the Central Government

<b>Year of Dividend</b>	<b>Date of Declaration</b>	<b>Due date for transfer to IEP Fund</b>
2004-05	30.09.2005	29.10.2012
2005-06	26.09.2006	25.10.2013
2006-07	25.09.2007	24.10.2014
2007-08	23.09.2008	22.10.2015
2008-09	22.09.2009	21.10.2016
2009-10	25.09.2010	24.10.2017
2010-11	30.09.2011	29.10.2018

14. Investors holding physical shares are advised to forward the particulars of their Bank Account, name, branch and address of the bank immediately, if not sent already, so as to enable us to incorporate the same on dividend warrants.

**By Order of the Board**

**Place : Raipur**  
**Date : 22.05.2012**

**Mohit Chande**  
**Company Secretary**

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT**

Pursuant to Section 173(2) of the Companies Act, 1956

**SPECIAL BUSINESS:****Item No. 5 To 8**

The Ministry of Corporate Affairs in pursuit of "Green Initiative" has in the recent past, issued various circulars enabling the companies to provide facilities for participation of the Members in the General Meetings and Directors in the Board and Committee Meetings through video conferencing and audio visual electronic mode as well as to provide opportunity to the members to cast the votes in postal ballot through electronic mode and for sending notice, annual report, documents and other communications, etc. to the members in electronic form, i.e. through emails registered by the shareholders etc.

Considering the benefits attached with the use of electronic mode of communication and to ensure the maximum participation of the Board of Directors and shareholders in their respective meetings, it is considered appropriate to make suitable amendments in the Articles of Association of the Company in this respect.

In order to incorporate these in the Articles, your Directors recommended insertion of new articles after existing first para in the respective articles and sub-articles (3) after sub-article (2) in Article 58 and as second para in Article no. 65, 74 and after existing first para in the respective articles and sub-articles (4) after sub-article (3) in Article 86 of the Articles of Association carrying the matter as mentioned in the notice.

The said alterations in the Articles of Association will not only facilitate faster and economical communication with the shareholders of the Company but also ensure larger participation of Directors and shareholders in the affairs of the Company to inculcate healthy Corporate Governance in the Company.

As per provisions of the Companies Act, 1956, alterations of Articles of Association requires approval of the members by way of Special Resolution and hence the said resolutions are proposed as set out in item no. 5, 6, 7, & 8 of the Notice for the approval of the members.

None of the Directors/key Managerial personnel of the company is concerned or interested in the above resolutions.

**ITEM NO: 9**

Shri Biswajit Choudhuri, has been appointed as an additional Director of the Company with effect from 9th November, 2011 and subsequently appointed as Chairman of the Company. In terms of section 260 of the Companies Act, 1956, he holds office up to the date of ensuing Annual General Meeting. The Company has received notice from a member pursuant to section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Shri Biswajit Choudhuri as Independent Director of the Company.

Shri Biswajit Choudhuri has vast experience of over forty four years in the fields of engineering, management, banking and finance. Keeping in view his vast experience in the aforesaid fields, the Board of Directors of the company is of the opinion that it would be in the interest of the company to appoint Shri Biswajit Choudhuri as Director of the company and he shall be liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

A brief resume of Shri Biswajit Choudhuri, his nature of expertise and names of Companies in which he holds directorship and membership / chairmanship of Board Committees as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India is annexed to the notice.

None of the Directors except Shri Biswajit Choudhuri is concerned or interested in the above resolution.

The Board accordingly recommends the resolution as set out in the item no. 9 for approval of Members.

**By Order of the Board**

**Place : Raipur**  
**Date : 22.05.2012**

**Mohit Chande**  
**Company Secretary**



## ANNEXURE TO THE NOTICE

### Particulars of Directors Seeking Appointment / Re-Appointment

Particulars of Directors seeking appointment and re-appointment at the ensuing Annual General Meeting to be held on 29th September, 2012 are given as under:

<b>Name of the Director</b>	<b>Shri Biswajit Choudhuri</b>	<b>Shri Bhrigunath Ojha</b>	<b>Shri Arbind Kumar Dubey</b>
Age	70 Years	68 Years	50 Years
Qualification	B.Tech (Hons), Fellow Member of ICWI and Indian Institute of Banking and Finance	B.E. (Electrical)	B.Com
Experience in Specific Functional area	More than 45 years	More than 40 years	More than 25 years
Date of Appointment on the Board of the company	09.11.2011	06.08.2011	06.08.2011
Nature of expertise in specific functional areas	Engineering, Management Banking and Financial Services.	Experience in building, develop-ping, managing and directing power organizations	Experience in General Administration and Marketing
Name(s) of other Public Companies in which Directorships held	Aditya Birla Chemicals (India) Ltd. (Formerly Bihar Caustic & Chemicals Ltd.) Godawari Power and Ispat Limited (51% holding Company of your Company) Hindusthan Engineering & Industries Ltd Ludlow Jute & Specialities Ltd (Formerly Aekta Ltd) DIC (India) Limited R. V. Investment & Dealers Ltd Maithan Alloys Limited Khaitan Electricals Limited NKG Infrastructure Limited	Indraprastha Power Generating Company Limited. Ardent Steel Limited Godawari Power and Ispat Limited (51% holding Company of your Company) Pragati Power Company Limited.	Hira Energy Limited
Chairman/Member of the Committee of the Board of Directors of the Company	Chairman of Audit Committee	Chairman of shareholders Grievances committee and Members of Audit Committee	NIL
Name(s) of companies in which committee members chairmanship held *	Chairman of Audit Committee and Members of Shareholders Committee of Aditya Birla Chemicals (India) Ltd. Member of Audit Committee of Ludlow Jute & Specialities Ltd Chairman of Audit Committee of Godawari Power and Ispat Limited Member of Audit Committee of DIC ( India) Limited Chairman of Audit Committee of Hindusthan Engineering & Industries Ltd.	Chairman of Shareholders Committee and Members of Audit Committee of Godawari Power and Ispat Limited	NIL
No. of Shares of Rs 10/- each held by the Managing Directors or Directors	NIL	NIL	NIL
Retaliati on ship with Directors inter-se (As per Section 6 and Schedule 1A of the Companies Act,1956)	No Relationship with other Directors	No Relationship with other Directors	No Relationship with other Directors

\* As per Clause 49 of Listing Agreement only Audit Committee and Investor /Shareholders' Grievance Committee have been considered.

**DIRECTORS' REPORT**

To

Dear Members,

Your Directors have pleasure in presenting the 28th Annual Report of your Company along with the Audited Accounts for the financial year ended 31st March, 2012. The Summary of Financial results for the year ended 31st March, 2012 is as under:

(Rs in Crores)

<b>FINANCIAL RESULTS</b>	<b>2011-12</b>	<b>2010-11</b>
Net Sales	276.02	148.19
Other Income	3.73	8.44
Total Income from Operations	279.75	156.63
<b>Profit before Interest, Depreciation and Tax</b>	<b>22.55</b>	<b>44.35</b>
Finance Charges	11.23	7.73
Depreciation & Amortization Expenses	7.44	6.22
<b>Profit before Tax</b>	<b>3.88</b>	<b>30.40</b>
Less: Provision for Income Tax, Tax related to earlier years & Wealth Tax Provision	(0.95)	1.72
<b>Net Profit after Tax</b>	<b>4.83</b>	<b>28.68</b>
Add: Balance brought forward from previous year	97.64	71.83
Profit available for appropriations	102.47	100.5
<b>Appropriations:</b>		
Proposed Dividend	1.17	1.17
Tax on proposed dividend	0.19	0.20
Transfer to General Reserve	1.50	1.50
Balance carried to Balance Sheet	99.61	97.64

**DIVIDEND**

The Board of Directors are pleased to recommended payment of dividend @ Rs.0.60/- per share on enhanced paid up equity share capital of Rs. 19,58,85,000 divided into 1,95,88,500 equity shares of Rs. 10/- each {P.Y.Rs. 3.00 per share on Pre-Bonus Capital i.e. Rs.3,91,77,000 divided into 39,17,700 equity shares of Rs. 10/- each.}. The total outflow on account of dividend shall be Rs.1.37 Crores (P.Y. Rs. 1.37 Crores) including dividend distribution tax. The dividend shall be paid, subject to the approval of shareholders in the ensuing AGM, to all those shareholders whose names appear in the register of members as on Book Closure date fixed for the payment of dividend.

**OPERATIONAL & FINANCIAL PERFORMANCE REVIEW**

The company achieved a gross sale of Rs. 293.73 crores during the financial year 2011-12 as compared to Rs. 162.86 crores during the financial year 2010-11, registering a growth of 80.78%. The Company has during the year started trading of Iron & steel products

which registered sales of Rs 120.40 crores.

The Ferro Alloys division of the Company registered net sales of Rs 162.94 crores as compared to Rs 138.06 crores during the previous year. In terms of volume, the sale ferro alloys increased to 29118.500 MTs from 24034.850 MTs during the year registering a growth of 21.15%. The sale of electricity division decreased to Rs 10.16 crores as against sale of Rs 24.42 crores during the year under review due to lower merchant sale demand from SEBs and reduction in rates for merchant power. Your Company has sold 30939207 KWH of power as compared to 57320191 KWH during the previous year which registering a reduction of 46.02%.

Despite better volume of production and sales, the net profit of the Company during the year under review declined to Rs 4.83 crores from Rs 28.68 during the previous years, mainly on account of lower realization from sale of ferro alloys and electric power as compared to previous year due to unfavorable market conditions ferro alloys and merchant power. Going forward, your Company is confident of achieving better operating



performance once the market conditions improves.

## FINANCE:

Your Company during the year consequent upon approval of shareholders of the Company, issued bonus share in the ratio of 4:1 to the shareholders whose names appear in register of member on 12th July, 2011 (i.e. record date) and issued 1,56,70,800 additional equity shares resulting into increase in paid up equity share capital from Rs 3.91 crores to 19.59 crores.

## TRADING IN EQUITY SHARES ON NSE

The Madhya Pradesh Stock Exchange Limited (MPSE) has entered into a strategic partnership agreement under proviso to section 13 of Securities Contract Regulation Act, 1956 with National Stock Exchange Limited (NSE), which allows securities listed on MPSE to be traded under permitted category on NSE trading platform. Consequent to this strategic partnership agreement between MPSE and NSE, the equity shares of the company has been permitted to trade and admitted to dealings on the NSE with effect from 25th October, 2011.

## PUBLIC DEPOSITS

Your company has not accepted any deposits from Public within the meaning of section 58A of the Companies Act, 1956.

## PARTICULARS OF EMPLOYEES

Particulars of the employees as required under the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended are not attached with this report since there was no employee who was in receipt of remuneration in excess of limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees), Rules 1975.

## DISCLOSURE OF PARTICULARS

As required under section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 the particulars

relating to conservation of Energy, R & D, Technology Absorption and Foreign Exchange Earnings / Outgo are annexed with this report.

## CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS REPORT

Your Company has been practicing good Corporate Governance over the time. In addition to basic governance issue the board lays strong emphasis on transparency, accountability and integrity for building investor confidence, improve investor's protection and maximize long-term shareholder value. A separate report on Corporate Governance compliance and a Management Discussion and Analysis Report as

stipulated by the Clause 49 of the Listing Agreement forms part of the Annual Report along with the required Certificate regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement. In compliance with Corporate Governance requirements as per Clause 49 of the Listing Agreement, your Company has formulated and implemented a Code of Business Conduct and Ethics for all Board members and senior management personnel of the Company, who have affirmed the compliance thereto.

## DIRECTORS

During the year under review Shri Govindbhai Baldeobhai Desai, Chairman & Independent Director and Shri Bajrang Lal Agrawal, Non-Executive Director of the Company have resigned from the Board with effect from 9th November, 2011 & 22nd May, 2012 respectively. Your Company places on record its deep sense of appreciation for the services rendered and guidance given by the outgoing Directors from time to time during the tenure of their office.

The Board of Directors of the Company have appointed Shri Biswajit Choudhuri as Additional Independent Director on the Board to fill the vacancy caused by resignation of Shri Govind Bhai Desai, from the position of Chairman & Independent Director, to hold office up-to the conclusion of next Annual General Meeting of the Company. The Board also appointed Shri Biswajit Choudhuri, as Chairman of the Board. The Company has received notice under section 257 of Companies Act, 1956 proposing the candidature of Shri Biswajit Choudhuri as Director of the Company.

As per Section 256 of the Companies Act, 1956 and Article of Association of the Company, Shri Arbind Kumar Dubey and Shri Bhrigunath Ojha are liable to retire by rotation and being eligible offer themselves for reappointment

The Board recommends appointment and re-appointment of aforesaid Directors.

None of the Directors of the Company are disqualified for being appointed as Director, as specified in section 274 (1) (g) of Companies Act, 1956. A brief resume of directors being appointed/re-appointed with the nature of their expertise, their shareholding in the Company as stipulated under Clause 49 of the Listing Agreement is appended as an annexure to the notice of the ensuing Annual General Meeting.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby confirms that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been

made from the same;

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 true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period;
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; and
4. the directors have prepared the accounts for the financial year on a 'Going Concern' basis.

#### **APPOINTMENT OF COST AUDITOR**

The Ministry of Corporate Affairs vide Notification No.52/26/CAB/-2010 dated, 3rd May, 2011 ordering cost audit of certain industry for the year ending 31st March, 2012 and pursuant to section 233 B of The Companies Act, 1956, M/s. Sanat Joshi & Associates was appointed as Cost Auditor of the company to conduct audit of cost accounting records maintained by the Company for the year ended 31st March, 2012. The due date of filing his report as per sub-rule (1) of rule 4 of The Companies (Cost Audit Report) Rules, 2011 to the Central Government and to the company is within one hundred and eighty days from the close of the company's financial year (i.e on or before 27th September, 2012).

#### **RE-APPOINTMENT OF STATUTORY AUDITOR**

In terms of provisions of Section 224 of the Companies Act, 1956, M/s O.P. Singhanian and Co., Chartered Accountants, with Firm Registration Number 002172C, retire at ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Pursuant to the recommendation of the Audit Committee at their meeting held on 22nd May, 2012 recommending re-appointment of M/s O.P. Singhanian and Co., Chartered Accountants as Statutory Auditors of the Company, for the financial year 2012-13, the Board of Directors have, subject to the approval of the shareholders, at their meeting held on 22nd May, 2012 approved the re-appointment of M/s O.P. Singhanian and Co., Chartered Accountants as the Statutory Auditors of the Company for the financial year 2012-13 and to hold office till the conclusion of the next Annual General Meeting. In terms of provisions of Section 224 (1B) of the Companies Act, 1956 M/s O.P. Singhanian and Co., Chartered Accountants have furnished a certificate that their appointment, if made, will be within the limits prescribed under the said section of the Act and they have obtained peer review certificate as required under SEBI Guidelines for appointment of Statutory Auditors of listed companies.

#### **AUDITORS' REPORT**

There are no qualifying remarks in the Auditor's Report except for the interest free loans granted by the company to the companies listed in the register maintained under section 301 of the Companies Act, 1956, referred to Annexure (iii) (b) of the Report. The company has granted interest free short term loan as a reciprocal business arrangement with other companies to meet the short term fund requirements. The Board of Directors of the Company have decided to stop this practice with immediate effect and no such further loans shall be granted by the Company in future.

#### **CODE OF CONDUCT**

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

#### **INDUSTRIAL RELATIONS**

Industrial relations in your company during the year was peaceful, cordial and healthy. Your company had been able to maintain peaceful industrial atmosphere and mutual trust between the management and the employees.

#### **ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation for the valuable co-operation and support received from the customers and suppliers, various financial Institutions, Banks, Central and State Government bodies, Auditors, Registrar and Transfer Agent and Advisors which have made possible the excellent results achieved by your company and to all the persons who reposed faith and trust in us. We would also like to express thanks to our shareholders and stakeholders for their confidence and understanding.

**By Order of the Board**

sd/-

**Place : Raipur  
Date : 22.05.2012**

**Biswajit Choudhuri  
Chairman**



## ANNEXURE TO THE DIRECTORS' REPORT

Particulars as required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998:

### A. CONSERVATION OF ENERGY

Measures taken for Conservation of Energy: No additional measures have been taken during the financial year for conservation of energy.

