



HIRA FERRO ALLOYS LIMITED



ANNUAL REPORT

2012-13

BOARD OF DIRECTORS

Mr. Biswajit Choudhuri
Mr. N. P. Agrawal
Mr. B.N. Ojha
Mr. Arvind Dubey
Mr. Y. C. Rao

Chairman, Independent Director
Managing Director
Independent Director
Executive Director
Non- Executive Director

COMPANY SECRETARY

Mr. Mohit Chande

AUDITORS

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

HOLDING COMPANY

Godawari Power and Ispat Limited
Plot No. 428/2 Phase I, Industrial Area,
Siltara - 493 111
Raipur, Chhattisgarh

BANKERS

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

REGISTRAR AND TRANSFER AGENT

M/s. Link Intime India Private Limited,
C-13 Pannalal Silk Mill Compound, LBS Marg,
Bhandup (West), Mumbai - 400 078

REGISTERED OFFICE

567B, Urla Industrial Area,
Raipur - 493 221, Chhattisgarh
Tel: +91 – 771 - 4082350/ 4082360
Fax: +91 – 771 – 4082440
www.hiraferro.com

CORPORATE OFFICE

Hira Arcade, Near New Bus Stand,
Pandri, Raipur 492 004, 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 29th Annual General Meeting of the Members of Hira Ferro Alloys Limited will be held on Saturday the 28th day of September, 2013 at 11:00 am at Second Floor, Hira Arcade, Near New Bus Stand, Pandri, Raipur, Chhattisgarh – 492 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2013 and Profit and Loss Account for the year ended on that date together with Auditors and Directors reports thereon;
2. To declare dividend on Equity Shares of the Company for the financial year ended 31st March, 2013;
3. To appoint a Director in place of Shri Biswajit Choudhuri, who retires by rotation and being eligible for reappointment offers himself for reappointment;
4. To appoint a Director in place of Shri Yarra Chandra Rao, who retires by rotation and being eligible for reappointment offers himself for re-appointment;
5. 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.”

By Order of the Board

Sd/-

Mohit Chande
Company Secretary

Place: Raipur
Date: 28th May 2013

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.
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.
2. 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.
3. Members/proxy holders are requested to bring their attendance slip duly signed so as to avoid inconvenience.

4. The dividend on equity Shares for the year ended 31st March 2013, will be paid after declaration by the members:

In respect of shares held in physical form, to those members whose names appear on the Register of Members of the Company on 20.09.2013 after giving effect to all valid share transfers lodged with the Company on or before 28.09.2013. In respect of shares held in electronic form, to those beneficial owners whose name appear in the statement of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of business on 20.09.2013.

The members are hereby informed that the company would transfer the dividends, which remain unclaimed over a period of 7 years, to the Investor Education and Protection Fund (IEP Fund) constituted by the Central Government under section 205C of the Companies Act, 1956.

5. 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.
6. 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 Private 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. The Register of Members and Share Transfer Books of the Company shall remain closed from September 20, 2013 to September 28, 2013 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend for the year ended 31st March, 2013.

12. The Company has transferred the amount of unclaimed / unpaid dividend for the financial years 2004-05 to the Investor Education and Protection Fund (IEPF). The following are the details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to such IEPF of the Central Government.

Year of Dividend	Date of Declaration	Due date for transfer to IEP Fund
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
2011-12	29.09.2012	28.10.2019

Further, the company shall not be in a position to entertain the claims of the shareholders for the unclaimed dividends which have been transferred to the credit of the Investor Education and Protection Fund of the Central Government under the provisions of section 205A of the Companies Act 1956.

13. 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

Sd/-

Mohit Chande

Company Secretary

Place: Raipur
Date: 28th May, 2013

ANNEXURE TO THE NOTICE

Particulars of Directors seeking re-appointment at the ensuing Annual General Meeting to be held on 28th September, 2013 are given as under:

Name of the Director	Shri Biswajit Choudhuri	Shri Y.C. Rao
Age	71 Years	47 Years
Qualification	B.Tech (Hons), Fellow Member of ICWI and Indian Institute of Banking and Finance	FCS, CWA and LLB.
Experience in Specific Functional area	More than 45 years	More than 20 years
Date of Appointment on the Board of the company	09.11.2011	26.04.1999
Nature of expertise in specific functional areas	He has experience in Engineering, Banking and Finance Management. He has acted as Director and Member of various Boards and Councils. He is the Ex- CMD of United Bank of India.	He has over 20 years of experience in the field of Securities Law, Corporate Law & Tax Laws, etc.
Name(s) of other Public Companies in which Directorships held	Godawari Power and Ispat Limited Aditya Birla Chemicals (India) Limited Hindusthan Engineering & Industries Limited Ludlow Jute & Specialities Limited R. V. Investment and Dealers Limited Maithan Alloys Limited Khaitan Electricals Limited	Godawari Natural Resources Limited
Chairman/Member of the Committee of the Board of Directors of the Company	Chairman of Audit Committee and member of Remuneration and shareholders Grievances committee	Members of Audit Committee and member of shareholders Grievances committee
No. of Shares of ₹ 10/- each held by the Managing Directors or Directors	NIL	2500
Retaliatio nship 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

DIRECTORS' REPORT

To
Dear Members,

Your Directors have pleasure in presenting the 29th Annual Report of your Company along with the Audited Accounts for the financial year ended 31st March, 2013. The Summary of Financial results for the year ended 31st March, 2013 is as under:

(₹ in Crores)

FINANCIAL RESULTS	2012-13	2011-12
Net Sales	443.92	276.02
Other Income	3.63	3.73
Total Income from Operations	447.55	279.75
Profit before Interest, Depreciation and Tax	21.07	22.55
Finance Charges	10.44	11.23
Depreciation & Amortization Expenses	8.53	7.44
Profit before Tax	2.10	3.88
Less: Provision for Income Tax, Tax related to earlier years & Wealth Tax Provision	(1.73)	(0.95)
Net Profit after Tax	3.83	4.83
Add: Balance brought forward from previous year	99.61	97.64
Profit available for appropriations	103.44	102.47
Appropriations:		
Proposed Dividend	1.17	1.17
Tax on proposed dividend	0.20	0.19
Transfer to General Reserve	1.50	1.50
Balance carried to Balance Sheet	100.57	99.61

DIVIDEND

The Board of Directors are pleased to recommend payment of dividend @ ₹0.60/- per share on paid up equity share capital of ₹ 19,58,85,000 divided into 1,95,88,500 equity shares of ₹ 10/- each {P.Y. ₹ 0.60/- per share}. The total outflow on account of dividend shall be ₹1.37 Crores (P.Y. ₹ 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 ₹ 461.71 Crores during the financial year 2012-13 as compared to ₹ 293.73 Crores during the financial year 2011-12, registering a growth of 57.19%. The Company has also achieved a trading turnover of Iron & steel products (i.e. HB Wires, MS Round in Coil, MS Bar Plain & TMT Bar including Waste & Scrap) of ₹ 269.36 crores during the FY13 as compared to ₹120.41 crores previous year FY12, registering a growth of 123.70% due to increase in trading of MS Round in Coil of ₹217.89 Crores during the FY13 as compared to previous year FY12 ₹ 89.77 Crores.

The Ferro Alloys division of the Company registered net sales of ₹169.43 Crores as compared to ₹160.83 Crores during the previous year. In terms of volume, the sale Ferro alloys increased to 30648 MTs from 29119 MTs during the year registering a growth

of 5.25%. The sale of electricity division increased to ₹ 21.37 as against sale of ₹ 10.16 Crores during the year under review due to increase in volume of sale of Power from Bio mass Power Plant. Your Company has sold 46074770 KWH of power as compared to 30939207 KWH during the previous year which registering a growth of 48.92%.