#### FORM - A

(Form for Disclosure of particulars with respect to conservation of energy)

#### I. POWER & FUEL CONSUMPTION

Particulars	Units/Mts in Lacs		Total Amount (Rs. In Lacs)		Average Amount Per Unit/MT	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Electricity (Units)</b>						
1. Purchase	129.40	308.55	565.50	930.41	4.37	3.01
2. Own Generation *	1225.56	896.56	-	-	-	-
Coal & Coke (MTS)	1.96	2.42	4599.52	3879.71	2346.70	1603.18

\*Excluding 17141597 (13971896) units of auxilliary consumption and transmission losses.

#### II. Consumption Per Unit of Production (Per MT)

Particulars	Production		Consumption of Fuel		Average Consumption	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Electricity</b>						
Ferro Alloys (MT)	28090.700	23713.205	134568612	120493912	4790	5081
Power (Units)	168182900	157540000	17141597	13971896	0.102	0.088
Fly Ash Bricks (Nos.)	10172070	12062560	235098	237953	0.023	0.020
<b>Coal and Coke</b>						
Ferro Alloys (MT)	28090.700	23713.205	20071.910	16976.09	0.715	0.716
Power (Units)	168182900	157540000	175516.961	224757.00	1.48 Kg	1.42Kg

\* Considered 33242.204 MT of Rice Husk consumption & 40795.500 MT of Dolochar consumption for Average calculation.

### B. TECHNOLOGY, ABSORPTION, ADAPTATION & INNOVATION

#### FORM - B

#### Disclosure of particulars with respect to Technology Absorption

#### Research & Development (R & D)

Specific areas in which R&D proposed to be carried out by the Company

None

Benefits derived

Not Applicable

Expenditure on R & D

a) Capital

Nil

b) Recurring

Nil

c) Total

Nil

d) Total R & D expenditure as a percentage of total turnover

Nil

#### Technology absorption and innovation Efforts made

Continuous efforts are being made towards improvements in existing production process.

#### Benefits

The Company is successful in improving the quality of its products and reducing specific consumption of inputs through efficient furnace operating practices.

Particulars of imported Technology during last 5 years  
Nil

#### C. FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, 4283381 USD the Total Foreign Exchange used:

For and on behalf of the Board

Sd/-

Biswajit Choudhuri  
Chairman

Raipur  
22.05.2012

## MANAGEMENT DISCUSSION AND ANALYSIS

The management of your Company is pleased to present the discussions and analysis on the industry structure, developments, future outlook. The said discussion must be read together with the Directors' Report and the Audited Financial Statements that form a part of the Annual Report.

### INDUSTRY STRUCTURE AND DEVELOPMENT

#### FERRO ALLOYS

Ferro alloy products are used in the production of steel as de-oxidant and alloying agents and the Ferro alloys industry acts an intermediate industry to the Iron & Steel industry. As a result the demand and prices of Ferro alloys depend on the production and consumption of steel. Looking to the worldwide Global demand of steel & domestic increasing trend of steel demand, the consumption of Ferro Alloys is increasing rapidly in India and the rest of the world. That's encouraging the production capacities in India during this decade and further increasing the production capacities especially in Manganese Alloys.

Under a softened economic development, demand for the raw materials has seriously shrunk, especially since second half of 2011, and the industry prosperity has sharply fallen down. As the main producer and exporter of ferroalloys products, China is also going through a hard period, suffering from painstaking production, prices drop, tight capital turnover, profit shrinking, orders decreasing and hard transaction. All indicates the stagnancy of the industry.

Fortunes of Ferro Alloys Industry are linked to that of the Steel Industry. Steel production is likely to witness growth with increase in per capita consumption of steel which is presently lowest in the world. Also the steps taken by the Government of India to boost the sentiments of the manufacturing industry in general and Iron & steel industry in particular, provide an indication for the future growth of Indian Ferro alloys industry. Presuming the further potential in the steel sector, the Government will make all endeavors to see that the 129 MT Steel capacity projected by the year 2012-13 is realized by way of policy facilitation and vigorous co-ordination efforts made by the Government.

The estimated present Production capacity & domestic demand of Indian Ferro Alloys Industry in India is about 4.50 Million tons against domestic demand of 3.20 Million Tons during last fiscal. Expecting to increase the domestic demand of Ferro Alloys, more new Ferro Alloys units are coming up specially in manganese Alloys in the country. Most of the projects are under completion with a capacity of 0.7 Million Tons Per annum in West Bengal, Andhra Pradesh, and Karnataka etc.

Since Ferro alloys industry is power intensive unit, the power cost is about 35-40 per cent of its total production cost. The balance is attributable to the cost of ore and other ingredients required producing Ferro alloys. The power tariff in India is 3-5 per cent higher in comparison to the competing countries, despite the impact of power reforms on Ferro alloy producers is difficult to assess, as the electricity market still seems to be in a state of flux. In view of the fact that the current power tariff in various States is quite high. Most of the Ferro Alloys producers are putting their own Captive power plants to have a cost advantage over the competitors. The sources major raw material is ore, like manganese ore for manganese alloys, chrome ore for Ferro chrome, along with Coke, quartz and fluxes etc. for production of Ferro Alloys. Due to huge demand and high rising costs of raw material globally and the scarcity of good quality of raw material and since coke is not available in India, the entire domestic requirement of raw materials for the industry could not fully met from the domestic market.

In India manganese ore is available with M/s MOIL Ltd., a Govt. owned company the largest ore producer and other manganese ore producers are M/s Orissa Mining Development Corporation, M/s Mysore Minerals Limited, M/s Sandur Manganese in Karnataka and some small private mine owners located in Madhya Pradesh, Orissa and Karnataka are producing a very little quantity. Due to shortage of ore in the domestic market, the industry is depending on imports.

#### PROSPECTS

With the growth in production and consumption of Steel in India, the ferro alloys demand is likely to increase with increased consumption of Steel and your Company is well positioned to reap the benefits of increased demand.

#### FUTURE STRATEGY AND GROWTH

Looking to the worldwide Global demand of steel & domestic increasing trend of steel demand, the consumption of Ferro Alloys is increasing rapidly in India and the rest of the world. That's encouraging the production capacities in India during this decade and further increasing the production capacities especially in Manganese Alloys. Your Company is exploring the growth opportunities in India and abroad.

#### POWER

India remains a power deficit nation despite the fiscal and non fiscal impetus given by the State.

The need for smooth and reliable power supply, coupled with a major push, coming from the Centre,



drives investments in the sector and facilitates the development of new generation capacity. India has a mix of thermal and hydro-based facilities. Reforms in the power sector are proceeding, albeit slower. The current mechanism for merchant sales involves direct sales to utilities and routing power sales through power traders. While a deficit persists, the primary response from utility companies.

With the world population nearly doubling in the past three decades, the present surge in electricity demand, and the projected increase of the global population, the importance of available energy cannot be underestimated. India continues structurally to be a power deficit country. The gap between demand and supply currently stands at 12%. The private sector continued its determined performance and contributed to a record power capacity.

For the next five years at least there are broad indications that the power sector will be in the progressive stages. Although the Govt. is targeting higher generation under the public sector, there are ample investment opportunities in the private sector.

Your Company is presently engaged in generation of captive power for use in manufacturing of ferro alloys and also selling power in short term market through merchant sale with view to optimize revenue and profitability.

Your Company would continue to optimize the power resources either for production of ferro alloys via captive consumption or for merchant sale of power through short term open access while complying with the captive power guidelines during the current year. Sustained growth and development of the power sector is a key driver for the country's economic growth. There is a great opportunity for Public as well as Private Power producers.

### **OPPORTUNITIES AND THREATS**

#### **FERRO ALLOYS**

The Company has a reasonably medium capacity for the manufacture of Ferro Alloys. The Plants are located in proximity to a host of steel manufacturing hubs domestically. A bulk of the new projects announced in steel too is in the vicinity of the Company's production facilities. Currently there has been some return of interest to Ferro Alloys given the increased demand for steel. The Company continues to scrutinize the overall position and will adjust its use of power for Ferro Alloy production as and when required.

#### **POWER**

India is presently positioned as the eleventh largest manufacturer of energy, representing roughly 2.4% of the overall energy output per annum. Coal based

generation of power remains major contributors for meeting the energy demand in the country in view of huge thermal coal availability in India and coal based power generation shall continue to play a dominant role in Indian Power Sector. The Government of India is also making efforts in Development of Generation of power through Renewal energy like wind, solar, biomass, etc.

In India at present and investment in this sector would be beneficial for the company. Thus private players are expected to play a major role in meeting India's power requirement in the next decade.

In light of the continued year-on-year increase in peak power deficit, the government is aggressively targeting capacity commissioning with accent on large-scale thermal plants. There yet remain regulatory complexities (resource sharing, environmental clearances and land holdings) at the State levels that are delaying generation of this additional power. Progress in terms of sector reforms remains slow.

### **RISK AND CONCERN**

In the normal course of business the Company is exposed to external risk such as fluctuation in demand, competition from other market players, risk arising from supply chain glitches, internal risk like variation in cost, financial risk of adverse variation in interest rate and fluctuation in foreign exchange rates. All the key function and division heads are independently responsible to monitor the risk associated in their respective area. Going forward, the pick-up in Ferro alloy production is likely to be staggered.

### **ANALYSIS AND DISCUSSIONS ON FINANCIAL PERFORMANCE**

#### **Review of Operations**

The Company's operations are divided into three segments i.e. Ferro alloys, Power Divisions and Trading of Goods. The Company is engaged in manufacturing ferro alloys consisting mainly of Silico Manganese. The power division of the Company is captive. However the looking the present market scenario, the Company is also selling power in the open market in order to optimize the revenue & profitability.

In fiscal 2012, the Company reported total revenue from operations (net) increased from Rs. 14818.80 Crores to Rs. 27601.80 Crores, registering a growth of 86.26% as compared to last fiscal. The raise was mainly because the Company has started trading of goods due to unfavorable market conditions in ferro alloys sector and low demand in power sector.

Ferro Alloys production in the year under review was 28090.700 MTs as compared to 23713.205 MTs in last year and the sale of silico manganese increased from 24034.850 MTs to 29118.500 MTs during the current

year registering a growth of 21.15%. Your Company has sold 30939207 KWH of power as compared to 57320191 KWH during the previous year. The sale of Bricks decreased from 11543725 Units to 9846114 Units during the current year registering a reduction of 14.71 %.

During the year under review the Company generated a Net Profit of Rs. 4.83 Crores, a reduction of 83.16 % as compared to Rs.28.68 Crores in the previous year due to favorable market condition and sale of power.

## Review of Financial performance:

### (a) Net sales/ Income from operations:

The Company has achieved net sales turnover of manufactured goods Rs.15540.34 lacs, as compared to Rs.14780.90 lacs during the previous year, registering a growth of 5.14%. The statement showing average realizations of major products is given below:-

Sl No.	Products	FY 2012			FY 2011		
		Net Sales Qty	Net Sales (Value Rs. in Lacs)	Average Price Per Unit (Rs.)	Net Sales Qty	Net Sales (Value Rs. in Lacs)	Average Price Per Unit (Rs.)
1	Silico Manganese (MT)	29118.500	14051.57	48257	24034.850	12155.12	50573
2	Ferro Manganese (MT)	735.200	372.63	50684	36.000	18.700	51944
3	Bricks (No.)	9846114	189.52	1.92	11543725	163.97	1.42
4	Power (Kwh)	30939207	1016.07	3.28	57320191	2442.91	4.26

The average realizations for silicon manganese reduced by 4.58%, Ferro Manganese reduced by 2.43% and Power reduced by 22.89 % and Bricks increased by 35.21% as compare to FY 2010-11.

### (b) Cost of Raw Material and Components Consumed

The raw material cost which mainly consist of manganese ore & coal coke cost and rice husk increased from Rs. 8550.62 Crores to Rs. 10280.85 Crores during the current financial year as compared to previous year. The Cost of Raw Material and Components Consumed has increased 20.24 % as compare to previous year due to increase in prices of manganese ore and coal.

#### (i) Operating & Other Expenses

The operating & other expenses have gone down from 13.91% of net sales to 7.92 % mainly due to better controls on expenditure & cost and increase in volume of sales due to trading of goods.

#### (ii) Employees Cost

The employees cost during the year increased by 37.91 % to Rs. 619.11 lacs from Rs. 448.98 lacs due to annual increase in salaries and recruitment of additional employees to meet increased requirement. The overall employees cost decreased to 2.24 % of the net sales as compared to 3.02% during previous year.

#### (iii) Operating Margins (EBIDTA)

The operating margins of the Company decreased from 29.94% as compared to 8.17% of net sales during the year, due to adverse market conditions in sales realizations. Operating margins of the Company have declined due to higher input cost and lower

sales realization. The other income has declined during the year due to one time income during previous from sale of long term investments.

### (iv) Interest & Financial Charges

The total finance cost during the year increased from Rs.773.18 lacs to Rs. 1122.57 lacs due to increase in the rate of interest and due to additional loan facilities for funding the cost of acquisition of Bio Mass power plant

### (v) Depreciation and Amortization Expenses

The depreciation and amortization expense has gone up by Rs.122.70 Lacs. The Company has applied depreciation on straight line method as per rates prescribed under the Companies Act, 1956.

### (c) Profit Before Tax

The Company has achieved net profit before tax and extra-ordinary items of Rs. 388.15 Lacs which is 1.41 % of net sales as against Rs.3040.15 lacs, which was 20.52% of net sales during the previous year.

### (d) Provision for taxation

The provision for income tax is made as per provisions of the Income Tax Act. The profit of the power division is exempt u/s 80IA of the Income Tax Act.

### (e) Appropriation

The Company has transferred Rs.150.00 lacs (Previous year Rs. 150.00 lacs) to the General Reserve during the year.


**(f) Provision for Dividend & Dividend Tax**

The Board of Directors of the Company has recommended a final dividend @ 6 % (Rs.0.60 paisa per share) for the year ended 31st March 2012, subject to approval of the shareholders. Further provision of dividend distribution tax of Rs.19.06 lacs has been made. The total outgo of funds on account of dividend payment including corporate tax on dividend for the year is Rs. 136.59 lacs.

**(g) Fixed Assets**

The net block of fixed tangible assets and intangible assets stood as on 31st March, 2012 and 31st March, 2011 at Rs. 12727.45 Lacs & 194.72 Lacs respectively as compared to previous year of Rs. 9639.35 Lacs and 24.25 Lacs.

**(h) Inventories**

The overall value of inventory of raw materials increased to Rs.4695.99 lacs as on 31st March 2012 as compared Rs. 422.44 lacs as on 31st March 2011.

**(i) Loans & Advances**

The Long term loans and advances as on 31st March 12 stood at 4207.48 lacs, increased by 40.88% as compared to 31st March 11 due to acquisition of new bio-mass plant. The short term borrowing as on stood at 3658.30 lacs, increased by 67.31% as compared to 31st March 11.

**(j) Current Liabilities**

The overall current liabilities stood at Rs.9769.19 lacs as on 31st March 12 as against Rs. 6431.11 lacs as on 31st March, 2011, which was increased by 51.92 % due to increase in the volume of operations of the Company.

**(k) Secured and Unsecured Loans**

At the end of year, the secured long term loans stood at Rs. 4170.16 lacs as against Rs. 2949.28 lacs in FY11. The Company has unsecured loans of Rs.37.32 lacs as compared to Rs. 37.35 lacs in FY 11.

**(l) Key Financial Indicators**

The key financial ratios of the Company for the year under review as compared to previous year as given below:

Particulars	FY12	FY11
EBDITA to Net Sales (%)	8.17	29.93
Profit after Tax to Net Sales (%)	1.75	19.36
Earning Per Share ( Rs.)	2.47	14.64*
Net Worth Per Share (Rs)	65.08	63.31*
Current Ratio	1.18	1.55
Debt Equity Ratio	0.33:1	0.24:1

\*During the year the Company has issued and allotted 1,56,70,800 equity shares as bonus shares in the ration of 4:1 (four equity share for every one equity shares). The Earning Per Shares and Net Worth Per Share figures were adjusted for comparison.

**SEGMENT-WISE PERFORMANCE**

The Company operates in Ferro alloys, Power and Trading of Goods Segment. The key financial of the segments reporting are given in notes no. 30 "Notes to Financial Statement" to the Notes on Accounts.

**INTERNAL CONTROL**

The Company has reasonable system of internal control comprising authority levels and powers, supervision, checks and balances, policies, procedures and internal audit. The system is reviewed and updated on an ongoing basis. The Company is continuously upgrading its internal control system by adding better process control, various audits. Present internal control system is designed to provide reasonable assurance that proper compliance with regulation can be achieved.

**HUMAN RESOURCES**

Your Company has a team of qualified and dedicated personnel who have contributed to the growth of the Company. The Company continues to retain and attract the quality and talented manpower. They have played significant role in growth of the Company and enabled Company to deliver superior performance during the year.

**CAUTIONARY STATEMENT**

Certain statement in the Management Discussion and Analysis might be considered forward looking. These statements are based on certain assumption and expectation of future events. 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 actual result may vary materially from those considered here as important factors could influence the operation of the Company such as Tax regimes, Government policies, demand-supply position, and industrial relation, Economic development.

**For and on behalf of the Board**

**Sd/-**

**Raipur**  
**22.05.2012**

**Biswajit Choudhuri**  
**Chairman**

## CORPORATE GOVERNANCE REPORT

Your Company prides itself on being a responsible corporate citizen, which is committed to running its business in the best possible manner while being completely transparent, complying with all relevant rules & regulations and contributing to society at large.

HFAL's Corporate Governance philosophy encompasses not only regulatory and legal requirements, such as the terms of listing agreements with stock exchanges, but also several voluntary practices aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders. The Corporate Governance is based on the principal of truth, transparency, accountability, equity and responsibility in all our dealings with our employees, shareholders, customers, suppliers, government, lenders and community at large.

### BOARD OF DIRECTORS

The Board of Directors of your Company comprises of Six Directors during the year 2011-12, representing the optimum combination of professionalism, knowledge and experience. The Board comprises of two Executive

Directors (one of them being the Managing Director) and Four Non-Executive Directors. Two of the Non-Executive Directors are Independent Directors one of whom being the Chairman. The Constitution of the Board is as per the requirements of Clause 49 of the Listing Requirement. All the Directors are liable to retire by rotation except the Managing Director.

Your Company's Board of Directors plays the primary role in ensuring good governance and functioning of the Company. In addition to the items which are required to be placed before the Board for its noting and/or approval under the statutes or regulations, the Board also reviews from time to time compliance reports of all laws applicable to the Company.

The details of the composition of the Board, attendance at the Board meeting during the year and at the last Annual General Meeting, number of directorship, membership/ chairmanship in other public companies and their shareholding with the Company are as follows:

During the financial year 2011-12, the meetings of the Board held as under;

Sl. No.	Dates of Meeting Committee	Strength	No. of Members Present
1.	21st May, 2011	6	6
2.	06th August, 2011	6	4
3.	09th November, 2011	7	7
4.	24th January, 2012	6	6

The Composition of the Board and the attendance of the members are as under;

Sl. No.	Name of the Member	Designation & Nature of Directorship	No. of Meeting Attended
1	Shri G. B. Desai *	Chairman-Independent & Non Executive Director	3
2.	Shri Biswajit Choudhri #	Chairman-Independent & Non Executive Director	2
3.	Shri Bhrigunath Ojha #	Member-Independent & Non Executive Director	3
4.	Shri Bajrang Lal Agrawal*	Member-Non Executive Director	4
5.	Shri Narayan Prasad Agrawal	Managing Director	3
6.	Shri Hanuman Prasad Agrawal*	Member -Executive Director	1
7.	Shri Yarra Chandra Rao	Member-Non Executive Director	4
8.	Shri Arbind Kumar Dubey #	Member -Executive Director	2
9.	Shri Umesh Agrawal *	Member-Independent & Non Executive Director	1



## Hira Ferro Alloys Limited

Details of Memberships of the Directors in other Boards and in Board Committees as on 31st March, 2012 and attendance of directors at Annual General Meeting are as under;

Sl No.	Name of the Director	No. of Directorship	As a Member/ (Chairman) in the Committee of the Other Companies	Attendance at the last AGM (30.09.2011)
1.	Shri Biswajit Choudhri #	9	3 (3)	N.A.
2.	Shri Bhrigunath Ojha #	4	1 (1)	Yes
3.	Shri Bajrang Lal Agrawal*	9	3	Yes
4.	Shri Narayan Prasad Agrawal	5	NIL	Yes
5.	Shri Yarra Chandra Rao	1	NIL	Yes
6.	Shri Arbind Kumar Dubey #	1	NIL	Yes

# Shri Bhrigunath Ojha – Appointed as Director w.e.f. 6th August, 2011.

Shri Arbind Kumar Dubey - Appointed as Executive Director w.e.f. 6th August, 2011.

Shri Biswajit Choudhuri – Appointed as Director and designated as Chairman w.e.f. 9th November, 2011.

\* Shri Bajrang Lal Agrawal - Resigned from the Directorship w.e.f. 22nd May, 2012.

Shri Umesh Agrawal and Shri G.B. Desai have resigned from the Directorship of the Company w.e.f. 6th August, 2011 and 9th November, 2011 respectively

Other Directorship excludes Directorship in Private Limited Companies.

None of the Director on the Board is a member of more than ten Committees and Chairman of more than five Committees (Committees being Audit Committee and Shareholders/Investors' Grievance Committee) across all the public Companies of which he is the Director. The necessary disclosures regarding other directorships and committee memberships have been made by all the Directors.

Shri Bajrang Lal Agrawal Shri Narayan Prasad Agrawal and Shri Hanuman Prasad Agrawal belong to Promoter category and they are Real Brothers. No other directors in the Board are related to each other.

### AUDIT COMMITTEE

The terms of the Audit Committee comply with the requirements of Section 292A of the Companies Act, 1956 and also Clause 49 of the Listing Agreement to

be entered into with the Stock Exchanges. The Audit Committee consists of with at least 2/3rd members being independent directors.

The Board of Directors re-constituted the Audit Committee consisting of two Independent Directors and one Non-executive Director on 6th August, 2011 and 9th November, 2011. All the members of the Audit Committee are financial literates as required by Clause 49 of the Listing Agreement. The functioning and terms of reference of the Audit Committee, the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956 and as are in force/ applicable from time to time. The Company Secretary acts as the Secretary of the Audit Committee. The Audit Committee invites, as and when considers appropriate, the Representative of statutory auditors to be present at the meeting of the Committee.

During the financial year 2011-12, the meetings of the Audit committee held as under;

Sl. No.	Dates of Meeting Committee	Strength	No. of Members Present
1.	21st May, 2011	3	3
2.	6th August, 2011	3	3
3.	9th November, 2011	3	3
4.	24th January, 2012	3	3

The Composition of the Audit Committee and the attendance of the committee members are as under;

Sl. No.	Name of the Member	Designation & Nature of Directorship	No. of Meeting Attended
1.	Shri G. B. Desai *	Chairman-Independent & Non Executive Director	3
2.	Shri Biswajit Choudhri #	Chairman-Independent & Non Executive Director	1
3.	Shri Bhrigunath Ojha #	Member-Independent & Non Executive Director	2
4.	Shri Yarra Chandra Rao	Member-Non Executive Director	4
5.	Shri Umesh Agrawal *	Member-Independent & Non Executive Director	2

# Shri B.N. Ojha and Shri Biswajit Choudhuri have been inducted as Member/Member & Chairman of the Audit Committee with effect from 06.08.2011 and 09.11.2011 respectively.

\* Shri Umesh Agrawal and Shri G.B. Desai have been resigned from the Membership/Chairmanship of the Audit Committee with effect from 06.08.2011 and 09.11.2011 respectively

#### SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Company has constituted the Shareholders/ Investors Grievance Committee comprising of One Independent and two Non-Executive Directors and the Committee is headed by Shri Umesh Agrawal, an Independent director during the year and Company Secretary has been designated as secretary to the committee.

The Board of Directors re-constituted the Shareholders/ Investors Grievance Committee consisting of two Independent Directors and one Non-executive Director

on 6th August, 2011 by inducting Shri B.N. Ojha, Independent Director as Member & Chairman of the Shareholders/ Investors Grievance Committee in place of Shri Umesh Agrawal and the Committee further re constituted on 22nd May, 2012 by inducting Shri Biswajit Choudhri as Chairman and Member of the Committee in place of Shri Bajrang Lal Agrawal.

The Committee oversees the performance of the Registrar and Share Transfer Agents', recommends measures to improve the level of investor services and matters pertaining to shareholders' complaints and grievances e.g. non-receipt of annual report, non-receipt of dividend warrant, change of address etc..

No Shareholders/ Investors Grievance Committee meeting was held during the year 2011-12. The composition of the Committee of Directors during the year is given below:

Sl No.	Name of the Member	Designation	Nature of Directorship
1.	Shri Biswajit Choudhri #	Chairman	Independent & Non Executive Director
2.	Shri Bhrigunath Ojha #	Member	Independent & Non Executive Director
3.	Shri Bajrang Lal Agrawal*	Member	Non Executive Director
4.	Shri Yarra Chandra Rao	Member	Non Executive Director
5.	Shri Umesh Agrawal *	Chairman	Independent & Non Executive Director

# Shri B.N. Ojha and Shri Biswajit Choudhuri have been inducted as Member & Chairman /Member of the Shareholders/ Investors Grievance Committee with effect from 06.08.2011 and 22.05.2012 respectively

\* Shri Umesh Agrawal and Shri Bajrang Lal Agrawal have been resigned from the Directorship & Membership of the Shareholders/ Investors Grievance Committee 06.08.2011 and 22.05.2012 respectively

Details of complaints received and redressed during the year & their breakup for the year 2011-12 are as under:

Sl. No.	Received From	Received	No. of Complaints Resolved	No. of Complaints	No. of Complaints Pending
1.	Letter from Investor	1	1	1	NIL
2.	BSE	NIL	NIL	NIL	NIL
3.	MPSE	NIL	NIL	NIL	NIL
4.	DSE	NIL	NIL	NIL	NIL
5.	MSE	NIL	NIL	NIL	NIL
6.	SEBI	NIL	NIL	NIL	NIL



The Company has received quarterly confirmations regarding the above Complaints from M/s Link Intime India Private Limited, Mumbai Registrar and Transfer Agents.

### REMUNERATION COMMITTEE

The Remuneration Committee is constituted of three Directors out of which two are Independent Directors and One Executive Director. The remuneration of directors in all the cases is decided by the Board subject to necessary approval of shareholders, remuneration committee and other applicable approvals, if any.

The committee met only two time during the year 2011-12. The composition of the Committee & the details of meeting attended by the Directors during the year are given below:

During the financial year 2011-12, the meetings of the Remuneration committee held as under;

Sl. No.	Dates of Meeting Committee	Strength	No. of Members Present
1.	21st May, 2011	3	3
2.	6th August, 2011	3	3

The Composition of the Remuneration Committee and the attendance of the committee as under;

Sl. No.	Name of the Member	Designation & Nature of Directorship	No. of Meeting Attended
1.	Shri G. B. Desai *	Chairman-Independent & Non Executive Director	2
2.	Shri Biswajit Choudhuri #	Member-Independent & Non Executive Director	-
3.	Shri Bhargunath Ojha #	Chairman-Independent & Non Executive Director	-
4.	Shri Narayan Prasad Agrawal	Member-Managing Director	2
5.	Shri Umesh Agrawal *	Member-Independent & Non Executive Director	2

# Shri B.N. Ojha and Shri Biswajit Choudhuri has been inducted as Member & Chairman/Member of the Remuneration Committee with effect from 06.08.2011 and 09.11.2011 respectively

\* Shri Umesh Agrawal and Shri G.B. Desai has been resigned from the Directorship & Membership of Remuneration Committee 06.08.2011 and 09.11.2011 respectively

### REMUNERATION POLICY

The Board of Director/ Remuneration Committee is authorized to decide the remuneration of the Managing Director/ Executive Directors subject to the approval of members. The remuneration structure comprises only of the salary includes perks and other benefits. No severance fees is payable to the Directors on termination of the employment. The Company does not have any scheme for Stock-option either for the directors or the employees. The Managing Director / Whole Time Directors are being paid remuneration as approved by the shareholders and other appropriate authorities from time to time.

Sitting fee to Non-Executive Directors including Independent Directors is within the limits prescribed under the Companies Act, 1956 and Listing Agreement.

### REMUNERATION PAID TO DIRECTORS

Shri Narayan Prasad Agrawal is re-appointed as Managing Director for a further period of 5 years w.e.f 1st October, 2011. He draws remuneration in the scale of Rs. 2,50,000-50,000-5,00,000 p.m. and perks as per the rules of the company. During the year, the Company has paid remuneration of Rs. 24.00 Lacs to him. The above remuneration falls within the limits prescribed

in schedule XIII of the Companies Act, 1956. The above remuneration falls within the limits prescribed in schedule XIII of the Companies Act, 1956.

Shri Arbind Kumar Dubey is appointed as Whole Time Director for a period of 5 years w.e.f. 06th August, 2011. He draws remuneration in the scale of Rs. 70,000 - 1,20,000 p.m. and perks as per the rules of the company. The Company has paid Rs.6.90 Lacs to him as Director w.e.f. 6th August, 2011. The above remuneration falls within the limits prescribed in schedule XIII of the Companies Act, 1956

Shri Hanuman Prasad Agrawal is appointed as Whole Time Director for a period of 5 years w.e.f 1st March, 2007. He draws remuneration in the scale of Rs.1,20,000-2,00,000 p.m. and perks as per the rules of the company. Shri Hanuman Prasad Agrawal has been resigned from the Directorship of the Company w.e.f. 06th August, 2011. During the year, the Company has paid remuneration of Rs. 8.39 Lacs to him. The said remuneration falls within the limits prescribed in schedule XIII of the Companies Act, 1956.

The non- executive directors are paid sitting fee of Rs. 5,000/- for attending each Board meeting and Rs. 2,000/- for attending each Committee Meeting.



## DISCLOSURES

There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The details of related party transactions are disclosed in financial section of this Annual Report.

In the preparation of the financial statements, the Company has followed the Accounting Policies and Practices as prescribed in the Accounting Standards and has been consistently applied except for the changes mentioned in Notes forming part of Account.

The implementation of the risk assessment and minimization procedure containing the project/potential risk areas, its intensity, its effects, causes and measures taken by the Company are reviewed by the Committee periodically.

Comprehensive insider trading disclosure guidelines in line with the SEBI Regulations have been adopted by the Board in which the procedure to be followed by all the key managerial persons, staff and other relevant business associates for disclosure of all security transactions of the shares of the company on the basis of any unpublished price sensitive information relating to the company.

There has been no instance of non-compliance by the Company on any matter related to capital markets and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on 31st March, 2012 in compliance with Clause 49 of Listing Agreement.

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

number of shares in physical form and the total number of dematerialised shares held in electronic mode with NSDL and CDSL.

The designated Senior Management Personnel of the Company have disclosed to the Board that no material, financial and commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.

The risk management issues are discussed in detail in the report of Management Discussion and Analysis. Since the risk control framework is new to Indian corporate culture, it is being strengthened on a continuous basis. The Board has yet to lay down procedures to inform the company's risk assessment and minimization procedures. The company is in process of devising the risk assessment and minimization procedures which shall be laid before the Board of Directors of the company for approval.

## PROCEEDS FROM PUBLIC ISSUES, RIGHT ISSUES, PREFERENTIAL ISSUES ETC.

There were no public issues, right issues, preferential issues etc. during the Financial Year 2011-12 under review. However the company has allotted the 1,56,70,800 Equity Shares of Rs. 10/- each fully paid up as Bonus Shares in ratio of 4:1 (Four Equity Shares for Existing One Equity Shares) to those shareholders, whose name appeared in the Register of Members as on Record Date ( i.e. 12th July, 2011).

## COMMUNICATION TO SHAREHOLDERS

The quarterly, half-yearly and annual results are published in widely circulating national and local dailies in English & Hindi.

The Company's website [www.hiraferro.com](http://www.hiraferro.com) contains a separate dedicated section "Investor Relations" where shareholders information is available. The Annual Report of the Company is also available on the website in a downloadable form.

## OTHER INFORMATION TO SHAREHOLDERS

The location, date and time of the last three Annual General Meetings were as under:

Year	Date	Time	Venue
2008-09	22nd September, 2009	4:00 PM	567 B, Urla Industrial Area, Raipur (C.G.)
2009-10	25th September, 2010	10:00 AM	First Floor, Hira Arcade, Pandri, Raipur (C.G.)
2010-11	30th September, 2011	1:00 PM	First Floor, Hira Arcade, Pandri, Raipur (C.G.)