Despite better volume of production and sales, the net profit of the Company during the year under review declined to ₹ 3.83 Crores from ₹ 4.83 Crores during the previous year, 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. The market conditions for ferro alloys demand remains subdued on prevailing environment, the performance of the Company during the current year shall depend upon the prevailing conditions.

VOLUNTARY DELISTING OF SHARES

The Board of Directors of your company has approved the proposal for voluntary delisting of 19588500 equity shares of ₹10/- each fully paid up from Delhi Stock Exchange Limited (DSE) and Madras Stock Exchange Limited (MSE) on 9th November, 2012 and subsequently the Company has made applications for the same to both the stock exchanges. The DSE has approved the request for delisting of shares and the 19588500 equity shares of ₹10/- each have been delisted from DSE w.e.f. 8th April, 2013. The approval from MSE is still pending.

The delisting of the company's equity shares from DSE and proposed delisting from MSE will not be prejudicial to or affect the interests of the investors, in view of listing & trading of shares on BSE and NSE (Through MPSE). The benefits accruing to the investors by keeping the equity shares listed on these Stock Exchanges do not commensurate with the cost incurred by the company for the continued listing on these Stock Exchanges. The shareholders in the region of these Stock Exchanges will not suffer due to delisting since the listing of the equity shares of the company shall continue with BSE and MPSE (Trading Through NSE) having nationwide trading terminals.

ALTERATION OF ARTICLES OF ASSOCIATIONS

During the year shareholders of the Company in their Annual General Meeting held on 29th September, 2012 have approved the alteration of articles of the Company in respect of Service of Notice, Reports, Documents & other communication in Electronic Mode, taking voting by Postal Ballot in Electronic Mode, Participation in General Meeting(s) by the Members through video conferencing and Participation of Directors in Board Meetings through video conferencing etc. by way of special resolutions.

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 (Particular 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

As per Section 256 of the Companies Act, 1956 and Article of Association of the Company, Shri Biswajit Choudhuri and Shri Y.C. Rao are liable to retire by rotation and being eligible offer themselves for re-appointment

The Board recommends 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 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.

RE-APPOINTMENT OF STATUTORY AUDITOR

In terms of provisions of Section 224 of the Companies Act, 1956, M/s O.P. Singhania 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 27th May, 2013 recommending re-appointment of M/s O.P. Singhania 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 28th May, 2013 approved the re-appointment of M/s O.P. Singhania and Co., Chartered Accountants as the Statutory Auditors of the Company for the financial year 2013-14 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. Singhania 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 on the Accounts of the company for the financial year 2012-13 and hence does not require any clarification.

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 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, 2013.

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

The Board expresses its sincere gratitude to the shareholders, bankers, State and Central Government and its officials and clients for their continued support. Your Directors wish to place on record their appreciation of the contribution by all employees at all levels and for their hard work, dedication and commitment. The enthusiasm, contribution shown by the employees of the company while discharging their duties and unstinting efforts of the employees have enabled your Company to grow steadily.

For and on behalf of the Board

Raipur
28.05.2013

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 (₹ In Lacs)		Average Amount Per Unit/MT	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Electricity (Units)						
1. Purchase	134.34	129.40	690.07	565.50	5.14	4.37
2. Own Generation *	1470.62	1225.56	-	-	-	-
Coal & Coke (MTS)	1.61	1.96	2985.50	4599.52	1854.34	2346.70

*Excluding 21112667 (17141597) units of auxiliary consumption and transmission losses.

II. Consumption Per Unit of Production (Per MT)

Particulars	Production		Consumption of Fuel		Average Consumption	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Electricity						
Ferro Alloys (MT)	30647.940	28090.700	146989538	134568612	4795	4790
Power (Units)	197058800	168182900	21112667	17141597	0.107	0.102
Fly Ash Bricks (Nos.)	2069390	10172070	72669	235098	0.035	0.023
Coal and Coke						
Ferro Alloys (MT)	30647.940	28090.700	21958.955	20071.910	0.716	0.715
Power * (Units)	197058800	168182900	285677.10	175516.961	1.45Kg	1.48 Kg

* considered 49087.011MTs (33242.204 MT) of Rice Husk consumption & 75915.250 MTs (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, the Total Foreign Exchange used: 3222678 USD

For and on behalf of the Board

Raipur
28.05.2013

Biswajit Choudhuri
Chairman

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.

FERRO ALLOYS INDUSTRY SCENARIO

INDUSTRY STRUCTURE AND DEVELOPMENT

Ferro alloy refers to various alloys of iron, which are used in the production of mild steel, carbon steel, special alloy steel and stain less steel. India's steel production is increasing every year, thereby the consumption of Ferro Alloys is also increasing. The Indian Ferro Alloy industry has a capacity of 5.15 million tons accounting for nearly 10% of the world's Ferro alloy production and is among the 10 largest producers of the material in the world.

In the midst of raw material availability being a key factor for Ferro Alloy industry growth, production is concentrated in a few pockets. India, South Africa, China and the CIS countries represent a large source for Ferro Alloys.

India's Ferro Alloy supply constitutes of Ferro chrome about 32%, Ferro Manganese and Silicon Manganese about 62% and rest others.

Fortunes of Ferro Alloys Industry are linked to that of the Steel Industry. With the growth of Indian economy is expected to increase booming. 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 of Indian Ferro alloys industry.. Presuming to the further potential in the steel sector and the Government will make all endeavors to increase steel production capacity to realize by way of policy facilitation and vigorous co-ordination efforts made by the Government. And Indian Ferro Alloys industry already explored the international Market Industry by expecting the more demand from the export market, hence more new units are coming in the country against high power tariff and scarcity of raw material such as ore etc.

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 have come up in various States in West Bengal, Andhra Pradesh, and Orissa etc.

RAW MATERIAL SCENARIO

The Industry has enough capacity to produce Ferro Alloys required for domestic Steel Industry. However, certain basic raw materials, i.e., ores viz., Manganese Ore, Chrome Ore, Molybdenum Ore/ Molly Oxide, Tungsten Ore, Wolframite Ore, Scheelite Ore, Nickel Oxide, Vanadium ore, etc., required for producing Ferro Alloys are attracting an import Customs Duty of 2.5 %.

Manganese is an essential non –substitutable element in steel making. The twelfth Five-year plan has projected 128 million tons of crude steel by 2016-17. Considering the projected increase in steel production and demand of Manganese Alloys, the industry requires 6.08 million tonnes of Manganese Ore by the year 2016-17 to produce Manganese Alloys to cater to the domestic steel industry and meet their requirements.

Projected Demand Supply Gap of Manganese Ore during 12th Five Year Plan

Year	2012-13	2013-14	2014-15	2015-16	2016-17
Manganese Ore					
Production	3,210	3,430	3670	3,930	4,200
Demand	4,528	4,983	5,565	6,177	6,819
Demand Gap	(-) 1,318	(-) 1,553	(-) 1,895	(-)2,247	(-)2,619

MOIL the major producer of Manganese Ore, is producing on an average 1 million ton per annum and partly meeting domestic requirement. At present Maharashtra Elektros melt (MEL), a Unit of SAIL is getting about 300,000 MT out of MOIL's production. Two large captive Ferro Alloys Units being set up by MOIL at Raipur and Visakhapatnam in Joint Venture with SAIL and with RINL, are expected to commence their operations in a year or two, require about 500,000 MT per annum. Thus, approximately 750,000/800,000 MT Manganese Ore, out of MOIL's exploration is required to meet the demand of PSUs. Thus, MOIL will be left with hardly 300,000 to 400,000 tons of Manganese Ore for the Manganese Alloy Industry.

The Manganese Ore produced by other Mines in the country is low in grade and high in Iron content. Hence, these Ores are only suitable for blending with high Mn:Fe ratio Manganese Ores being supplied by MOIL to prepare suitable composition and to use in production of quality Manganese Alloys acceptable to the Steel industry within the country and abroad. If high grade with high Mn:Fe ratio Manganese Ore is not sufficiently available at a competitive rate from MOIL, the domestic consumers have no option except to source through imports. The Steel Industry being the backbone of economic development, the availability of required suitable quality of Manganese ore with a competitive rate assumes significance not only for the Manganese Alloy Industry, but also for the economic development of the country as a whole.