The special resolutions passed at the last three years AGMs, EGMs and through Postal Ballot are as under:

AGM/EGM	Subject Matter of Special Resolutions
22nd September, 2009	None
25th September, 2010	None
1st July, 2011	Alteration of Capital Clause for increase in Authorised Capital of the Company from Rs.12.00 Crores to Rs. 20.00 Crores, Alteration in Article of Association of the Company for the Capitalization of Reserves and Surplus.
30th September, 2011	Remuneration Payable to Relative of Directors

The Company has taken consent of the shareholders of the company pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001, through postal ballot notice dated 1st June, 2010 with respect of Alteration in Main Objects Clause of the Memorandum of Association under section 17 of the Companies Act, 1956 to enable the company to start wind energy project, as Special Resolution. The Result of the Postal Ballot was declared on 12th July, 2010.

During the year your company has taken consent of the shareholders of the company pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001, through postal ballot notice dated 6th August, 2011 for making inter corporate investment(s)/give guarantee(s)/provide security/ give loan (s) etc. upto 1500.00 Crores under section 372A of the Companies Act, 1956.

The result of the voting conducted through postal ballot on the basis of the report submitted by Miss Deepti Jain, a Practising Company Secretary, (Scrutinizer) has been announced by Chairman on 30th September, 2011 are as under:

Particulars	No. of Postal Ballot forms	No. of Shares Rs.10/- Each	% of Total Paid-up Equity Capital
Total Postal Ballot Forms received	90	14373141	73.375
Less: Invalid Postal Ballot Forms	14	101140	00.516
Net valid Postal Ballot Forms	76	14272001	72.859
Postal ballot Forms with Assent for Resolution	74	14271251	99.995*
Postal ballot Forms with dissent for Resolution	02	750	00.005*

\*As a percentage of net valid shares polled.

#### Procedure for postal ballot

- After obtaining consent to act as Scrutinizer from Miss Deepti Jain, A Practising Company Secretary, the Board of Directors appoints Scrutinizer to conduct Postal Ballot process in true, fair and transparent manner.
- Cut Off date is fixed for identifying shareholders entitled to receive notice of the postal ballot.
- Board resolution along with calendar of events is filed with Registrar of Companies within one week of the date of the Board Meeting.
- Postal Ballot Notice along with explanatory statement and Postal Ballot form with instructions are dispatched to shareholders.
- Company advertises dispatch of postal ballot in one English Newspaper and one Vernacular language.
- The postal ballot form duly completed and signed should be sent to the Scrutinizer appointed by the Company at the registered office of the Company

on or before the close of the Business hours on specified date..

- Scrutinizer after carrying out postal ballot process submits their Report to the company on the specified date.
- Declaration of Result of the postal ballot shall be declared on specified date and the same shall be notified to stock exchanges as well as published in one English Newspaper and one Vernacular language.

#### No special resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting.

The promoter and promoters group has not pledged their shares.

#### The Company does not have any subsidiary.

All mandatory requirements and one non-mandatory requirement have been appropriately complied with and the other non-mandatory requirements are dealt with at the end of this report.



## GENERAL INFORMATION:

### ANNUAL GENERAL MEETING

Date	29th September, 2012
Time	11.00 A.M.
Venue	Second Floor, Hira Arcade, Pandri, Raipur C.G. - 492004.

### FINANCIAL CALENDER

Board Meeting (Tentative)

Quarter ending on 30th June 2012	: On or before 15th August, 2012
Quarter and Half-year ending on 30th Sept.2012	: On or before 15th November, 2012
Quarter ending on 31st December 2012	: On or before 15th February, 2013
Quarter and Year ending on 31st March 2013	: On or before 15th May / 30th May, 2013

### DATE OF BOOK CLOSURE

22nd September, 2012 to 29th September, 2012 (Both days inclusive)

### DIVIDEND PAYMENT DATE

The dividend shall be paid to all the eligible shareholders within 30 days of declaration.

### LISTING ON STOCK EXCHANGES

### STOCK CODE

Bombay Stock Exchange Limited	533256
Madhya Pradesh Stock Exchange Limited	HIRAFERRO (For NSE Trading)
Delhi Stock Exchange Limited	-
Madras Stock Exchange Limited	-

The Stock codes are not available for Delhi Stock Exchange Limited & Madras Stock Exchange Limited, since there is no official trading in said Stock Exchanges.

The Company has paid listing fees to the Stock Exchanges for the Financial Year 2011-12 & 2012-13.

### HOLDING COMPANY

The Godawari Power and Ispat Limited (GPIL) is a NSE & BSE listed company, engaged in the manufacture of Sponge Iron, Steel Billets, HB Wires, Iron Ore Pellets, Ferro Alloys and Power having established place of business in the State of Chhattisgarh becomes the holding company of your company w.e.f. 30th March, 2011.

GPIL is holding 1,00,41,000 equity shares of the Company as on 31st March, 2012, which is 51.26 % of the paid up capital of the Company comprising of 1,95,88,500 equity shares of Rs. 10/- each.

### MARKET PRICE DATA

Month	(In Rs.- Per Share)			
	BSE High	Low	NSE* High	Low
April, 2011	360.00 (72.00)	295.00 (59.00)	-	-
May, 2011	377.90 (75.58)	291.00 (58.20)	-	-
June, 2011	390.00 (78.00)	310.00 (62.00)	-	-
July, 2011	327.00 (65.40)	50.95	-	-
August, 2011	53.00	35.60	-	-
September, 2011	42.00	35.10	-	-
October, 2011	40.00	33.00	39.95	28.20
November, 2011	39.65	25.00	38.75	25.05
December, 2011	27.85	20.40	29.00	21.40
January, 2012	40.00	26.50	35.70	23.65
February, 2012	36.70	29.00	36.90	28.15
March, 2012	35.10	25.00	31.95	25.20



## Hira Ferro Alloys Limited

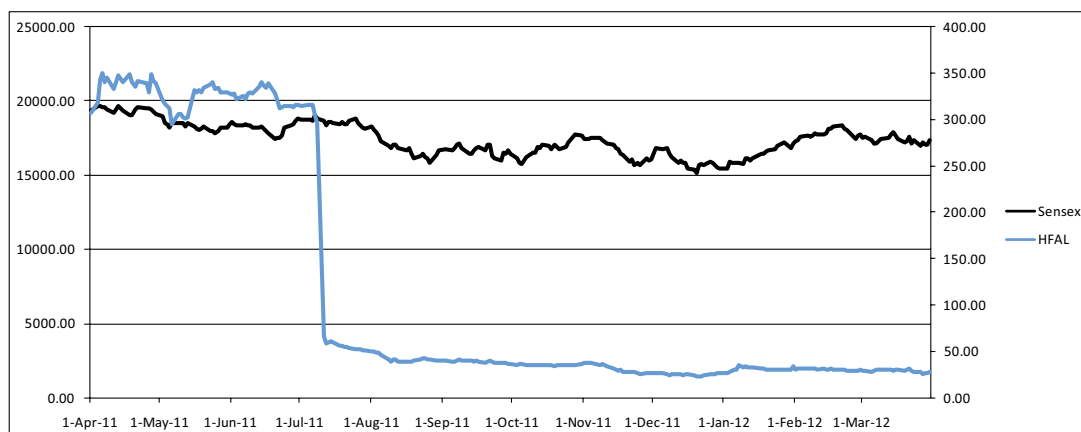
The monthly high and low quotations of shares traded on BSE and NSE. Only BSE and NSE data available, since there is no official trading at other Stock Exchanges

\* The Scrip of the Company has been traded at NSE w.e.f. 25th October, 2011.

The Share Price in the bracket is adjusted to maintain consistency and reflect the post Bonus Data (Bonus Shares issued and allotted in 4:1)

### SHARE PRICE MOVEMENT IN COMPARISON TO BROAD BASED INDICES

#### SENSEX AND HFAL



### REGISTRAR AND TRANSFER AGENT

For transfer/dematerialization of shares, change of address of members and other queries;

M/s. Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup, Mumbai 400078 Ph: 022-25946970 Fax: 022-25946969  
E-Mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) Website: [www.linkintime.co.in](http://www.linkintime.co.in)

### SHARE TRANSFER SYSTEM

Presently, the share transfer instruments, which are received in physical form, are processed by R & T agent, M/s. Link Intime India Private Limited, Mumbai and the share certificates are dispatched within a period of 30 days from the date of receipt subject to the documents being complete and valid in all respects. The requests for dematerialisation of shares are also processed by the R&T agent within stipulated period of 21 days and uploaded with the concerned depositories. In terms of Clause 47(c) of the

Listing Agreement, Company Secretary in practice examines the records and procedure of transfers and issues half yearly certificate which is being sent to the stock exchanges, where shares of the Company are listed.

### DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding of the Company as on 31st march, 2012 are as under;

Shareholding of Nominal Value (Rs.)	Shareholders		Shares Held	
	Number	% of Total	Number	% of Total
Up to 5000	1205	67.1680	2486260	2.9460
5001 – 10000	250	13.9350	2201060	1.0180
10001- 20000	88	4.9050	1360140	1.4850
20001 – 30000	66	3.6790	1651290	0.7560
30001 – 40000	18	1.0030	676030	0.6220
40001 – 50000	24	1.3380	1181790	1.0900
50001 – 100000	44	2.4530	3437210	2.5490
100001 and above	99	5.5180	182891220	89.5350
<b>Total</b>	<b>1794</b>	<b>100.0000</b>	<b>195885000</b>	<b>100.0000</b>



## SHAREHOLDING PATTERN

The shareholding pattern of the company as on 31st March, 2012 is as under;

Category	No. of Share Held	Percentage
Promoters & Promoter Group	14205500	72.52
Banks /Foreign Institutional Investors	NIL	NIL
Corporate Bodies	1672834	8.55
NRIs/ OCBs	25948	0.14
Clearing Member	21973	0.11
Other Directors	2500	0.01
General Public	3659745	18.67
<b>Total</b>	<b>19588500</b>	<b>100.00</b>

## DEMATERIALIZATION OF SHARES

The Company's shares are compulsorily traded in dematerialized form. The dematerialization facility is available from both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Depositories has allotted the ISIN: INE573I01011 to the Company.

The equity shares of the Company representing 98.27% of the share capital are dematerialized as on 31st March, 2012. The Company's shares are regularly traded on the 'Bombay Stock Exchange Limited' and 'National Stock Exchange of India Limited' in dematerialized form.

Pursuant to SEBI circular dated 17th June, 2011, the Promoters and Promoters Group has been dematerialized their 100% of Promoters and Promoters holdings in dematerialized mode.

The investors/shareholders are requested to dematerialize their physical share certificates into dematerialize mode and reduces risks involved in holding physical certificates, e.g., loss, theft, mutilation, forgery, etc. delay in registration of transfers of shares, and it helps to faster communication to investors, avoid bad delivery problem due to signature differences, etc..

## LOCATION OF REGISTERED OFFICE, CORPORATE OFFICES & PLANT

Registered Office & Works	567B, Urla Industrial Area, Raipur, Chhattisgarh 493221 Tel: +91-771-2323800, 2323037; Fax: +91-771-4082440
Corporate Office	Hira Arcade, Pandri, Raipur, Chhattisgarh -492004 Tel: +91-771- 4082000; Fax: +91-771-4057601.
Bio-Mass Power Plant Wind Energy Plant	Village: Belsonda, District Masamund, Chhattisgarh Village: Koppa, Harihar Taluq, District: Devangere, Karnataka



**GREEN INITIATIVE IN CORPORATE GOVERNANCE**

The Ministry of Corporate Affairs (MCA) has taken a green initiative in Corporate Governance by allowing paperless compliances by the Companies and permitted the service of Annual Reports, Notices and other documents to the shareholders through electronic mode subject to certain conditions. Your Company appreciates the initiative taken by MCA as it strongly believes in a green environment. This initiative also helps in prompt receipt of communication, apart from avoiding losses / delays in postal transit. The Notice of Annual General Meeting, Annual Report and all communications hitherto will be sent to the members in electronic form at the e-mail address provided by them to the depositories or Registrars & Transfer Agents of the Company. The same will be sent by post physically to the Members, whose e-mail addresses are not available. Members can also have access to the documents through the Company's website of the Company (i.e. [www.hiraferro.com](http://www.hiraferro.com)). The documents will also be available to the members for inspection at the Registered Office of the Company during the office hours. Members are also entitled to be furnished with copies of the abovementioned documents, free of cost, upon receipt of requisition, at any point of time.

**For and on behalf of the Board**

**Sd/-**

**Biswajit Choudhuri  
Chairman**

Raipur

Date :22.05.2012

**CERTIFICATE OF CHIEF EXECUTIVE OFFICER  
AND CHIEF FINANCIAL OFFICER**

To  
THE BOARD OF DIRECTORS OF HIRA FERRO ALLOYS LIMITED

We have reviewed the financial statements and the cash flow statement for the financial year 2011-12 and hereby certify that to the best of our knowledge and belief:-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2011-12 which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls. For financial reporting and that we have evaluated the effectiveness of the internal control system for the purpose of financial reporting of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems for the purpose of financial reporting and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:-
  - a) There have been no significant changes in internal control during this year.
  - b) There have been no significant changes in accounting policies during this year.
  - c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

**Date: 22.05.2012**  
**Place : Raipur**

**Sd/-**  
**N. P. AGRAWAL**  
**Managing Director**

**Sd/-**  
**Y. C. RAO**  
**Director**

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

TO THE MEMBERS OF HIRA FERRO ALLOYS LIMITED

We have examined the compliance of conditions of Corporate Governance by Hira Ferro Alloys Limited, for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 and representations made by the Directors and the Management, we certify that the Company has complied with in all material respect, the conditions of Corporate Governance as stipulated in the Clause 49 of the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2012, no investors grievances are unattended/pending for a period exceeding one month against the Company as certified by the management of the Company and details presented to the Investors Grievance Committee of the Company.

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

**For OP Singhania & Co.**  
**Chartered Accountants**  
**FRN. 002172C**

**Date: 22.05.2012**  
**Place: Raipur**

**Sanjay Singhania**  
**Partner**  
**M.No.076961**



## **AUDITORS' REPORT**

To  
The Members of  
HIRA FERRO ALLOYS LIMITED.