It is pertinent to mention here that Indian Ferro Alloys Industry has grappled with various issues, such as non-availability of power with competitive rate, suitable quality and quantity of Manganese Ore, minimum duty protection, etc. Besides, the Industry has to compete with the integrated producers having captive Manganese Ore Mines situated in South Africa, Australia, Brazil, CIS, etc., to sell acceptable quality of Manganese Alloys in the world market for earning the valuable foreign exchange for the country.

PROSPECTS

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 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 plant have a cost advantage over the competitors. The sources of 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 coke is not available in India the entire domestic requirement of raw materials for the industry could not fully met from the domestic market.

The business viability of Ferro Alloys, in such case Alloys prices increase in the market that's immediate impact on ore prices. The prices of ore increasing in the domestic & International Market accordingly. The industry is catering domestic market after fulfilling the domestic demand then concentrating in the export Market for sale of surplus quantity is being sold in the export Market.

FUTURE STRATEGY AND GROWTH

Marketing & Pricing - The costing of product of alloys always play a vital role in the industry. The price of Ferro alloys decided by the International Market and it varies widely. In a highly volatile market condition the numbers of factors are affecting the prices of Ferro alloys in domestic as well as in the International Market. In view of market Globalization of Ferro alloys, there is a cut throat competition especially in the Manganese Alloys Industry and a numbers of clusters has been developed in various states in the country, the dis-balance the demand & supply. The most critical thing is to sale the finished goods in the domestic as well as in the domestic market.

Considering the economy in various parts of the world especially in steel and infrastructure industry the prospects of Ferro alloys industry for the coming years are expected to remain brighter. On assessing the demand forecast of Manganese Alloys as per estimation the domestic demand increases about 17- to 18 % every year against the production Capacities increases about 33-35 % every year against high power tariff , huge shortage raw material, viz. Manganese ore, Chrome Ore, Power Coke and other fluxes etc. Manganese Alloys Market was lackluster amid softened demand. However, there were signs of a pickup in the coming days.

POWER

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 15%. The private sector continued its determined performance and contributed to a record power capacity. The Company has captive power generation capacity and demand supply mismatch may not affect the performance of the Company.

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 etc.

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.

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. The Company is taking reasonable care in day to day operations to mitigate the associate risk, through internal control and by keeping the constant watch on the external developments and adjust the operations in line with market conditions.

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, except the Bio Mass Power plant, for which the Company is having long term PPA with State Electricity Board at tariff, determined by the Regulatory authority. 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 2013, the Company reported total revenue from operations (net) increased from ₹ 276.01 Crores to ₹ 443.91 Crores, registering a growth of 160.83% as compared to last fiscal. The increase was mainly because the Company has registered a significant growth in trading of iron & steel products.

Ferro Alloys production in the year under review was 30647.940 MTs as compared to 28090.700 MTs in last year and the sale of silico manganese increased from 29118.500 MTs to 30260.26 MTs during the current year registering a growth of 3.92%. Your Company has sold 46074770 KWH of power as compared to 30939207 KWH during the previous year. The sale of Bricks decreased from 9846114 Units to 3298900 Units during the current year registering a reduction of 66.50 %.

During the year under review the Company earned a Net Profit of ₹ 3.83 Crores, a reduction of 20.70 % as compared to ₹ 4.83 Crores in the previous year due to unfavorable 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 ₹17644.01 lacs, as compared to ₹ 15629.79 lacs during the previous year registering an increase of 12.89%. The statement showing average realizations of major products is given below:-

Sl. No.	Products	FY 2013			FY 2012		
		Net Sales Qty	Net Sales (Value ₹ in Lacs)	Average Price Per Unit (₹)	Net Sales Qty	Net Sales (Value ₹ in Lacs)	Average Price Per Unit (₹)
1	Silico Manganese (MT)	29633.400	15256.07	51480	29118.500	14051.57	48257
2	Ferro Manganese (MT)	17.000	7.82	46000	735.200	372.63	50684
3	Ferro Silicon (MT)	111.50	50.46	45260	-	-	-
4	Pig Iron (MT)	498.360	127.08	25500	-	-	-
5	Bricks (No.)	3298900	65.56	1.98	9846114	189.52	1.92
6	Power (Kwh)	46074770	2137.02	4.64	30939207	1016.07	3.28

The average realizations for silicon manganese increased by 7%, Ferro Manganese reduced by 9% and Power increased by 41% and Bricks increased marginally by 3% as compared to FY 2011-12.

(b) Cost of Raw Material and Components Consumed

The raw material cost which mainly consists of manganese ore, coal & coke and rice husk increased during the current financial year to ₹ 128.98 Crores as compared to ₹ 102.81 Crores during previous year. The Cost of Raw Material and Components Consumed has increased 25.45 % as compared to previous year due to increase in production volumes and prices of manganese ore and coal and coke, which could not be fully passed on to the consumer due to prevailing market conditions.

(i) Operating & Other Expenses

The operating & other expenses have gone down from 7.92% of net sales to 5.46% 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 32.01 % to ₹ 8.17 Crores from ₹ 6.19 Crores due to annual increase in salaries and recruitment of additional employees to meet increased requirement for Bio Mass Power plant. The overall employees cost decreased to 1.84% of the net sales as compared to 2.24% during previous year.

(iii) Operating Margins (EBIDTA)

During the year the operating margins of the Company decreased from 8.17% to 4.75 % of net sales. Operating margins of the Company have declined due to higher input cost and significant increase in the trading turnover.

(iv) Interest & Financial Charges

The total finance cost during the year decreased from ₹ 11.23 Crores to ₹ 10.44 Crores.

(v) Depreciation and Amortization Expenses

The depreciation and amortization expense has gone up by ₹ 1.08 Crores. 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 extraordinary items of ₹ 2.10 crores which is 0.47 % of net sales as against ₹ 3.88 Crores, which was 1.41 % 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 ₹1.50 Crores (Previous year ₹ 1.50 Crores) 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 % (₹0.60 paisa per share) for the year ended 31st March 2013, subject to approval of the shareholders. Further provision of dividend distribution tax of ₹0.19 Crores has been made. The total outgo of funds on account of dividend payment including corporate tax on dividend for the year is ₹ 1.37 Crores.

(g) Fixed Assets

The net block of fixed tangible assets and intangible assets stood as on 31st March, 2013 and 31st March, 2012 at ₹ 123.08 Crores & 1.48 Crores respectively as compared to previous year of ₹ 127.27 Crores and 1.95 Crores.

(h) Inventories

The overall value of inventory of raw materials decreased to ₹32.59 Crores as on 31st March 2013 as compared ₹ 46.96 Crores as on 31st March 2012.

(i) Loans & Advances

The non current loans and advances as on 31st March 2013 stood at ₹ 2.67 Crores as compared to ₹1.48 crores as on 31st March 2012. The current loans and advances stood at ₹ 35.82 Crores as on 31st March 2013 as compared to ₹ 35.74 crores as on 31st March 2012.

(j) Current Liabilities

The overall current liabilities stood at ₹96.43 Crores as on 31st March 2013 as against ₹ 101.16 Crores as on 31st March, 2012.

(k) Secured and Unsecured Loans

At the end of year, the secured long term loans stood at ₹ 28.72 Crores in FY13 as against ₹ 38.24 Crores in FY12 and the secured short term loans stood at ₹ 38.93 Crores in FY13 as against ₹ 35.75 Crores in FY12. The Company has Short Term unsecured loans of ₹ 0.53 Crores in FY13 as compared to ₹ 0.83 Crores in FY 12. During the year Company has repaid long term loan of ₹ 12.98 crores.

(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	FY13	FY12
EBDITA to Net Sales (%)	4.75	8.17
Profit after Tax to Net Sales (%)	0.86	1.75
Earning Per Share (₹)	1.96	2.47
Net Worth Per Share (₹)	66.33	65.08
Current Ratio	1.22	1.26
Debt Equity Ratio	0.25:1	0.33:1

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

Raipur
28.05.2013

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.

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 2012-13, the meetings of the Board held as under;

Sl. No.	Dates of Meeting Committee	Strength	No. of Members Present
1.	22nd May, 2012	6	6
2.	11th August, 2012	5	5
3.	03rd November, 2012	5	5
4.	09th February, 2013	5	5

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 Biswajit Choudhuri	Chairman-Independent & Non Executive Director	4
2.	Shri Narayan Prasad Agrawal	Managing Director	4
3.	Shri Bhrigunath Ojha	Member-Independent & Non Executive Director	4
4.	Shri Yarra Chandra Rao	Member-Non Executive Director	4
5.	Shri Arbind Kumar Dubey	Member –Executive Director	4
6.	Shri Bajrang Lal Agrawal*	Member-Non Executive Director	1

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

Details of Memberships of the Directors in other Boards and in Board Committees as on 31st March, 2013 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 (29.09.2012)
1.	Shri Biswajit Choudhuri	7	10 (6)	Yes
2.	Shri Narayan Prasad Agrawal	3	NIL	Yes
3.	Shri Bhrigunath Ojha	4	6 (1)	Yes
4.	Shri Yarra Chandra Rao	1	NIL	Yes
5.	Shri Arbind Kumar Dubey	1	NIL	Yes

*Other Directorship excludes Directorship in Private Limited Companies and includes Audit Committee, Shareholding/Investors, Grievances Committee, Risk Management Committee, Nomination Committee and Remuneration Committee.

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 Narayan Prasad Agrawal is belonging to Promoter category. 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 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 Section 292A of the Companies Act, 1956 and Listing Agreement with the Stock Exchanges as are in force/ applicable from time to time. All the members of the Audit Committee are financial literates as required by Clause 49 of the Listing Agreement. 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 2012-13, the meetings of the Audit committee held as under;

Sl. No.	Dates of Meeting Committee	Strength	No. of Members Present
1.	21st May, 2012	3	3
2.	11th August, 2012	3	3
3.	03rd November, 2012	3	3
4.	08th February, 2013	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 Biswajit Choudhuri	Chairman-Independent & Non Executive Director	4
2.	Shri Bhrigunath Ojha	Member-Independent & Non Executive Director	4
3.	Shri Yarra Chandra Rao	Member-Non Executive Director	4

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Company has duly constituted the Shareholders/ Investors Grievance Committee comprising of Two Independent Directors and one Non-Executive Director 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 22nd May, 2012 by inducting

Shri Biswajit Choudhuri as 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 2012-13. 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 Bhrigunath Ojha	Chairman	Independent & Non Executive Director
2.	Shri Biswajit Choudhuri	Member	Independent & Non Executive Director
3.	Shri Yarra Chandra Rao	Member	Non Executive Director
4.	Shri Bajrang Lal Agrawal*	Member	Non Executive Director

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

Details of complaints received and redressed during the year & their breakup for the year 2012-13 are as under:

Sl. No.	Received From	Received	No. of Complaints Received	No. of Complaints Resolved	No. of Complaints Pending
1.	Letter from Investor		5	5	NIL
2.	BSE		NIL	NIL	NIL
3.	MPSE		NIL	NIL	NIL
4.	DSE		NIL	NIL	NIL
5.	MSE		NIL	NIL	NIL
6.	SEBI		1	1	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 one time during the year 2012-13. The composition of the Committee & the details of meeting attended by the Directors during the year are given below:

During the financial year 2012-13, the meetings of the Remuneration committee held as under;

Sl. No.	Dates of Meeting Committee	Strength	No. of Members Present
1.	21st May, 2012	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 Biswajit Choudhuri	Member-Independent & Non Executive Director	1
2.	Shri Bhargunath Ojha	Chairman-Independent & Non Executive Director	1
3.	Shri Narayan Prasad Agrawal	Member-Managing Director	1

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

During the year, the Company has paid remuneration of ₹ 30.00 Lacs to Shri Narayan Prasad Agrawal as managing Director and ₹ 10.60 lacs to Shri Arbind Kumar Dubey as Whole Time Director. The non-executive directors are paid sitting fee of ₹ 5,000/- for attending each Board meeting and ₹ 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, 2013 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 dematerialized 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 AND PREFERENTIAL ISSUES ETC.

There were no public issues, right issues, preferential issues etc. during the Financial Year 2012-13 under review.

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 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
2009-10	25th September, 2010	10:00 AM	First Floor, Hira Arcade, Pandri, Raipur (C.G.)
2010-11	30th September, 2011	01:00 PM	First Floor, Hira Arcade, Pandri, Raipur (C.G.)
2011-12	29th September, 2012	11:00 AM	Second 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
25th September, 2010	None
1st July, 2011	Alteration of Capital Clause for increase in Authorised Capital of the Company from ₹12.00 Crores to ₹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
29th September, 2012	Alteration of Articles of Association for Service of Notice, Reports, Documents & other communication in Electronic Mode, taking voting by Postal Ballot in Electronic Mode, Participation in General Meeting (s) by the Members through video conferencing and Participation of Directors in Board Meetings through video conferencing.

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	28th September, 2013
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 2013	: On or before 15th August, 2013
Quarter and Half-year ending on 30th Sept. 2013	: On or before 15th November, 2013
Quarter ending on 31st December 2013	: On or before 15th February, 2014
Quarter and Year ending on 31st March 2014	: On or before 30th May, 2014

DATE OF BOOK CLOSURE

20th September, 2013 to 28th September, 2013 (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)
Madras Stock Exchange Limited	-

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

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.

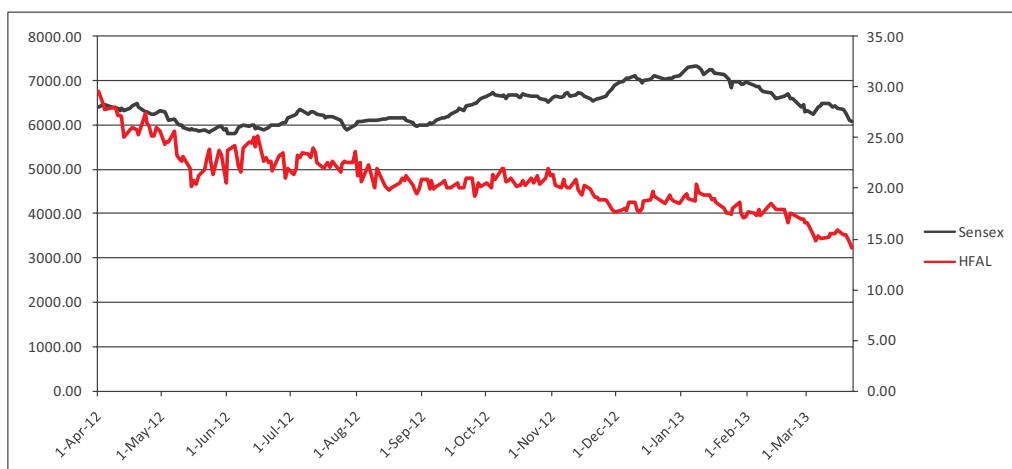
GPIL is holding 1,00,41,000 equity shares of the Company as on 31st March, 2013, which is 51.26 % of the paid up capital of the Company comprising of 1,95,88,500 equity shares of ₹ 10/- each.