1. We have audited the attached Balance Sheet of HIRA FERRO ALLOYS LIMITED as at 31st March 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examination, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (As Amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The balance sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read along with 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:
  - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
  - (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For **OP Singhania & Co.**  
Firm Regn. No.002172C  
Chartered Accountants

**Sanjay Singhania**  
Partner  
Membership No.076961

Place : Raipur  
Date : 22.05.2012

**Re: HIRA FERRO ALLOYS LIMITED**  
**Referred to in paragraph 3 of our report of even date,**

- |  |  |
|--|--|
| <p>(i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, which, in our opinion, is reasonable, looking to the size of the company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.</p> <p>(c) The company has not disposed off any substantial part of its fixed assets during the year so as to affect its going concern status.</p>   | <p>(e) The company has taken unsecured loans from four companies and five other parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 249.06 lakhs and the year-end balance was ₹ 21.16 lakhs.</p> <p>(f) In our opinion, the terms &amp; conditions on which loans have been taken from companies and other parties listed in the register maintained under section 301 of the Companies Act 1956, are not <i>prima facie</i> prejudicial to the interest of the company.</p> <p>(g) The company was regular in repaying the amount as stipulated.</p>   |
| <p>(ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.</p> <p>(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.</p> <p>(c) The company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of stocks as compared to the books records.</p>   | <p>(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal controls.</p>   |
| <p>(iii) (a) The company has granted unsecured loans to Five companies covered in the register maintained under section 301 of the companies Act, 1956. Maximum amount involved during the year was ₹1204.35 lakhs and the year end balances was ₹203.53 lakhs.</p> <p>(b) In our opinion, the terms &amp; conditions on which loans have been granted to the companies listed in the register maintained under section 301 of the Companies Act, 1956 are not <i>prima facie</i> prejudicial to the interest of the company <i>except the above loans are interest free..</i></p> <p>(c) The receipt of the principal amount and interest wherever applicable was regular.</p> <p>(d) There was no overdue amount of loans granted to companies and other party listed in the register maintained under section 301 of the companies Act, 1956.</p> | <p>(v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been so entered.</p> <p>(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.</p> <p>(vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and are any other relevant provisions of the Act and the rules framed there under, directives issued by RBI wherever applicable, with regard to the deposits accepted during the year.</p> |



- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained, however, we have not made a detailed examination of the same with a view to determine whether they are accurate and complete.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor

education & protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it and according to the information and explanations given to us, no undisputed amounts payable in respect of above statutory dues were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues outstanding of sale tax, income tax, customs duty, wealth tax, service tax, excise duty and cess on account of any dispute other than the following:-

Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Forum where dispute is pending
Central Sales Tax Act, 1956	Demand of Central Sales Tax for the F.Y.1997-98	2.62	Board of Revenue, Bilaspur
C.G. Commercial Tax Act, 1994	Demand of Entry Tax for the F.Y. 2002-03	0.62*	Dy. Commissioner, Commercial Taxes, Appeals, Raipur
Central Sales Tax Act, 1956	Demand of Central Sales Tax for the F.Y. 1994-95	0.72	Board of Revenue, Bilaspur
Central Sales Tax Act, 1956	Demand of Central Sales Tax for the F.Y. 1995-96	1.64	Board of Revenue, Bilaspur
C.G. Commercial Tax Act, 1994	Demand of Entry Tax for the F.Y. 2007-08	5.14	Board of Revenue, Bilaspur
Central Sales Tax Act, 1956	Demand of Central Sales Tax for the F.Y. 2007-08.	3.07	Dy. Commissioner, Commercial Taxes, Appeals, Raipur
C.G. Commercial Tax Act, 1994	Demand of Entry Tax for the F.Y. 2006-07	3.26*	Dy. Commissioner, Commercial Taxes, Appeals, Raipur
Central Sales Tax Act, 1956	Demand of Central Sales Tax for the F.Y. 2008-09	2.36	Dy. Commissioner, Commercial Taxes, Appeals, Raipur
Income Tax Act, 1961	Income Tax demand for the A.Y. 1996-97	1.03*	High Court of Chattishgarh State
Central Excise Act, 1944	Demand raised by Excise Authorities on accounts of CENVAT Credit availed on lancing pipes for the F.Y.1994-95.	0.22	High Court of Chhattisgarh State
Central Excise Act, 1944	Demand raised of CENVAT Credit availed on Inputs/ Capital Goods for the period from Feb 2008 to Nov 2008	50.64*	Customs, Excise and Service Tax Appealate Tribunal, New Delhi
Central Excise Act, 1944	Demand raised of CENVAT Credit availed on Paints, Oils, Structural etc. for the F.Y.2008 to 2010	0.87	Commissioner (Appeal), Customs and Central Excise, Raipur
Central Excise Act, 1944	Demand raised of CENVAT Credit availed on Capital Goods for the F.Y.1995-96	5.05	High Court of Chhattisgarh, Bilaspur

Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Forum where dispute is pending
Central Excise Act, 1944	Cenvat Credit on various inputs and capital goods for the period from Sept 2009 to July 2010.	2.05	Commissioner (Appeal), Customs and Central Excise, Raipur
Central Excise Act, 1944	Cenvat Credit on various inputs and capital goods for the period from Oct 2009 to August 2010	0.33	Commissioner (Appeal), Customs and Central Excise, Raipur

\* Net of amount deposited under protest or otherwise.

- (x) The company has no accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution or bank.
- (xii) We are of the opinion that the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the terms & conditions on which the company has given corporate guarantees to the Banks to secure the loans granted by such banks for other companies are not prejudicial to the interest of the company.
- (xvi) In our opinion and according to the information and explanations given to us, the company has raised term loan during the financial year under report and the same has been applied for the purpose for which it has been obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that, *prima facie* short-term funds have not been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to any company, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xix) According to the information and explanations given to us, during the year covered by our audit report, the company has not issued any debentures, therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) The company has not raised any money by public issue during the year, therefore, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **O P Singhania & Co.**  
Firm Regn. No.002172C  
Chartered Accountants

**Sanjay Singhania**  
Partner

Membership No.076961

Place : Raipur  
Date : 22.05.2012



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012**

		(₹ in lacs)	
Particulars	Notes	2012	2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	1,958.85	391.77
Reserves and surplus	4	10,789.46	12,009.83
		12,748.31	12,401.60
<b>Non-current liabilities</b>			
Long-term borrowings	5	4,207.48	2,986.63
Long-term provisions	6	41.11	32.70
		4,248.59	3,019.33
<b>Current liabilities</b>			
Short-term borrowings	7	3,658.30	2,186.49
Trade payables	8	4,403.21	2,239.23
Other current liabilities	8	1,570.59	1,732.85
Short-term provisions	6	137.10	272.54
		9,769.19	6,431.11
<b>TOTAL</b>		<b>26,766.09</b>	<b>21,852.05</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets			
Tangible assets	9	12,727.45	9,639.34
Intangible assets	10	194.73	24.25
Capital work-in-progress including pre-operative expenses		186.30	183.91
Non-current investments	11	1,207.79	1,208.09
Deferred tax assets (net)	12	754.79	558.70
Long-term loans and advances	13	147.89	101.96
Other non-current assets	14	10.85	141.30
		15,229.79	11,857.55
<b>Current assets</b>			
Current investments	15	88.39	105.62
Inventories	16	4,695.99	4,422.44
Trade receivables	17	3,103.56	1,146.59
Cash & bank balances	18	1,215.03	141.27
Short-term loans and advances	13	2,403.21	4,156.59
Other current assets	14	30.10	22.00
		11,536.30	9,994.50
<b>TOTAL</b>		<b>26,766.09</b>	<b>21,852.05</b>
<b>Summary of significant accounting policies</b>	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors of  
**Hira Ferro Alloys Limited**

**For OP Singhania & CO.**

(Firm Reg. No.002172C)

Chartered Accountants

**Per SANJAY SINGHANIA**

**(N. P. AGRAWAL)**

**(ARVIND DUBEY)**

**(Y.C.RAO)**

Partner

Managing Director

Director

Director

Membership No.076961

Place : Raipur

**(MOHIT CHANDE)**

Date : 22.05.2012

Company Secretary

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

(₹ in lacs)

Particulars	Notes	2012	2011
<b>INCOME</b>			
Revenue from operations (gross)	19	29,373.45	16,286.49
Less: Excise duty		1,354.37	1,131.80
Less: Sales Tax/VAT		417.27	335.88
Revenue from operations (net)		27,601.81	14,818.81
Other Income	20	372.89	844.02
<b>TOTAL REVENUE (I)</b>		<b>27,974.70</b>	<b>15,662.83</b>
<b>EXPENDITURE</b>			
Cost of raw material and component consumed	21	10,280.86	8,550.62
Purchase of Traded Goods	22	11,921.17	-
(Increase/decrease in inventories of finished goods)	22	712.62	165.81
Employees benefits expenses	23	619.11	448.98
Other Expenses	24	2,185.62	2,062.19
<b>TOTAL REVENUE (II)</b>		<b>25,719.37</b>	<b>11,227.60</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)</b>		<b>2,255.33</b>	<b>4,435.23</b>
Depreciation and amortization expenses	25	744.60	621.90
Finance costs	26	1,122.58	773.18
<b>Profit/(loss) before tax</b>		<b>388.15</b>	<b>3,040.15</b>
<b>Tax expenses</b>			
Current tax		77.25	610.00
Deferred Tax		(196.09)	(438.51)
Wealth Tax		0.50	0.50
Income tax related to earlier year		23.19	(0.30)
<b>Total tax expenses</b>		<b>(95.15)</b>	<b>171.69</b>
<b>Profit/(loss) for the year from continuing operations</b>		<b>483.30</b>	<b>2,868.46</b>
<b>Earnings per equity share [nominal value of share @ ₹10/- (31st March, 2011" ₹10]</b>	27		
<b>Basic</b>		<b>2.47</b>	<b>14.64</b>
<b>Diluted</b>		<b>2.47</b>	<b>14.64</b>
<b>Summary of significant accounting policies</b>	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For and on behalf of the Board of Directors of  
**Hira Ferro Alloys Limited****For OP Singhania & CO.**

(Firm Reg. No.002172C)

Chartered Accountants

**Per SANJAY SINGHANIA****(N. P. AGRAWAL)****(ARVIND DUBEY)****(Y.C.RAO)**

Partner

Managing Director

Director

Director

Membership No.076961

Place : Raipur

Date : 22.05.2012

**(MOHIT CHANDE)**

Company Secretary


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

	(₹ in lacs)	
Particulars	2012	2011
<b>Cash Flow from operating activities</b>		
Profit before tax from continuing operations	388.15	3,040.15
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	744.60	621.90
Loss/(profit) on sale of fixed assets	(5.45)	(3.09)
Share of Loss/(profit) of LLP	0.30	-
Provision for gratuity	8.41	9.47
Unrealized foreign exchange loss	37.11	-
Net (gain) / loss on sale of current investment	(16.83)	(31.60)
Net (gain) / loss on sale of Non-current investment	-	(548.29)
Interest Expenses *	1,122.58	773.18
Interest Income	(344.86)	(257.69)
Dividend Income	(2.24)	(2.78)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,931.76</b>	<b>3,601.25</b>
Movements in working capital :		
Increase/(decrease) in trade payables	2,163.98	494.51
Increase/(decrease) in other current liabilities	(162.76)	(483.40)
Decrease/(increase) in trade receivables	(1,956.97)	(366.77)
Decrease/(increase) in inventories	(273.55)	(1,106.95)
Decrease/(increase) in long-term loans and advances	(45.93)	-
Decrease/(increase) in short-term loans and advances	1,650.07	(1,503.74)
Decrease/(increase) in other current assets	(8.11)	(22.00)
Decrease/(increase) in other non-current assets	2.24	(95.74)
<b>Cash generated from/(used in ) operations</b>	<b>3,300.73</b>	<b>517.16</b>
Direct taxes paid (net of refunds)	(132.13)	(601.71)
<b>Net Cash flow from/(used in) operating activities</b>	<b>A 3,168.60</b>	<b>(84.55)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets and CWIP	(4,022.10)	(194.23)
Proceeds from sale of fixed assets	21.98	17.77
Proceeds from sale of current investments	34.05	64.03
Proceeds from sale of Non-current investments	-	786.96
Investments in bank deposits (having original maturity of more than three months)	(890.12)	(99.00)
Redemption/maturity of bank deposits (having original maturity of more than three months)	128.21	-
Interest received	344.86	257.69
Dividends received	2.24	2.78
<b>Net cash flow from/(used in) investing activities</b>	<b>B (4,380.87)</b>	<b>836.00</b>



(₹ in lacs)

Particulars	2012	2011
<b>Cash flows from financing activities</b>		
Proceeds / (Repayment) from long-term borrowings	<b>1,220.85</b>	1,752.32
Proceeds / (Repayment) from short-term borrowings	<b>1,434.70</b>	(1,604.75)
Interest paid	<b>(1,122.58)</b>	(773.19)
Dividends paid on equity shares	<b>(117.53)</b>	(117.53)
Tax on equity dividend paid	<b>(19.52)</b>	(19.97)
<b>Net cash flow from/(used in) financing activities</b>	<b>1,395.92</b>	(763.12)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	<b>183.64</b>	(11.67)
Cash and Cash Equivalents at the beginning of the year	<b>42.27</b>	53.94
<b>Cash and Cash Equivalents at the end of the year</b>	<b>225.91</b>	42.27
<b>Components of cash and cash equivalents</b>		
Cash in hand	<b>23.34</b>	23.18
Cheques/drafts on hand		
With banks- on current account	<b>196.06</b>	14.73
- on unpaid dividend account**	<b>6.50</b>	4.36
	<b>225.91</b>	42.27

**Notes :**

- \*Interest Expenses excludes interest capitalised ₹1,23,55,499/- (PY ₹Nil).
- \*\*The company can utilize these balances only toward settlement of the respective unpaid dividend.

As per our report of even date		For and on behalf of the Board of Directors of <b>Hira Ferro Alloys Limited</b>	
<b>For OP Singhania &amp; CO.</b> (Firm Reg. No.002172C) Chartered Accountants			
<b>Per SANJAY SINGHANIA</b>	<b>(N. P. AGRAWAL)</b>	<b>(ARVIND DUBEY)</b>	<b>(Y.C.RAO)</b>
Partner	Managing Director	Director	Director
Membership No.076961			
Place : Raipur		<b>(MOHIT CHANDE)</b>	
Date : 22.05.2012		Company Secretary	



## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

### **1. Corporate information**

Hira Ferro Alloys Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on four stock exchanges in India. The company is mainly engaged in manufacturing of Ferro Alloys Products, Generation of Electricity and Fly Ash Bricks.

### **2. Basis of preparation**

- i) The financial statements are prepared under the historical cost convention, on going concern concept and in compliance with the accounting standards as notified by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- ii) The Company follows mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- iii) The accounting policies have been consistently applied by the Company and except for the changes in accounting policies discussed below, are consistent with those used in the previous year.

#### **2.1 Summary of significant accounting policies**

##### **a) Change in accounting policy**

###### **Presentation and disclosure of financial statements**

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

##### **b) Use of Estimates**

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

##### **c) Tangible Fixed Assets**

Tangible Fixed Assets are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes taxes, duties, freight, installation and other direct or allocated expenses upto the date of commencement of commercial production and are net of CENVAT credit.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The various expenditure incurred during the construction stage and upto the date of commencement of commercial production for setting-up the relevant project-assets are grouped under the head "Pre-operative Expenditure" and allocated to related fixed assets on pro-rata basis upon completion of project and put to use.

##### **d) Depreciation on tangible fixed assets**

- i) Depreciation is provided on Straight Line Method based on estimated useful life of the assets which is same as envisaged in schedule XIV of the Companies Act, 1956.
- ii) Depreciation on tangible fixed assets added/disposed off during the year is provided on pro-rata basis.



- iii) Tangible fixed Assets costing below ₹ 5000/- are fully depreciated in the year of acquisition itself.
- iv) The cost of tangible fixed assets, constructed by the company, but ownership of which belongs to Government/Local Authorities, is depreciated at the rate of depreciation specified in Schedule XIV to the Companies Act, 1956.
- v) Free-hold land, leasehold land and site & land development cost are not depreciated/amortized.

#### e) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

A summary of amortization policies applied to the company's intangible assets is as follows:

	Rates (SLM)
Goodwill	20%
Computer Software	10%

#### g) Investments :

- i) Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such is other than temporary, in the opinion of the management.
- ii) Current Investments are stated at lower of cost/quoted fair value, computed categorywise.

#### h) Inventories :

- i) Inventories are valued at lower of cost and net realizable value, after providing for obsolesces, if any.
- ii) Cost of Raw Materials and stores & spares are computed on FIFO basis and cost of Finished Goods & Goods in Process are computed on Weighted average basis.
- iii) Cost of Finished Goods and Goods in Process includes direct materials, labour, conversion and proportion of manufacturing overheads incurred in bringing the inventories to their present location and condition.



- iv) Proceeds in respect of sales/disposal of raw materials is credited to the raw material purchases.
- v) By Products are valued at net realisable value.

**i) Excise Duty**

- i) The Excise Duty in respect of closing inventory of finished goods is provided in books of account and included as part of inventory.
- ii) CENVAT Credit relating to raw materials/components are debited under current assets for availing credit against CENVAT and credited to respective materials/component account.

**j) Revenue recognition**

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

**i) Sale of Products**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty and VAT/ Sales Tax deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.

**ii) Interest**

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

**iii) Dividends**

Dividend income is recognised when the company's right to receive payment is established by the reporting date.

**k) Borrowing Cost**

Interest and other costs in connection with the borrowing of the funds to the extent related/attributed to the acquisition/construction of fixed assets are capitalized only with respect to qualifying fixed assets i.e. those which take substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**l) Contingent Liabilities**

Liabilities which are material and whose future outcome cannot be reasonably ascertained are treated as contingent and not provided for and disclosed by way of notes to the accounts.

**m) Taxes on Income**

Current Taxes are accounted based on provisions of Income Tax Act, 1961.

Deferred Tax is recognized, subject to the consideration of prudence, in timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Except assets on which not recognised for those timing differences which reverse in Tax holiday period.