MARKET PRICE DATA

(In ₹ Per Share)

Month	BSE		NSE	
	High	Low	High	Low
April, 2012	31.35	24.20	31.90	25.05
May, 2012	28.40	19.15	25.95	20.70
June, 2012	25.90	20.15	25.50	19.50
July, 2012	26.40	20.40	25.95	17.45
August, 2012	23.70	18.10	24.25	17.75
September, 2012	21.95	19.00	21.70	18.00
October, 2012	23.50	20.10	22.00	19.55
November, 2012	23.90	17.40	21.45	18.00
December, 2012	19.95	17.00	20.00	17.35
January, 2013	20.95	17.05	20.65	17.05
February, 2013	18.50	15.80	19.00	16.00
March, 2013	16.60	13.25	15.60	13.50

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

SHARE PRICE MOVEMENT IN COMPARISON WITH BSE MID CAP INDICES**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 Website: www.linkintime.co.in, mumbai@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 15 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, 2013 are as under;

Shareholding of Nominal Value (₹)	Shareholders		Shares Held	
	Number	% of Total	Number	% of Total
Up to 5000	1179	66.1990	2420960	1.2360
5001 – 10000	259	14.5420	2288860	1.1680
10001- 20000	99	5.5590	1506330	0.7690
20001 – 30000	67	3.7620	1685710	0.8610
30001 – 40000	12	0.6740	452570	0.2310
40001 – 50000	27	1.5160	1308170	0.6680
50001 – 100000	41	2.3020	3120610	1.5930
100001 and above	97	5.4460	183101790	93.4740
Total	1781	100.0000	195885000	100.0000

SHAREHOLDING PATTERN

The shareholding pattern of the company as on 31st March, 2013 is as under;

Category	No. of Share Held	Percentage
Promoters & Promoter Group	14205500	72.52
Banks /Foreign Institutional Investors	NIL	NIL
Corporate Bodies	1306654	6.67
NRIs/ OCBs	30496	0.16
Clearing Member	9350	0.05
Other Directors	2500	0.01
General Public	4034000	20.59
Total	19588500	100.00

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 98.30% of the share capital are dematerialized as on 31st March, 2013. The Company's shares are traded on the 'Bombay Stock Exchange Limited' and 'National Stock Exchange of India Limited' through MPSE 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

Village: Belsonda, District Masamund, Chhattisgarh

Wind Energy Plant

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.hirafferro.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

Raipur
28.05.2013

Biswajit Choudhuri
Chairman

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 2012-13 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 2012-13 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: 28.05.2013
Place : Raipur

N. P. AGRAWAL
Managing Director

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, 2013 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 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, 2013, 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: 28.05.2013
Place: Raipur

Sanjay Singhania
Partner
M.No.076961

Independent Auditor's Report

To the Members of
Hira Ferro Alloys Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Hira Ferro Alloys Limited ("the Company") which comprise the balance sheet as at 31st March 2013, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2013;
- (ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
 - e. on the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For OP Singhania & Co.
(Firm Registration No.002172C)
Chartered Accountants

(SANJAY SINGHANIA)
PARTNER
Membership No.076961

Place : Raipur
Date : 28th May 2013

Annexure

Re: HIRA FERRO ALLOYS LIMITED

Referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date,

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management 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.
- (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
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (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.
- (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.
- (iii) (a) The company has not granted any secured/unsecured loans to Companies, Firms or other parties covered in the register maintained under section 301 of the companies Act, 1956. therefore, the provisions of clause 4(iii) (a) to (d) of the Companies (Auditor's Report) Order,2003 are not applicable to the company.
- (b) The company has taken unsecured loans from one company, four firms and one other party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹123.08 lakhs and the year-end balance was ₹ 16.11 lakhs.
- (c) In our opinion, the terms & conditions on which loans have been taken from company, firms and other party listed in the register maintained under section 301 of the Companies Act, 1956, are not *prima facie* prejudicial to the interest of the company.
- (d) The company was regular in repaying the amount as stipulated.

- (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.
- (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.
- (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.
- (vi) In our opinion and according to the information and explanations given to us, the company has not taken any deposits from public, therefore the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 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, 2013 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. 1997-98	1.16	Board of Revenue, Bilaspur

Name of the Statute	Nature of Dues	Amount ₹ in Lacs	Forum where dispute is pending
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. 2007-08	4.20	Dy. Commissioner, Commercial Taxes, Appeals, Raipur
C.G. Commercial Tax Act, 1994	Demand of Entry Tax for the F.Y.2007-08	19.64	Dy. Commissioner, Commercial Taxes, Appeals, Raipur
C.G. Commercial Tax Act, 1994	Demand of Entry Tax for the F.Y. 2008-09	17.54	Dy. Commissioner, Commercial Taxes, Appeals, Raipur
Central Sales Tax Act	Demand of Central Sales Tax for the F.Y. 2008-09	1.33	Dy. Commissioner, Commercial Taxes, Appeals, Raipur
Central Sales Tax Act	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	0.91*	High Court of Chattishgarh State
Income Tax Act, 1961	Income Tax demand for the A.Y. 2010-11	43.21	Commissioner (Appeal) Income Tax, 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 State
Central Excise Act, 1944	Cenvat Credit on inputs for the period from August, 2011 to January, 2012	0.54	Commissioner (Appeal), Customs and Central Excise, Raipur
Central Excise Act, 1944	Service Tax reversal on as such clearances for the period from Oct, 2009 to Aug, 2011	0.16	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 not raised term loan during the financial year under report. Accordingly, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (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 OPSinghania & Co.
(Firm Registration No.002172C)
Chartered Accountants

(SANJAY SINGHANIA)
PARTNER
Membership No.076961

Place : Raipur
Date : 28th May 2013

Balance Sheet as at 31st March, 2013

Particulars	Notes	2013 (₹ in lacs)	2012 (₹ in lacs)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	1,958.85	1,958.85
Reserves and surplus	4	11,035.62	10,789.45
		12,994.47	12,748.30
Non-current liabilities			
Long-term borrowings	5	2,903.94	3,861.55
Deferred tax liability (net)	6	241.84	416.12
Long-term provisions	7	53.45	39.95
		3,199.23	4,317.62
Current liabilities			
Short-term borrowings	8	3,947.26	3,658.30
Trade payables	9	4,014.83	4,403.21
Other current liabilities	9	1,540.63	1,916.52
Short-term provisions	7	140.24	138.26
		9,642.96	10,116.29
TOTAL		25,836.66	27,182.21
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	10	12,308.11	12,727.45
Intangible assets	11	148.36	194.72
Capital work-in-progress		60.38	186.30
Non-current investments	12	1,207.66	1,207.79
Long-term loans and advances	13	267.33	147.89
Other non-current assets	14	34.29	10.85
		14,026.13	14,475.00
Current assets			
Current investments	15	75.90	88.39
Inventories	16	3,259.82	4,696.00
Trade receivables	17	2,360.94	3,103.56
Cash & bank balances	18	2,459.50	1,215.02
Short-term loans and advances	13	3,581.77	3,574.13
Other current assets	14	72.60	30.10
		11,810.53	12,707.20
TOTAL		25,836.66	27,182.20
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For O. P. Singhania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

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

Per SANJAY SINGHANIA
Partner
Membership No.076961

Place : Raipur
Date : 28.05.2013

(N. P. AGRAWAL)
Managing Director

(Y.C.RAO)
Director

(MOHIT CHANDE)
Company Secretary

Statement of Profit & Loss for the year ended 31st March, 2013

	Notes	2013 (₹ in lacs)	2012 (₹ in lacs)
INCOME			
Revenue from operations (gross)	19	46,170.71	29,373.45
Less: Excise duty		1,413.00	1,354.38
Less: Sales Tax/VAT		365.73	417.27
Revenue from operations (net)		44,391.98	27,601.80
Other Income	20	363.40	372.89
TOTAL REVENUE (I)		44,755.38	27,974.69
EXPENDITURE			
Cost of raw material and component consumed	21	12,898.29	10,280.86
Purchase of Traded Goods	22	26,692.13	11,921.17
(Increase)/decrease in inventories of finished goods	22	(182.20)	712.62
Employees benefits expenses	23	817.30	619.10
Other Expenses	24	2,422.61	2,185.62
TOTAL EXPENDITURE (II)		42,648.13	25,719.37
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)			
Depreciation and amortization expenses	25	852.76	744.60
Finance costs	26	1,044.21	1,122.57
Profit before tax		210.28	388.15
Tax expenses			
Current tax		42.00	77.25
Deferred Tax		(174.28)	(118.88)
MAT Credit Entitlement		(42.07)	(77.21)
Wealth Tax		1.00	0.50
Tax related to earlier year		(0.04)	23.19
Total tax expenses		(173.39)	(95.15)
Profit for the year from continuing operations		383.67	483.30
Earnings per equity share [nominal value of share @ ₹10/- (31st March, 2012 ₹10)]	27		
Basic		1.96	2.47
Diluted		1.96	2.47
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For O. P. Singhania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