**n) Foreign Currency Transactions**

- i) Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate prevailing as on the date of transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. Non-monetary items which are carried in terms of historical cost denominating in a foreign currency are reported using the exchange rate at the date of transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values are determined.

iii) Exchange differences

The company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- 1 Exchange differences arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognised as income or as expenses in the same period in which the gain or loss on disposal is recognized.
  - 2 Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
  - 3 Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
  - 4 All other exchange differences are recognized as income or as expenses in the period in which they arise.
- iv) All loans and deferred credits repayable in foreign currency and outstanding at the close of the year are expressed in Indian currency at the appropriate rates of exchange prevailing as on the date of the balance sheet, except in cases where these borrowings are covered by forward exchange contracts. Any increase or reduction in these liabilities are booked to revenue.
- v) In respect of transactions covered by Forward Foreign Exchange Contracts, the difference between the forward rate and exchange rate at the inception of contract is recognized as income or expenses over the life of the contract.

**o) Retirement and other Employee Benefits**

- i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective funds.
- ii) Gratuity Liability is defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii) Value of encashable leave are encashed during the year and charged to the statement of Profit & Loss.
- iv) Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

**p) Provisions**

Provisions are recognised, where the company has any legal or constructive obligation or where reliable estimate can be made for the amount of the obligation and as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**q) Impairment of Tangible and Intangible Assets**

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to statement of profit & loss. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.



### **r) Cash and Cash equivalents**

Cash and Cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### **t) Segment Reporting Policies**

#### ***Identification of segments :***

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

#### ***Inter segment Transfers :***

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

#### ***Allocation of common costs:***

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

#### ***Unallocated items :***

The Corporate and Other segment includes general corporate income and expense items which are not allocated to any business segment.

### **u) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a right issue to existing shareholders.

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

### **v) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit & loss. The company measures EBITDA on the basis of profit/(loss) from continuing operations. In this measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.



(₹ in lacs)

	2012	2011
<b>3. Share capital</b>		
Authorised shares		
20000000 (12000000) equity shares of ₹ 10/- each	2,000.00	1,200.00
	2,000.00	1,200.00
Issued		
19900000 (3980000 ) Equity Shares of ₹ 10/- each	1,999.00	398.00
	1,999.00	398.00
Subscribed and fully paid-up shares		
19588500 (3917700) equity shares of ₹ 10/- each	1,958.85	391.77

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity shares	2012		2011	
	No.		No.	
At the beginning of the period	39.18	391.77	39.18	391.77
Bonus Issue during the period	156.71	1,567.08	-	-
Outstanding at the end of the period	195.89	1,958.85	39.18	391.77

**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹0.60 (31st March, 2011 : ₹3.00 On pre-bonus capital i.e 3917700 equity shares)

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- c. 10041000 (2008200 )Shares of the company have been held by M/s Godawari Power & Ispat Limited, the holding company.
- d. During the year the company has issued bonus shares in the ratio of 4 : 1 by capitalising of Securities Premium Reserve for consideration other than cash.
- e. **Details of shareholders holding more than 5% shares in the company:**

	2012		2011	
	No.	% of holding in the class	No.	% of holding in the class
Equity shares of ₹10 each fully paid				
M/s Godawari Power & Ispat Limited	10,041,000	51.26	2,008,200	51.26
Mr. Dinesh Agrawal	1,078,000	5.50	215,600	5.50
	11,119,000	56.26	2,223,800	56.26



	2012	2011
<b>4. Reserves and Surplus</b>		
<b>Capital Reserve</b>		
Balance as per last financial statements	20.00	20.00
Addition during the year	-	-
	20.00	20.00
<b>Securities Premium Reserve</b>		
Balance as per last financial statements	1,577.50	1,577.50
Less: Utilised for Bonus Issue other than cash	1,567.08	-
	10.42	1,577.50
<b>General Reserve</b>		
Balance as per last financial statements	648.01	498.01
Add: Amount transferred from surplus balance in the statement of profit and loss	150.00	150.00
	798.01	648.01
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	9,764.32	7,182.91
Profit for the year	483.30	2,868.46
<b>Less : Appropriations</b>	-	-
Proposed final equity dividend (Amount per share ₹ 0.60 (31 March 2011: ₹ 0.60)	117.53	117.53
Tax on proposed equity dividend	19.07	19.52
Transfer to general reserve	150.00	150.00
Total appropriations	286.60	287.05
<b>Net surplus in the statement of profit and loss</b>	9,961.03	9,764.32
<b>Total reserves and surplus</b>	10,789.46	12,009.83

	Non-current portion		Current maturities	
	2012	2011	2012	2011
<b>5. Long-term borrowings</b>				
Indian rupee loan from banks (secured)	4,167.76	2,943.30	951.95	1,430.21
From financial institutions (secured)	2.40	5.98	3.71	4.14
	-	-	-	-
Other loans and advances	-	-	-	-
Deferred sales tax loan (unsecured)	37.32	37.35	0.05	0.60
	4,207.48	2,986.63	955.71	1,434.96
The above amount includes				
Secured borrowings	4,170.16	2,949.28	955.66	1,434.36
Unsecured borrowings	37.32	37.35	0.05	0.60
Amount disclosed under the head "other current liabilities" (note 8)			(955.71)	(1,434.96)
Net amount	4,207.48	2,986.63	-	-

- a) Indian rupee term loan from IDBI Bank ₹ 883.33 lacs (P.Y. ₹ 999.99 lacs) is repayable in 60 monthly instalments of ₹ 16.60 lacs each from July 2011 onwards. The loan is secured by first pari passu charge on movable & immovable assets of the company except wind mill and second pari passu charge on all the current assets of the Company.
- b) Indian rupee term loan from IDBI Bank ₹ 556.29 lacs (P.Y. ₹ 649 lacs) is repayable in 84 monthly instalments of ₹ 7.73 lacs each from April 2011 onwards. The loan is secured by first charge over wind mill and second charge on movable & immovable assets of the company.
- c) Indian rupee term loan from State Bank of India ₹ 45.57 lacs (P.Y. ₹ 176.42 lacs) is repayable in 6 monthly installments of ₹ 5 lacs each, 12 monthly installments of ₹ 9.17 lacs each, 36 monthly installments of ₹ 13.33 lacs each, 12 monthly installments of ₹ 10.83 lacs each and 6 monthly installments of ₹ 8.33 lacs each from October 2006 onwards. The loan is secured by first pari passu charges over entire Fixed Assets except windmill & second pari passu charge over entire current assets of the Company. Further the loan is secured by personal guarantee of promoters/directors.
- d) Indian rupee term loan from State Bank of India ₹ 2176.42 lacs (P.Y. ₹ Nil lacs) is repayable in 96 monthly instalments of ₹ 25 lacs each from April 2012 onwards. The loan is secured by first pari passu charges over entire Fixed Assets except windmill & second pari passu charge over entire current assets of the Company. Further the loan is secured by personal guarantee of promoters/directors.
- e) Indian rupee term loan from State Bank of India ₹ 769.39 lacs (P.Y. ₹ 950 lacs) is repayable in 16 monthly installments of ₹ 15 lacs each, 23 installemnt of ₹ 20 lacs and 12 installment of ₹ 25 lacs from December 2010 onwards. The loan is secured by first pari passu charges over entire Fixed Assets except windmill & second pari passu charge over entire current assets of the Company. Further the loan is secured by personal guarantee of promoters/directors.
- f) Indian rupee term loan from Allahabad Bank of ₹ 133.66 lacs (P.Y. ₹ 310.47 lacs) is repayable in 66 monthly installments of ₹ 13.70 lacs each from November 2007 onwards. The loan is secured by first pari passu charges over entire immovable assets and fly ash brick plant of the company. Further the loan is secured by personal guarantee of promoters/directors.
- g) Indian rupee term loan from Axis Bank ₹ 555.05 lacs (P.Y. ₹ 882.82 lacs) is repayable in 60 monthly installments of ₹ 25 lacs each from October 2009 onwards. The loan is secured by first pari passu charges over entire Fixed Assets except windmill & second pari passu charge over entire current assets of the Company. Further the loan is secured by personal guarantee of promoters/directors.

(₹ in lacs)

	Long-term		Short-term	
	2012	2011	2012	2011
<b>6. Provisions</b>				
Provision for gratuity (note. 29)	<b>41.11</b>	32.70	-	-
	<b>41.11</b>	32.70	-	-
<b>Other Provisions</b>				
Provision for Income Tax (net)			-	134.99
Provision for Wealth Tax			<b>0.50</b>	0.50
Proposed equity dividend			<b>117.53</b>	117.53
Provision for tax on proposed equity dividend			<b>19.07</b>	19.52
	-	-	<b>137.10</b>	272.54
	<b>41.11</b>	32.70	<b>137.10</b>	272.54



(₹ in lacs)

	2012	2011
<b>7. Short-term borrowings</b>		
Cash Credit from banks (secured)	<b>1,879.36</b>	2,098.32
Bank Overdraft Facility	<b>13.91</b>	19.08
Buyers Credit facility (secured)	<b>1,102.60</b>	-
FCNRB Loan (secured)	<b>579.23</b>	-
Loan and advances from related parties repayable on demand (unsecured)	<b>18.99</b>	11.70
Loan and advances from others repayable on demand (unsecured)	<b>64.20</b>	57.39
	<b>3,658.30</b>	2,186.49

**The above amount includes**

Secured borrowings

Unsecured borrowings

Cash credit facility from banks is secured against margin money deposits, investment property, intangible assets except goodwill and second charge on all trade receivables. The cash credit facility is repayable on demand.

Buyers credit facility is repayable after 180days of its origination viz. 29th March 2012. The loan is secured against margin money deposits, investment property, intangible assets except goodwill and second charge on all trade receivables

Foreign currency loan of ₹ 579.23 lacs (P.Y. NIL) is repayable after 365 days from date of its origination viz 12.03.2012. The loan is secured against fixed deposit.

	2012	2011
<b>8. Other Current Liabilities</b>		
Trade payables (including acceptances (refer note 32 for details of dues for micro and small enterprises)	<b>4,403.21</b>	2,239.23
<b>Other liabilities</b>		
Current maturities of long-term borrowings (secured) (refer note-5)	<b>955.71</b>	1,434.96
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	<b>6.50</b>	4.36
Service tax payable	<b>2.13</b>	1.58
TDS payable	<b>12.08</b>	18.13
Provision of Excise Duty Payable	<b>30.68</b>	91.60
Provision of Expenses	<b>462.71</b>	103.40
Others	<b>100.77</b>	78.83
	<b>1,570.59</b>	1,732.85
	<b>5,973.80</b>	3,972.08

\* Trade Payables include amount due to holding company ₹ 20,90,68,752 (Previous Year ₹ NIL)

## 9. Tangible assets

(₹ in lacs)

	Freehold Land	Leasehold Land	Site & Land Development	Factory Shed & Building	Borewell & Water System	Plant & Machinery	Electrical Installation	Work Shop Equipment	Lab Equipment	Air Conditioner	Office Equipment	Computer	Furniture & Fixtures	Vehicles	Pay Loader	Weigh Bridge	Total
<b>Cost or valuation</b>																	
At 1 April 2010	155.60	71.75	177.76	990.94	26.57	8,860.16	1,360.93	4.16	0.93	16.68	32.70	57.80	94.79	209.42	199.52	5.10	12,264.82
Additions	8.70	-	3.40	2.03	-	34.10	102.58	-	-	-	8.80	4.02	0.75	14.62	-	-	179.00
Disposals	1.43	-	-	-	-	1.09	13.74	-	-	-	-	-	-	-	-	-	16.25
<b>At 31 March, 2011</b>	162.87	71.75	181.16	992.97	26.57	8,893.17	1,449.77	4.16	0.93	16.68	41.50	61.82	95.54	224.04	199.52	5.10	12,427.58
Additions	265.35	-	21.06	494.31	3.14	2,563.57	379.68	-	5.71	1.59	9.21	11.79	4.30	6.82	28.58	7.77	3,802.86
Disposals	-	-	-	-	-	16.44	4.71	-	-	-	-	-	-	-	-	-	21.15
<b>At 31 March, 2012</b>	428.22	71.75	202.22	1,487.28	29.71	11,440.30	1,824.74	4.16	6.64	18.27	50.71	73.61	99.84	230.86	228.10	12.87	16,209.29
<b>Depreciation</b>																	
At 1 April 2010	-	-	-	152.07	5.09	1,459.61	393.93	3.61	0.53	4.20	8.30	24.92	14.26	68.73	33.85	1.79	2,170.89
Charge for the year	-	-	-	32.70	0.88	468.98	70.32	0.15	0.04	0.79	1.64	8.75	6.04	18.89	9.48	0.24	681.90
Disposals	-	-	-	-	-	0.01	1.56	-	-	-	-	-	-	-	-	-	1.57
<b>At 31 March, 2011</b>	-	-	-	184.77	5.97	1,928.58	462.69	3.76	0.57	4.99	9.94	33.67	20.30	87.62	43.33	2.03	2,788.22
Charge for the year	-	-	-	39.58	0.93	525.39	80.79	0.10	0.16	0.83	2.15	10.80	6.22	20.37	10.61	0.31	698.24
Disposals	-	-	-	-	-	3.27	1.35	-	-	-	-	-	-	-	-	-	4.62
<b>At 31 March, 2012</b>	-	-	-	224.35	6.90	2,450.70	542.13	3.86	0.73	5.82	12.09	44.47	26.52	107.99	53.94	2.34	3,481.84
<b>Net Block</b>																	
At 31 March, 2011	162.87	71.75	181.16	808.20	20.60	6,964.59	987.08	0.40	0.36	11.69	31.56	28.15	75.24	136.42	156.19	3.07	9,639.34
At 31 March, 2012	428.22	71.75	202.22	1,262.93	22.81	8,989.60	1,282.61	0.30	5.91	12.45	38.62	29.14	73.32	122.87	174.16	10.53	12,727.45

## 10. Intangible assets

	Goodwill	Computer software	Total
<b>Gross Block</b>			
At 1 April 2010	-	6.72	6.72
Purchase	-	23.22	23.22
Internal development	-	-	0.00
<b>At 31 March, 2011</b>	0.00	29.93	29.93
Purchase	216.83		216.83
<b>At 31 March, 2012</b>	216.83	29.93	246.76
<b>Amortization</b>			
At 1 April 2010	-	2.69	2.69
Charge for the year	-	2.99	2.99
At 31 March, 2011	-	5.68	5.68
Charge for the year	43.37	2.99	46.36
<b>At 31 March, 2012</b>	43.37	8.67	52.04
<b>Net Block</b>			
At 31 March, 2011	0.00	24.25	24.25
At 31 March, 2012	173.46	21.26	194.73



(₹ in lacs)

		2012	2011
<b>11. Non-current investments</b>			
<b>Trade Investments (valued at cost)</b>			
<b>Unquoted equity instruments, fully Paid up</b>			
80100 Equity Shares of ₹ 10/- each in Hira Cement Ltd.		<b>16.01</b>	16.01
1755000 Equity Shares of ₹ 10/- each in Maruti Clean Coal & Power Ltd		<b>308.98</b>	308.98
1330000 Equity Shares of ₹ 10/- each in Earth Minerals Co Ltd		<b>266.28</b>	266.28
285000 Equity Shares of ₹ 10/- each in Chhattisgarh Power & Coal Benification Ltd		<b>185.86</b>	185.86
10000 Equity Shares of ₹ 10/- each in Hira Energy Ltd		<b>1.00</b>	1.00
510 Equity Shares of ₹ 10/- each in Vimla infrastructure (i) P. ltd.		<b>0.51</b>	0.51
397000 Equity Shares of ₹ 10/- each in Alok Ferro Alloys Ltd		<b>417.74</b>	417.74
		-	-
<b>Investment in associates</b>		-	-
2004 Equity Shares of ₹ 10/- each in Active Chemical Pvt. Ltd.		<b>2.72</b>	2.72
		-	-
<b>Investment in Partnership Firm:</b>		-	-
<b>Name of the Partners</b>	<b>Share in Profit</b>	-	-
- Vinay Green Energy LLP	90%	<b>4.35</b>	4.50
- Kumar ECO Power LLP	90%	<b>4.35</b>	4.50
		<b>1,207.79</b>	1,208.09
<b>12. Deffered Tax Assets (Net)</b>			
<b>Deffered Tax Laibilities</b>			
Fixed Assets: Impact of differences between tax depreciation and depreciation / amortization charged for the financial reportings		<b>542.33</b>	549.68
<b>Gross deferred tax liability</b>		<b>542.33</b>	549.68
<b>Deffered Tax Assets</b>			
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for taxpurpose on payment basis		<b>17.50</b>	14.68
On account of unabsorbed depreciation		<b>108.71</b>	-
Carry forward of MAT credit		<b>1,170.91</b>	1,093.70
<b>Gross deferred tax asset</b>		<b>1,297.12</b>	1,108.38
<b>Net deferred tax asset</b>		<b>754.79</b>	558.70

(₹ in lacs)

	Non-current		Current	
	2012	2011	2012	2011
<b>13. Loans and advances (unsecured, considered good)</b>				
Security deposit	<b>147.89</b>	101.96	<b>99.80</b>	118.44
Loans and advances to Holding Company			-	295.90
Loans and advances to related parties	-	-	<b>203.53</b>	772.83
Loans and advances to Other	-	-	<b>381.44</b>	2,168.43
Advances recoverable in cash or in kind	-	-	<b>1,014.73</b>	497.58
Other loans and advances	-	-	-	-
Advance income-tax (net of provision)	-	-	<b>103.33</b>	71.64
Prepaid expenses	-	-	<b>5.77</b>	7.88
Balance with statutory/govt. authorities	-		<b>594.62</b>	223.89
<b>Total</b>	<b>147.89</b>	101.96	<b>2,403.21</b>	4,156.59
<b>Loans and advances due by directors or other officers etc.</b>				
<b>Loans and advances to related parties include</b>				
Dues from Company in which the company's executive director is a member				
-Hira Energy Limited	-	-	<b>172.10</b>	170.93
-Alok Ferro Alloys Limited	-	-	-	583.17
-Hira Alloys & Wires Ltd	-	-	<b>13.73</b>	7.13
-Godawari Power & Ispat Limited	-	-	-	295.90
			-	-
<b>Loans and advances to others include</b>				
Dues from Company in which the company's managing director is a director			-	-
-Demeurer Developers Pvt Limited	-	-	<b>381.44</b>	2,168.43
	-	-	<b>567.27</b>	3,225.56
<b>14. Other assets</b>				
<b>Unsecured, considered good unless stated otherwise</b>				
<b>Margin money deposit :</b>				
Non-current bank balances (note-18)	<b>9.86</b>	138.07	-	-
<b>Others</b>				
Interest accrued on fixed deposits	<b>0.98</b>	3.23	<b>22.45</b>	7.81
others	-	-	<b>7.65</b>	14.19
	<b>10.85</b>	141.30	<b>30.10</b>	22.00



(₹ in lacs)

	2012	2011
<b>15. Current investments (valued at lower of cost and fair value, unless stated otherwise)</b>		
<b>Non-trade investments</b>		
Investment in equity instruments (Quoted)		
(264) 264 Equity Shares of ₹ 10/- each in Future Capital Holding Ltd	2.02	2.02
447893 (555693) Equity Shares of ₹ 10/- each in Sunflag Iron & Steel Co. Ltd	56.37	73.60
Investment in mutual fund (unquoted)		
50000 Units of ₹ 10/- each in SBI Infrastructure Fund	5.00	5.00
250000 Units of ₹ 10/- each in Axis Bank Infrastructure Fund	25.00	25.00
	<b>88.39</b>	<b>105.62</b>
Aggregate Amount of quoted investments	58.39	75.62
Aggregate Market Value of quoted investments	107.72	151.52
Aggregate Amount of unquoted investments	30.00	30.00
<b>16. Inventories (valued at lower of cost and net realizable value)</b>		
Raw Materials and components (includes in transit ₹ 63868120/- (PY. ₹ 90388386/- )	4,078.27	3,155.15
(Refer Note-21)		
Finished goods (Refer Note-22)	278.88	968.65
By Product (Refer Note-22)	0.26	23.10
Stores & spares	334.61	274.46
Packing Material	3.98	1.08
	<b>4,695.99</b>	<b>4,422.44</b>
<b>17. Trade receivables</b>		
<b>Unsecured, considered good</b>	<b>Current</b>	
Outstanding for a period exceeding six months from the date they are due for payment	295.60	271.82
Other receivables	2,807.96	874.76
	<b>3,103.56</b>	<b>1,146.59</b>
<b>Trade receivables include:</b>	<b>Current</b>	
Dues from the company in which the company's executive director is a member		
- Alok Ferro Alloys Limited	1.71	173.57
- Godawari Green Energy Limited	0.11	-
Dues from the company in which the company's managing director is a director		
- Tanusha Real Estate Pvt Ltd	0.99	0.99
	<b>2.81</b>	<b>174.56</b>

(₹ in lacs)

	Non-current		Current	
	2012	2011	2012	2011
<b>18. Cash and bank balances</b>				
<b>Cash and cash equivalents</b>			<b>23.34</b>	23.18
<b>Balances with banks:</b>				
On current accounts			<b>196.06</b>	14.73
On unpaid dividend account *			<b>6.50</b>	4.36
Cash in hand			<b>225.91</b>	42.27
Other bank balances				
<b>Margin money deposit :</b>				
Deposits with original maturity for more than 12 months	<b>9.86</b>	138.07	<b>111.72</b>	6.10
Deposits with original maturity for more than 3 months but less than 12 months	-	-	<b>877.40</b>	92.90
	<b>9.86</b>	138.07	<b>989.12</b>	99.00
Amount disclosed under non-current assets (note-14)	<b>9.86</b>	138.07		
	-	-	<b>1,215.03</b>	141.27

**Margin money deposits given as security**

Margin money deposits with a carrying amount of ₹ 998.98 lacs (31st March 2011: ₹ 237.07 lacs) are pledged with various banks for availing LC, BG, OD facilities and pledged with other Govt. Departments.

\* Balance held by the company which are not available for use by it.

	2012	2011
<b>19. Revenue from operations</b>		
<b>Revenue from operations</b>		
<b>Sale of products</b>		
Manufacturing Goods and By-Products	<b>16,294.24</b>	13,805.68
Electricity	<b>1,016.07</b>	2,442.91
Traded Goods	<b>12,040.62</b>	-
<b>Other operating revenue</b>		
Scrap sales	<b>22.51</b>	37.90
<b>Revenue from operations (gross)</b>	<b>29,373.45</b>	16,286.49
Less: Excise duty#	<b>1,354.37</b>	1,131.80
Less: VAT/Sales Tax	<b>417.27</b>	335.88
<b>Revenue from operations (net)</b>	<b>27,601.81</b>	14,818.81

# Excise duty on sales amounting to ₹ 135437464 (31st March, 2011: ₹ 113180067) has been reduced from sale in profit & loss account and excise duty on increase/decrease in stock amounting to (₹ 6091538) (31st March, 2011: (₹ 1570248)) has been considered as (income)/expense in note 24 of financial statements.



	(₹ in lacs)	
	2012	2011
<b>Details of products sold</b>		
<b>Finished Goods and by-products Sold</b>		
Ferro Alloys	16,083.85	13,624.67
Electricity	1,016.07	2,442.91
Fly Ash Bricks	208.89	180.81
By-Products & Others	1.50	0.20
<b>Traded Goods Sold</b>		
H. B. Wire	1,285.25	-
M. S. Round in Coil	8,977.43	-
MS Bar Plain	253.55	-
Waste & Scrap	178.88	-
TMT Bar	1,345.51	-
	<u>29,350.94</u>	<u>16,248.59</u>
<b>20. Other Income</b>		
<b>Interest Income on</b>		
Bank Deposits	36.61	7.73
Others	308.26	249.96
<b>Dividend Income on</b>		
Current investments	2.24	2.78
Net gain on sale of Current investments	16.83	579.89
Net gain on sale of fixed assets	5.45	3.09
Other non-operating income	3.50	0.58
	<u>372.89</u>	<u>844.02</u>
<b>21. Cost of raw material and components consumed</b>		
Inventory at the beginning of the year	3,155.15	1,859.60
Add: purchases including procurement expenses (Net of Disposal)	11,203.98	9,846.16
	<u>14,359.13</u>	<u>11,705.76</u>
Less : Inventory at the end of the year	4,078.27	3,155.14
Cost of raw material and components consumed	<u>10,280.86</u>	<u>8,550.62</u>
<b>Details of raw material and components consumed</b>		
Managnese Ore	3,832.82	3,839.17
Coal	4,599.52	3,879.72
Carbon Paste	396.10	306.05
HI Mno Slag	513.55	214.15
Rice Husk	819.27	-
Lancing Pipe	40.63	39.05
Others	78.97	272.48
	<u>10,280.86</u>	<u>8,550.62</u>
<b>Details of Inventory</b>		
<b>Raw Material and Components</b>		
Managnese Ore	2,430.29	2,280.36
Coal	1,155.57	318.27
Carbon Paste	16.82	44.53
HI Mno Slag	351.83	421.47
Rice Husk	35.35	-
Lancing Pipe	5.35	7.61
Others	83.06	82.91
	<u>4,078.27</u>	<u>3,155.15</u>



(₹ in lacs)

	2012	2011	(Increase)/ Decrease 2012
<b>22. (Increase)/Decrease in Inventories</b>			
<b>Inventories at the end of the year</b>			
Finished goods and by-products	279.13	991.75	712.62
Traded goods	-	-	-
	<u>279.13</u>	<u>991.75</u>	<u>712.62</u>
<b>Inventories at the beginning of the year</b>		2011	
Finished goods and by-products	991.75	1,157.56	165.81
Traded goods	-	-	-
	<u>991.75</u>	<u>1,157.56</u>	<u>165.81</u>
Net (increase)/decrease in inventories	<u>712.62</u>	<u>165.81</u>	-
<b>Details of purchase of traded goods</b>		2012	2011
H. B. Wire		1,258.06	-
M.S.Round in Coil		8,920.85	-
MS Bar Plain		248.03	-
Waste & Scrap		178.29	-
TMT Bar		1,315.94	-
		<u>11,921.17</u>	<u>-</u>
<b>Details of Inventories</b>			
<b>Finished goods and by-products</b>			
Ferro Alloys		252.13	952.58
Fly Ash Bricks		26.75	16.07
By-Products & Others		0.26	23.10
		<u>279.13</u>	<u>991.75</u>
<b>23. Employee benefits expenses</b>			
Salaries, wages and bonus		564.27	406.79
Contribution to provident and other fund		42.94	29.98
Gratuity Expense (Note 29 )		9.31	10.71
Workmen and staff welfare expenses		2.58	1.50
		<u>619.11</u>	<u>448.98</u>



(₹ in lacs)

	2012	2011
<b>24. Other Expenses</b>		
Consumption of stores and spares	405.92	357.02
(Increase)/decrease of excise duty on inventory	(60.92)	(15.70)
Packing Material Consumed	60.59	57.88
Power & Fuel	565.50	930.42
Water Charges	6.78	7.52
Material Handling & other manufacturing expenses	347.72	234.03
Insurance	19.80	9.89
Repairs and maintenance		
- Plant and machinery	176.00	118.96
- Buildings	21.23	25.41
- Others	28.27	16.14
Rebate, shortage claims & other deductions	3.51	0.72
Commission		
- Other than Sole selling agents	47.70	24.13
Travelling and conveyance	47.79	21.94
Communication expenses	10.92	7.62
Printing and stationery	9.00	6.11
Legal and professional fees	51.03	34.14
Directors' sitting fees	0.74	1.00
Directors' remuneration	44.39	44.40
Open Access Charges	3.91	8.76
Payment to Auditor (Refer details below)	6.90	4.91
Social Corporate Responsibility	6.84	3.02
Security service charges	33.05	27.69
Foreign Exchange Fluctuation (Net)	203.24	-
Premium on Foreign Exchange Contract	12.87	-
Share of Loss on Limited Liability Partnership	0.30	-
Miscellaneous expenses	132.54	136.17
	<b>2,185.62</b>	<b>2,062.19</b>
<b>Payment to Auditor</b>		
<b>As auditor :</b>		
Audit fee	4.15	3.25
Tax Audit fee	0.25	0.25
<b>In other capacity</b>		
Taxation matters	1.30	1.00
Other services	1.20	0.41
	<b>6.90</b>	<b>4.91</b>



(₹ in lacs)

	2012	2011
<b>25. Depreciation and amortization expenses</b>		
Depreciation on tangible assets	698.24	618.90
Amortization of intangible assets	46.36	2.99
	<b>744.60</b>	<b>621.90</b>
<b>26. Finance Costs</b>		
Interest		
- on term loans	622.16	507.83
- on working capital	357.36	148.50
- on others	10.50	42.30
Bank charges	132.55	74.56
	<b>1,122.58</b>	<b>773.18</b>
<b>27. Earnings per share (EPS)</b>		
Net profit as per profit and loss account	483.30	2,868.46
Net profit for calculation of basic EPS & Diluted EPS	483.30	2,868.46
Weighted average number of equity shares in calculating Basic EPS (Previous year restated due to allotment of bonus shares )	195.89	195.89
Weighted average number of equity shares in calculating Diluted EPS (Previous year restated due to allotment of bonus shares )	195.89	195.89
Basic & Diluted EPS		
- Basic earning per share	2.47	14.64
- Diluted earning per share	2.47	14.64

**28. Contingent Liabilities not provided for, are in respect of :-**

- I. Central Excise Duty ₹ 86.41 lakhs (Previous Year ₹ 100.15 lakhs)  
CST/VAT/Entry Tax ₹ 20.05 lakhs (Previous Year ₹ 27.51 lakhs)  
Income Tax ₹ 1.03 lakhs (Previous Year ₹ 1.03 lakhs)  
In respect of above demands the Company has preferred Appeals before higher authorities.
- II. Corporate Guarantees issued in favour of the bank aggregating to ₹ 104900 lacs (previous year ₹ 650 lacs) in respect of financing facilities granted to other bodies corporate.
- III. Counter Guarantees given against the bank guarantees issued by the companies banker aggregating to ₹ 178.06 lacs (P.Y.92.46 lacs).
- IV. Disputed energy development cess demanded by the Chief Electrical Inspector. Govt of Chhattisgarh ₹884.43 Lacs (PY. ₹ 744.81 Lacs). The Hon'ble High court of Chhattisgarh has held the levy of cess as unconstitutional vide its order dtd 20th June 2008. The state government has filed a special leave petition before Hon'ble Supreme Court, which is pending for final disposal.

**29. Gratuity and other post-employment benefit plans :**

The Company has a defined benefit gratuity plan. Gratuity is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employees after completion of 5 years of service. The Gratuity liability has not been externally funded. Company makes provision of such gratuity liability in the books of account on the basis of actuarial valuation as per the Projected unit credit method.



## Hira Ferro Alloys Limited

The following tables summarise the components of net benefit expense recognized in the statement of profit and loss and the unfunded status and amounts recognized in the balance sheet for the Gratuity.

### Statement of Profit and Loss

#### Net employee benefit expense (recognized in Employee Cost)

	₹ in Lacs	
	(Gratuity) March 31, 2012	(Gratuity) March 31, 2011
Current Service cost	7.83	8.10
Interest cost on benefit obligation	2.95	2.24
Expected return on plan assets	0.00	0.00
Net actuarial loss recognised in the year	(1.46)	0.38
Past service cost	0.00	0.00
Actual return on plan assets	9.31	10.71
<b>Balance Sheet details of provision for Gratuity</b>		
Defined benefit obligation	41.11	32.70
Fair value of plan assets	0.00	0.00
	41.11	32.70
Less : Unrecognised past service cost	0.00	0.00
Plan liability	41.11	32.70
<b>Changes in the present value of the defined benefit obligation are as follows :</b>		
Defined benefit obligation as at April 1, 2011	32.70	23.23
Interest cost	2.95	2.24
Current Service Cost	7.83	8.10
Benefits paid	(0.91)	(1.24)
Actuarial losses on obligation	(1.46)	0.38
Defined benefit obligation as at March 31, 2012	41.11	32.70

Since the entire amount of plan obligation is unfunded therefore changes in the fair value of plan assets are not given. Further the entire amount of plan obligation is unfunded therefore categories of plan assets as a percentage of the fair value of total plan assets and Company's expected contribution to the plan assets in the next year is not given.

The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below :

	March 31, 2012	March 31, 2011
Discount Rate	8.00%	8.00%
Increase in Compensation cost	5.00%	5.00%
Expected average remaining working lives of employee (years)	23.29	23.68

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

	₹ in lacs	
Contribution to Defined Contribution Plans :	March 31, 2012	March 31, 2011
Provident Fund	29.29	20.44



### 30. Segment-wise Revenue Results :

Basis of preparation :

- i) Business segments of the company have been identified as distinguishable components that are engaged in a group of related product and that are subject to risks and returns different from other business segments. Accordingly Ferro Alloys and Power have been identified as the business segments.
- ii) The geographic segments identified as secondary segments are "Domestic Market" and "Export Market". Since there is no Export Market Revenue, the same has not been disclosed. The entire capital employed is within India.