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

Per SANJAY SINGHANIA
Partner
Membership No.076961
Place : Raipur
Date : 28.05.2013

(N. P. AGRAWAL)
Managing Director

(Y.C.RAO)
Director

(MOHIT CHANDE)
Company Secretary

Cash Flow Statement for the year ended 31st March, 2013

	2013 (₹ in lacs)	2012 (₹ in lacs)
Cash Flow from operating activities		
Profit before tax from continuing operations	210.28	388.15
Non-cash adjustment to reconcile profit before tax to net cash flows	-	
Depreciation/amortization on continuing operation	852.76	744.60
Loss/(profit) on sale of fixed assets	(0.66)	(5.45)
Share of Loss/(profit) of LLP	0.13	0.30
Provision for gratuity	14.07	8.40
Unrealized foreign exchange loss	(8.17)	37.11
Net (gain) / loss on sale of current investment	(13.10)	(16.83)
Interest Expenses	1,044.21	1,122.58
Interest Income	(297.50)	(344.86)
Dividend Income	-	(2.24)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,802.02	1,931.76
Movements in working capital :		
Increase/(decrease) in trade payables	(388.38)	2163.98
Increase/(decrease) in other current liabilities	(376.38)	(162.76)
Decrease/(increase) in trade receivables	742.62	(1956.97)
Decrease/(increase) in inventories	1,436.18	(273.55)
Decrease/(increase) in long-term loans and advances	(119.44)	(45.93)
Decrease/(increase) in short-term loans and advances	51.53	1650.07
Decrease/(increase) in other current assets	(42.50)	(8.11)
Decrease/(increase) in other non-current assets	(23.44)	2.24
Cash generated from/(used in) operations	3,082.21	3,300.73
Direct taxes paid	(59.07)	(132.13)
Net Cash flow from/(used in) operating activities A	3,023.14	3,168.60
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets and CWIP	(269.31)	(4,022.10)
Proceeds from sale of fixed assets	8.82	21.98
Proceeds from sale of current investments	25.59	34.05
Investments in bank deposits (having original maturity of more than three months)	(668.90)	(890.12)
Redemption/maturity of bank deposits (having original maturity of more than three months)	36.95	128.21
Interest received	297.50	344.86
Dividends received	-	2.24
Net cash flow from/(used in) investing activities B	(569.35)	(4,380.87)

	2013 (₹ in lacs)	2012 (₹ in lacs)
Cash flows from financing activities		
Proceeds / (Repayment) from long-term borrowings	(957.60)	1,220.85
Proceeds / (Repayment) from short-term borrowings	297.13	1,434.70
Interest paid	(1,044.21)	(1,122.58)
Dividends paid on equity shares	(117.53)	(117.53)
Tax on equity dividend paid	(19.07)	(19.52)
Net cash flow from/(used in) financing activities	C (1,841.28)	1,395.91
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	612.52	183.64
Cash and Cash Equivalents at the beginning of the year	225.90	42.26
Cash and Cash Equivalents at the end of the year	838.42	225.90
Components of cash and cash equivalents		
Cash in hand	21.57	23.34
With banks- on current account	810.78	196.06
- on unpaid dividend account*	6.07	6.50
	838.42	225.90

Notes :

- *The company can utilize these balances only toward settlement of the respective unpaid dividend.

As per our report of even date

For O. P. Singhania & CO.

(Firm Reg. No.002172C)

Chartered Accountants

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

Per SANJAY SINGHANIA

Partner

Membership No.076961

Place : Raipur

Date : 28.05.2013

(N. P. AGRAWAL)

Managing Director

(Y.C.RAO)

Director

(MOHIT CHANDE)

Company Secretary

Notes to financial statements for the year ended 31st March, 2013

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 three 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) 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.

b) 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.

c) 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.

d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. 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%

e) 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.

f) Inventories :

- i) Inventories are valued at lower of cost and net realizable value, after providing for obsolescences, 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.

g) 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.

h) 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.

i) 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.

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.

j) 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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

k) 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 transiation/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.

l) 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.

m) 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.

n) 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.

o) 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.

p) 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.

q) 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.

r) 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.

	2013	2012
3. Share capital		
Authorised shares		
20000000 equity shares of ₹10/- each	2,000.00	2,000.00
	2,000.00	2,000.00
Issued, Subscribed and fully paid-up shares		
19588500 equity shares of ₹10/- each	1,958.85	1,958.85

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

Equity shares	31st March, 2013		31st March, 2012	
	No.		No.	
At the beginning of the period	19588500	1,958.85	3917700	391.77
Bonus Issue during the period	-	-	15670800	1,567.08
Outstanding at the end of the period	19588500	1,958.85	19588500	1,958.85

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,2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹0.60 (31st March,2012 : ₹0.60).

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 (P.Y.10041000) Equity Shares of the company have been held by M/s Godawari Power & Ispat Limited, the holding company.
- d.** During the year ended 31st March,2012,the company had issued 1,56,70,800 bonus shares in the ratio of 4 : 1 by capitalising of Securities Premium Reserve Account for consideration other than cash.
- e. Details of shareholders holding more than 5% shares in the company:**

	31st March, 2013		31st March, 2012	
	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	10,041,000	51.26
Mr. Dinesh Agrawal	1,078,000	5.50	1,078,000	5.50
	11,119,000	56.76	11,119,000	56.76

(₹in lacs)

	2013	2012
4. Reserves and Surplus		
Capital Reserve		
Balance as per last financial statements	20.00	20.00
Addition during the year	-	-
	20.00	20.00
Securities Premium Reserve		
Balance as per last financial statements	10.42	1,577.50
Less: Utilised for Bonus Issue other than cash	-	1,567.08
	10.42	10.42
General Reserve		
Balance as per last financial statements	798.01	648.01
Add: Amount transferred from surplus balance in the statement of profit and loss	150.00	150.00
	948.01	798.01
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	9,961.02	9,764.32
Add: Profit for the year	383.67	483.30
Less : Appropriations	-	-
Proposed final equity dividend (Amount per share ₹0.60 (31st March 2012: ₹0.60))	117.53	117.53
Tax on proposed equity dividend	19.97	19.07
Transfer to general reserve	150.00	150.00
Total appropriations	287.50	286.60
Net surplus in the statement of profit and loss	10,057.19	9,961.02
Total reserves and surplus	11,035.62	10,789.45

5. Long-term borrowings

	Non-current portion		Current maturities	
	2013	2012	2013	2012
Term Loans				
Indian rupee loan from banks (secured)	2,863.64	3,821.83	958.19	1,297.88
From financial institutions (secured)	8.67	2.40	10.59	3.71
	-	-	-	-
Other loans and advances	-	-	-	-
Deferred sales tax loan (unsecured)	31.63	37.32	5.69	0.05
	2,903.94	3,861.55	974.47	1,301.64
The above amount includes				
Deferred sales tax loan (unsecured)			5.69	0.05
Secured borrowings	2,872.31	3,824.23	968.78	1,301.60
Unsecured borrowings	31.63	37.32	-	-
Amount disclosed under the head "other current liabilities" (note 8)			(974.47)	(1,301.64)
Net amount	2,903.94	3,861.55	-	-

- a) Indian rupee term loan from IDBI Bank ₹683.33 lacs (P.Y. ₹883.33 lacs) is repayable in 60 monthly instalments of ₹16.66 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 ₹463.57 lacs (P.Y. ₹556.29 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 ₹1872.39 lacs (P.Y. ₹ 2176.42 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.
- d) Indian rupee term loan from State Bank of India ₹526.18 lacs (P.Y. ₹ 769.39 lacs) is repayable in 16 monthly installments of ₹15 lacs each, 23 installment 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.
- e) Indian rupee term loan from Axis Bank ₹276.36 lacs (P.Y. ₹ 555.05 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)

6. Deferred Tax Liability (Net)	2013	2012
Deferred Tax Liabilities		
Fixed Assets: Impact of differences between tax depreciation and depreciation / amortization charged for the financial reportings	543.30	542.33
Gross deferred tax liability	543.30	542.33
Deferred Tax Assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis	27.48	17.50
On account of unabsorbed depreciation	273.98	108.71
Gross deferred tax asset	301.46	126.21
Net deferred tax liability	241.84	416.12

7. Provisions	Long-term		Short-term	
	2013	2012	2013	2012
Provision for employee benefits				
Provision for gratuity (note.29)	53.45	39.95	1.74	1.16
	53.45	39.95	1.74	1.16
Other Provisions				
Provision for Wealth Tax			1.00	0.50
Proposed equity dividend			117.53	117.53
Provision for tax on proposed equity dividend			19.97	19.07
	-	-	138.50	137.10
	53.45	39.95	140.24	138.26

(₹ in lacs)

8. Short-term borrowings	2013	2012
Cash Credit facility from banks (secured)	2,417.44	1,879.36
Bank Overdraft Facility (secured)	884.67	13.91
Buyers Credit facility in Foreign Currency (secured)	591.65	1,102.60
FCNRB Loan (secured)	-	579.23
Loan and advances from related parties repayable on demand (unsecured)	16.11	18.99
Loan and advances from others repayable on demand (unsecured)	37.39	64.20
	3,947.26	3,658.30
The above amount includes		
Secured borrowings	3,893.76	3,575.11
Unsecured borrowings	53.50	83.19

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 is repayable on demand.

Buyers credit facilities in foreign currency aggregating ₹543.77 lacs & ₹47.88 lacs (P.Y. ₹1102.60 Lacs) are repayable after 180 days of its origination viz. 19th July & 9th April 2013 respectively. The loan is secured against margin money deposits, investment property, intangible assets except goodwill and second charge on all trade receivables.

	2013	2012
9. Other Current Liabilities		
Trade payables (including acceptances (refer note 32 for details of dues for micro and small enterprises)	4,004.92	4,403.21
Trade payables for Capital Goods	9.91	-
Other liabilities		
Current maturities of long-term borrowings (note.5)	974.46	1,301.64
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	6.07	6.50
Service tax payable	1.72	2.13
TDS payable	11.48	12.08
Provision for Excise Duty Payable	75.02	30.68
Provision for Expenses	150.09	462.72
Provision for Renewal Purchase Obligation (REC)	136.71	-
Others	185.08	100.77
	1,540.63	1,916.52
	5,555.46	6,319.73

* Trade Payables includes amount due from holding company ₹20,88,45,747/- (31st March, 2012: ₹20,90,68,752/-)

10. Tangible assets

	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
Cost or valuation	162.88	71.75	181.16	982.98	26.56	8,893.18	1,449.77	4.16	0.83	16.68	41.50	61.83	95.53	224.05	199.52	5.10	12,427.58
At 1 April 2011	265.34	-	21.06	494.30	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
Additions	-	-	-	-	-	16.44	4.71	-	-	-	-	-	-	-	-	-	21.15
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March, 2012	428.22	71.75	202.22	1,487.28	29.70	11,440.31	1,824.74	4.16	6.64	18.27	50.71	73.62	99.83	230.87	228.10	12.87	16,209.29
Additions	20.62	-	5.50	48.32	-	144.04	126.98	-	-	0.35	8.64	15.89	2.65	2.79	19.45	-	395.23
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	15.87	-	-	15.86
At 31 March, 2013	448.84	71.75	207.72	1,535.60	29.70	11,584.35	1,951.72	4.16	6.64	18.62	59.35	89.51	102.48	217.79	247.55	12.87	16,588.66
Depreciation																	
At 1 April 2011	-	-	-	184.77	5.97	1,928.58	462.68	3.76	0.58	4.99	9.94	33.67	20.30	87.62	43.33	2.03	2,788.22
Charge for the year	-	-	-	39.59	0.93	525.39	80.79	0.10	0.16	0.83	2.16	10.80	6.22	20.37	10.61	0.31	698.26
Disposals	-	-	-	-	-	3.28	1.35	-	-	-	-	-	-	-	-	-	4.63
At 31 March, 2012	-	-	-	224.36	6.90	2,450.69	542.12	3.86	0.74	5.82	12.10	44.47	26.52	107.99	53.94	2.34	3,481.85
Charge for the year	-	-	-	49.53	0.99	606.69	92.57	0.10	0.29	0.88	2.67	12.77	6.43	20.26	12.61	0.61	806.40
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	7.70	-	-	7.70
At 31 March, 2013	-	-	-	273.89	7.89	3,057.38	634.69	3.96	1.03	6.70	14.77	57.24	32.95	120.55	66.55	2.95	4,280.55
Net Block																	
At 31 March, 2012	428.22	71.75	202.22	1,262.92	22.80	8,989.62	1,282.62	0.30	5.90	12.45	38.61	29.15	73.31	122.88	174.16	10.53	12,727.44
At 31 March, 2013	448.84	71.75	207.72	1,261.71	21.81	8,526.97	1,317.03	0.20	5.61	11.92	44.58	32.27	69.53	97.24	181.00	9.92	12,308.11

Note:

Plant & Machinery includes Gross Block of ₹400.57 lacs (P.Y. ₹ NIL) with Net Block of ₹333.93 lacs (P.Y. ₹ NIL) and Freehold land of ₹22.33 lacs, in respect of expenditure incurred on capital assets, ownership of which does not vest in the Company.

11. Intangible assets

	Goodwill	Computer software	Total
Gross Block			
At 1 April 2011	-	29.93	29.93
Purchase	216.83	-	216.83
At 31 March, 2012	216.83	29.93	246.76
Purchase	-	-	-
At 31 March, 2013	216.83	29.93	246.76
Amortization			
At 1 April 2011	-	5.68	5.68
Charge for the year	43.37	2.99	46.36
At 31 March, 2012	43.37	8.67	52.04
Charge for the year	43.37	2.99	46.36
At 31 March, 2013	86.74	11.66	98.40
Net Block			
At 31 March, 2012	173.46	21.26	194.72
At 31 March, 2013	130.09	18.27	148.36

(₹ in lacs)

	2013	2012
12. Non-current investments		
Trade Investments (valued at cost)		
Unquoted equity instruments, fully Paid up		
80100 Equity Shares of ₹ 10/- each in Hira Cement Ltd.	16.01	16.01
1755000 Equity Shares of ₹10/- each in Maruti Clean Coal & Power Ltd	308.98	308.98
1330000 Equity Shares of ₹10/- each in Earth Minerals Co Ltd	266.27	266.27
285000 Equity Shares of ₹10/- each in Chhattisgarh Power & Coal Benification Ltd	185.86	185.86
10000 Equity Shares of ₹10/- each in Hira Energy Ltd	1.00	1.00
510 Equity Shares of ₹10/- each in Vimla infrastruture (i) P. Ltd.	0.51	0.51
397000 Equity Shares of ₹10/- each in Alok Ferro Alloys Ltd	417.74	417.74
2004 Equity Shares of ₹ 10/- each in Active Chemical Pvt. Ltd.	2.72	2.72
Investment in Partnership Firm:	-	-
Name of the Partners	Share in Profit	Total Capital of Firm
- Vinay Green Energy LLP	90%	476,876
- Kumar ECO Power LLP	90%	477,076
	4.28	4.35
	4.29	4.35
	1,207.66	1,207.79