#### Information about business Segments-Primary

₹ in Lacs

Particulars	Ferro Alloys Segment	Power	Trading Segment	Total
<b>A) REVENUE</b>				
External Sales	14615.15	1016.07	11948.07	27579.29
Inter Segment Sales	0.00	4346.57	0.00	4346.57
Total Segment Revenue	14615.15	5362.64	11948.07	31925.86
Less: Eliminations	0.00	4346.57	0.00	4346.57
Net Revenue	<b>14615.15</b>	<b>1016.07</b>	<b>11948.07</b>	<b>27579.29</b>
<b>B) RESULTS</b>				
Segment Operational Profit	983.61	159.32	24.36	1167.29
Un-allocable Income				395.41
Interest Expenses				(1122.58)
Un-allocable Expenses				(51.97)
Income-tax and Wealth Tax Paid/Provided				(100.94)
Deferred Tax Adjustment (Net)				196.09
Net Profit				<b>483.30</b>
<b>C) OTHER INFORMATION</b>				
Segment Assets	12377.76	11025.83	1956.47	25360.07
Un-allocable Assets				1406.02
Total Assets				<b>26766.09</b>
Segment Liabilities and Provisions	8084.42	3699.07	2090.69	13874.18
Un-allocable Liabilities and Provisions				143.60
Total Liabilities and Provisions				<b>14017.78</b>
Capital Expenditure				4022.10
Depreciation /Amortisation				744.60

### 31. RELATED PARTY DISCLOSURE AS PER AS-18

#### a) Related parties and their relationship :

##### a) Holding Company

- Godawari Power & Ispat Ltd.

##### b) Subsidiary of Holding Company

- Krishna Gopal Minerals Ltd

- Godawari Green Energy Ltd



## Hira Ferro Alloys Limited

### c) Related Enterprises where control exist

- |  |                              |
|--|------------------------------|
| - Alok Ferro Alloys Ltd                      | - Hira Alloys and Wires Ltd  |
| - Hira Steels Ltd                            | - Demurer Developers Pvt Ltd |
| - Hira Energy Ltd                            | - Kumar Techno Build Pvt Ltd |
| - Hira Cement Ltd                            | - Narmada Ispat Ltd          |
| - Jagdamba Power & Alloys Ltd                | - Hira Foundation            |
| - Maruti Clean Coal & Power Ltd              | - Vrindavan Realcon LLP      |
| - Hira Power & Steels Ltd                    | - Vinay Green Energy LLP     |
| - Tanusha Real Estate India Pvt. Ltd         | - Kumar Eco Power LLP        |
| - Chhattisgarh Power & Coal Benefication Ltd | - Dinesh Realcon LLP         |

### d) Key Management Personnel

- |                           |                         |
|---------------------------|-------------------------|
| - Mr. N. P. Agrawal       | - Mr. Arvind Dubey      |
| - Mr. H. P. Agrawal       | - Mr. Yarra Chandra Rao |
| - Mr. Bajrang Lal Agrawal | - Mr. Umesh Agrawal     |
| - Mr. Vinay Agrawal       |                         |

Note : Related Party relationship is as identified by the company and relied upon by the Auditors.

### Transaction with related parties in the ordinary course of business

(₹ in lacs)

Nature of Transactions	2011-12	2010-11
<b>a) Holding Company</b>		
1. Purchase of Materials and Others	14,347.86	559.67
2. Sale of Goods	8,477.10	363.50
3. Sale of Electricity	-	128.70
4. Balance due to / (due from)	2,090.69	-
5. Loan given during the year	-	4,684.06
6. Loan refund received	295.90	4,470.00
7. Interest received on loan given	-	90.94
8. Balance Outstanding		
Loan Receivable	-	295.90
<b>b) Subsidiary of Holding Company</b>		
1. Interest paid on loan	0.22	0.22
2. Sale of Goods	0.55	-
3. Balance Outstanding		
Loan Payable	-	2.40
Accounts Receivable	0.10	-

Nature of Transactions	Related Enterprises where control exist		Key Managerial Personnel		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1. Purchase of raw Material and Others	724.89	738.35	-	-	724.89	738.35
2. Sales of Goods	1,139.16	716.69	-	-	1,139.16	716.69
3. Directors Remuneration and Salary	-	-	54.41	50.98	54.41	50.98
4. Directors Sitting Fees	-	-	0.37	0.79	0.37	0.79
5. Loans & Advances given during the year	890.12	1,092.42	-	-	890.12	1,092.42
6. Loans & Advances given refunded during the year	3,521.92	1,167.46	-	-	3,521.92	1,167.46



Nature of Transactions	Related Enterprises where control exist		Key Managerial Personnel		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
7. Interest received on Loans & advance Given	306.12	143.26	-	-	306.12	143.26
8. Loans & Advances received during the year	449.00	1,531.92	339.00	1,227.90	788.00	2,759.82
9. Loans & Advances Taken repaid during the year	447.18	2,600.46	339.00	1,241.74	786.18	3,842.20
10. Interest Paid on Loans Taken	6.02	8.13	5.86	15.39	11.88	23.52
11. Balance Outstanding						
Accounts Payable	15.65	13.21	12.12	0.34	27.77	13.55
Accounts Receivable	181.60	184.23	-	-	181.60	184.23
Loan Receivable	584.97	2,941.26	-	-	584.97	2,941.26
Loan Payable	21.16	13.37	-	-	21.16	13.37
12. Share Application Money Given/ (Refund)	-	(185.00)	-	-	-	(185.00)
13. Guarantee & Collaterals	104,900.00	-	-	-	104,900.00	-

## RELATED PARTY DISCLOSURE AS PER AS-18

(₹in lacs)

	2011-12	2010-11
<b>c) Details of Material Transaction with related parties</b>		
<b>Purchase of raw Material and Others</b>		
Hira Cement	110.50	37.70
Hira Power & Steel Limited	536.74	645.15
<b>Sales of Goods</b>		
Hira Power and Steels Limited	781.43	409.60
Alok Ferro Alloys Limited	314.88	169.27
<b>Remuneration Paid</b>		
Mr. N. P. Agrawal	24.00	18.00
Mr. H. P. Agrawal	8.39	21.60
Mr. Vinay Agrawal (Salary)	12.00	4.80
Mr. Arvind Dubey	10.02	6.58
<b>Directors Sitting Fees</b>		
Mr. Bajrang Lal Agrawal	-	0.05
Mr. Umesh Agrawal	0.09	0.37
Mr. Yarra Chandra Rao	0.28	0.37
<b>Loans &amp; Advances given during the year:</b>		
Alok Ferro Alloys Limited	148.75	583.17
Demeurer Developers Pvt. Ltd.	727.50	3,150.50
<b>Loans &amp; Advances given Refunded during the year:</b>		
Alok Ferro Alloys Limited	731.92	-
Hira Energy Ltd	-	20.59
Hira Power and Steels Limited	-	300.00
Maruti Clean Coal & Power Ltd	-	742.09
Demeurer Developers Pvt. Ltd.	2,790.00	1,356.26
<b>Interest received on Loans given</b>		
Demeurer Developers Pvt. Ltd.	306.12	143.26
<b>Loans &amp; Advances Received during the year:</b>		
Alok Ferro Alloys Limited	-	860.00
Kumar Techno Build P. Ltd	101.00	-
Jagdamba Power & Alloys Ltd	-	598.72
Sri N.P.Agrawal	339.00	1,227.90



	2011-12	2010-11
<b>Loans &amp; Advances Taken Repaid during the year:</b>		
Alok Ferro Alloys Limited	-	1,053.67
Jagdamba Power & Alloys Ltd	7.18	1,225.00
Sri N.P.Agrawal	339.00	1,241.74
Kumar Techno Build P. Ltd	101.00	-
<b>Interest Paid on Loans Taken</b>		
Jagdamba Power & Alloys Ltd	-	7.97
Sri N.P.Agrawal	5.86	15.39
<b>Share Application money Given/ (Refund)</b>		
Hira Energy Ltd	-	(185.00)
Guarantee & Collaterals		
Maruti Clean Coal & Power Ltd	104,900.00	-
<b>Balance of Accounts Payable</b>		
Hira Cement Ltd	15.65	4.17
Hira Power and Steels Limited	-	7.28
<b>Balance of Accounts Recievable</b>		
Alok Ferro Alloys Limited	1.71	173.57
Hira Power and Steels Limited	170.20	-
<b>Balance of Loans Payable</b>		
Jagdamba Power & Alloys Ltd	-	7.18
Dinesh Realcon LLP	1.73	1.73
Shri Narayan Prasad Agrawal	5.27	-
Kumar Eco Power LLP	4.70	0.20
Vinay Green Energy LLP	4.70	0.20
<b>Balance of Loans Recievable</b>		
Hira Energy Ltd	172.10	170.93
Alok Ferro Alloys Limited	-	583.17
Demeurer Developers Pvt. Ltd.	381.44	2,168.43

32. The Company has identified the amount due to Micro, Small and Medium Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2012

(₹ in lacs)

	2011-12	2010-11
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March, 2012		
Principal Amount	0.00	0.00
Interest	0.00	0.00
ii) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day for the year ending 31st March, 2012	0.00	0.00
iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	0.00	0.00
iv) The amount of interest accrued and remaining unpaid for the year ending 31st March, 2012	0.00	0.00
v) The amount of further interest remaining due and payable for the earlier years.	0.00	0.00

Note : The information has been given in respect of such suppliers to the extent they could be identified as "Micro, Small and Medium" enterprises on the basis of information available with the Company.

33. Foreign Currency Exposure that are not hedged by derivative instruments or forward contracts as on 31.03.2012 amounts to ₹1681.84 Lacs (PY. ₹Nil)

34. In the opinion of the board, the value of realisation of long term loans and advances, other non current assets and current assets in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet.

35. a) The Company has acquired 8.5 MW Biomass Power Division of M/s Shivalik Power & Steel Pvt. Ltd situated at Village: Balsonda Dist. Mahasamund (C.G.) w.e.f. 5th April 2011 on slump purchase basis.

b) The Fixed Assets acquired as stated in (a) above are recorded at Net Realisable Value in the books of the Company based on the report of Certified Independent Valuer and other current assets are recorded in the books of accounts based on Audited Financial Statement obtained from M/s Shivalik Power & Steel Pvt. Ltd of the said Division and accordingly ₹ 216.83 Lacs of goodwill arises in the books of account,

c) The aforesaid unit commenced commercial production w.e.f. 1st November, 2011 after completing repairs & maintenance of the unit to operate the plant at maximum plant efficiency, accordingly the operating expenses incurred during the interim period amounting to ₹ 414.65 lacs has been capitalised. The details are as under:

	(₹ in lacs)	
	2012	2011
Raw Material Consumption	261.94	-
Salaries, wages and bonus	48.83	-
Consumption of stores & spares	94.37	-
Power & fuel	15.77	-
Finance costs	123.55	-
Others	66.09	-
	610.56	-
Less: Revenue from Operation (Sale of Electricity)	195.91	-
	414.65	-

### 36. Value of import calculation on CIF Basis

	(₹ in lacs)	
	2012	2011
<b>Raw Materials</b>		
- Managanese Ore	518.09	1,386.48
- Coal	1,523.12	-
	2,041.21	1,386.48

### 37. Expenditure in foreign currency

	(₹ in lacs)	
	2012	2011
-Professional Fess	15.10	-
-Financial Charges	115.83	69.04
-Travelling and conveyance	1.82	-
-Subscription Fees	7.94	-
	140.69	69.04

### 38. Earnings in foreign currency

	(₹ in lacs)	
	2012	2011
Exports at CIF Value	511.06	-
	511.06	-


**39. Imported and Indigenous raw material & spare parts consumed**

	2012		2011	
	% of Total Consump-tion	₹ in lacs	% of Total Consump-tion	₹ in lacs
<b>Raw Materials</b>				
-Imported	11.66	1,198.93	2.49	212.75
-Indigenous	88.34	9081.93	97.51	8,337.87
	<u>100.00</u>	<u>10280.86</u>	<u>100.00</u>	<u>8,550.62</u>
<b>Stores &amp; Spares</b>				
-Imported	-	-	-	-
-Indigenous	100.00	405.92	100.00	357.02
	<u>100.00</u>	<u>405.92</u>	<u>100.00</u>	<u>357.02</u>

40. Till the year end 31st March,2011, the company was using pre-revised Schedule-VI to the Companies Act,1956, for preparation and presentation of its financial statements. During the year ended 31st March,2012, the revised Schedule-VI notified under the Companies Act,1956, has become applicable to the company. The company has reclassified previous year figures to confirm to this year's classification. The adoption of revised Schedule-VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date

For and on behalf of the Board of Directors of  
**Hira Ferro Alloys Limited**

**For OP Singhania & CO.**

(Firm Reg. No.002172C)

Chartered Accountants

**Per SANJAY SINGHANIA**

**(N. P. AGRAWAL)**

**(ARVIND DUBEY)**

**(Y.C.RAO)**

Partner

Managing Director

Director

Director

Membership No.076961

Place : Raipur

**(MOHIT CHANDE)**

Date : 22.05.2012

Company Secretary

## HIRA FERRO ALLOYS LIMITED

**Registered Office:** 567B, Urla Industrial Complex, Raipur - 493 221, Chhattisgarh  
**Corporate Office:** Hira Arcade, Near New Bus Stand, Pandri, Raipur-492 004, Chhattisgarh

### FORM OF PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_ in  
the District of \_\_\_\_\_ being a member / members of the above named Company  
hereby appoint of \_\_\_\_\_ in the District of \_\_\_\_\_ or failing  
him \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ or failing  
him \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ as  
my/our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Members of Hira Ferro  
Alloys Limited to be held on Saturday the 29th day of September, 2012 at 11.00 A.M. at Second Floor, Hira Arcade,  
Near New Bus Stand, Pandri, Raipur, Chhattisgarh.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Signature \_\_\_\_\_

L.F.No. \_\_\_\_\_

\*Depository: NSDL/CDSL \_\_\_\_\_

\* DP. ID \_\_\_\_\_

\* Client ID \_\_\_\_\_

\* For Shares held in Electronic Form \_\_\_\_\_

No. of Share(s) held \_\_\_\_\_

Notes :

- (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
- (2) A proxy need not be a member.
- (3) The completed form should be deposited at the Registered Office of the Company at 567B Urla Industrial Complex, Raipur - 493221 Chhattisgarh, not less than 48 hours before the time for holding the meeting.

Affix  
Re. 1/-  
Revenue  
Stamp

## HIRA FERRO ALLOYS LIMITED

**Registered Office:** 567B, Urla Industrial Complex, Raipur - 493221, Chhattisgarh  
**Corporate Office:** Hira Arcade, Near New Bus Stand, Pandri, Raipur-492004, Chhattisgarh

### ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the Members of Hira Ferro Alloys Limited to be held on Saturday the 29th day of September, 2012 at 11.00 A.M. Second Floor, Hira Aracde, Near New Bus Stand, Pandri, Raipur, Chhattisgarh.

1. L.F.No. \_\_\_\_\_

2. DEPOSITORY : NSDL/CDSL \_\_\_\_\_

3. DP. ID \_\_\_\_\_

4. CLIENT ID \_\_\_\_\_

FOR SHARES HELD IN ELECTRONIC FORM

5. FULL NAME OF THE SHAREHOLDER : \_\_\_\_\_  
(IN BLOCK LETTERS)

6. NO. OF EQUITY SHARES HELD: \_\_\_\_\_

7. SIGNATURE OF THE SHAREHOLDER  
OR PROXY ATTENDING

(PLEASE GIVE FULL NAME OF THE 1ST JOINTHOLDER)

MR./MRS./MISS \_\_\_\_\_

(TO BE USED ONLY WHEN FIRST NAMED SHAREHOLDER IS NOT ATTENDING)

NOTE : PLEASE FILL IN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.





**REGISTERED OFFICE**

**567B, Urla Industrial Area, Raipur, Chhattisgarh**  
**TEL.: +91-771-4082350 / 4082360, Fax: +91-771-4082440**  
**[www.hiraferro.com](http://www.hiraferro.com)**

**CORPORATE OFFICE**

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