	Non-current		Current	
	2013	2012	2013	2012
13. Loans and advances (unsecured, considered good)				
Capital advances	3.75	-	-	-
Security deposit	263.58	147.89	-	99.80
Loans and advances to related parties			-	185.83
Loans and advances to Other			-	399.14
Advances recoverable in cash or in kind			508.56	1,014.73
Other loans and advances			-	-
MAT Credit Entitlement			1,212.98	1,170.91
Advance income-tax (net of provision)			121.03	103.33
Prepaid expenses			13.62	5.77
Balance with statutory/govt. authorities			1,725.58	594.62
Total	267.33	147.89	3,581.77	3,574.13
Loans and advances due by directors or other officers etc.				
Loans and advances to related parties include				
Dues from Company in which the company's executive director is a member				
-Hira Energy Limited	-	-	-	172.10
-Hira Alloys & Wires Ltd	-	-	-	13.73
	-	-	-	185.83

(₹ in lacs)

14. Other assets	Non-current		Current	
	2013	2012	2013	2012
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note-18)	26.61	9.86	-	-
Others				
Interest accrued on fixed deposits	7.68	0.99	70.47	22.45
others	-	-	2.13	7.65
	34.29	10.85	72.60	30.10

(in lacs)

	2013	2012
15. Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Non-trade investments		
Investment in equity instruments (Quoted)		
(264) 264 Equity Shares of ₹ 10/- each in Capital First Ltd.	2.02	2.02
352893 (447893) Equity Shares of ₹10/- each in Sunflag Iron & Steel Co. Ltd	43.88	56.37
Investment in mutual fund (unquoted)	-	-
50000 Units of ₹10/- each in SBI Infrastructure Fund (G)	5.00	5.00
250000 Units of ₹10/- each in Axis Equity Fund (G)	25.00	25.00
	75.90	88.39
Aggregate Amount of quoted investments	45.90	58.39
Aggregate Market Value of quoted investments	71.54	108.04
Aggregate Amount of unquoted investments	30.00	30.00
Aggregate Market Value of unquoted investments	33.94	29.78
16. Inventories (valued at lower of cost and net realizable value)		
Raw Materials and components (Stock in Transit ₹221753/- ,P.Y.(₹6,38,68,120/-))	2,376.78	4,078.27
(Refer Note-21)		
Finished goods (Refer Note-22)	461.14	278.88
By Product (Refer Note-22)	0.20	0.26
Stores & spares	421.70	338.59
	3,259.82	4,696.00
17. Trade receivables	Current	
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	222.09	295.60
Other receivables	2,138.85	2,807.96
	2,360.94	3,103.56
Trade receivables include:	Current	
Dues from the company in which the company's executive director is a member		
- Alok Ferro Alloys Limited	-	1.71
- 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
	-	2.81

(₹ in lacs)

18. Cash and bank balances	Non-current		Current	
	2013	2012	2013	2012
Cash and cash equivalents				
Cash in hand			21.57	23.34
Balances with banks:				
On current accounts			810.78	196.06
On unpaid dividend account *			6.07	6.50
			838.42	225.90
Other bank balances				
Margin money deposit :				
Deposits with original maturity for more than 12 months	26.61	9.86	74.78	111.72
Deposits with original maturity for more than 3 months but less than 12 months			1,546.30	877.40
	26.61	9.86	1,621.08	989.12
Amount disclosed under non-current assets (note-14)	26.61	9.86		
	-	-	2,459.50	1,215.02

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 1647.69 lacs (31st March 2012: ₹998.98 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.

(₹ in lacs)

19. Revenue from operations	2013	2012
Revenue from operations		
Sale of products		
Manufacturing Goods and By-Products	17,017.04	16,294.24
Electricity	2,137.02	1,016.07
Traded Goods	26,935.58	12,040.63
Other operating revenue	-	-
Scrap sales	21.63	22.51
Export Licence Sale	59.44	-
Revenue from operations (gross)	46,170.71	29,373.45
Less: Excise duty#	1,413.00	1,354.38
Less: VAT/Sales Tax	365.73	417.27
Revenue from operations (net)	44,391.98	27,601.80

Excise duty on sales amounting to ₹ 141300647/- (31st March, 2012: ₹135437464/-) has been reduced from sale in profit & loss account and excise duty on increase/decrease in stock amounting to ₹2006422/- (31st March, 2012: ₹ 6091538/-) has been considered as (income)/expense in note 24 of financial statements.

	2013	2012
Details of products sold		
Finished Goods and by-products Sold		
Ferro Alloys	16,943.07	16,083.85
Electricity	2,137.02	1,016.07
Fly Ash Bricks	72.94	208.89
By-Products & Others	1.03	1.50
Traded Goods Sold	-	-
H.B.Wire	2,012.42	1,285.26
M.S.Round in Coil	21,788.97	8,977.43
MS Bar Plain	69.09	253.55
Waste & Scrap	344.05	178.88
TMT Bar	2,721.06	1,345.51
Coal	-	-
	46,089.65	29,350.94
20. Other Income		
Interest Income on		
Bank Deposits	151.98	36.61
Others	145.52	308.26
Dividend Income on Current investments	-	2.24
Net gain on sale of Current investments	13.10	16.83
Net gain on sale of fixed assets	0.66	5.45
Discount on Forward Exchange Contracts	11.82	-
Income from Duty Draw Back	39.63	-
Other non-operating income	0.69	3.50
	363.40	372.89
21. Cost of raw material and components consumed		
Inventory at the beginning of the year	4,078.27	3,155.15
Add: purchases including procurement expenses (Net of Disposal)	11,196.80	11,203.98
	15,275.07	14,359.13
Less : Inventory at the end of the year (Stock in Transit ₹221753/- ,P.Y.(₹6,38,68,120/-))	2,376.78	4,078.27
Cost of raw material and components consumed	12,898.29	10,280.86
Details of raw material and components consumed		
Managnese Ore	5,427.99	3,832.82
Coal	5,098.11	4,599.52
Carbon Paste	363.84	396.10
HI Mno Slag	484.49	513.55
Rice Husk	1,294.03	819.27
Lancing Pipe	46.33	40.63
Others	183.50	78.97
	12,898.29	10,280.86

(₹ in lacs)

	2013	2012
Details of Inventory		
Raw Material and Components		
Managnese Ore	1,304.56	2,430.29
Coal	666.30	1,155.57
Carbon Paste	20.21	16.82
HI Mno Slag	160.52	351.83
Rice Husk	72.00	35.35
Lancing Pipe	3.53	5.35
Others	149.66	83.06
	2,376.78	4,078.27

22. (Increase)/Decrease in Inventories

	2013	2012	(Increase)/Decrease 31st March, 2013
Inventories at the end of the year			
Finished goods and by-products	461.33	279.13	(182.20)
	461.33	279.13	(182.20)
Inventories at the beginning of the year			31st March, 2012
Finished goods and by-products	279.13	991.75	712.62
	279.13	991.75	712.62
Net (increase)/decrease in inventories	(182.20)	712.62	
Details of purchase of traded goods		2013	2012
H.B.Wire		1,964.30	1,258.06
M.S.Round in Coil		21,662.61	8,920.85
MS Bar Plain		67.43	248.03
Waste & Scrap		343.42	178.29
TMT Bar		2,654.37	1,315.94
		26,692.13	11,921.17
Details of Inventories			
Finished goods and by-products			
Ferro Alloys		461.11	252.11
Fly Ash Bricks		0.02	26.75
By-Products & Others		0.20	0.28
		461.33	279.14
23. Employee benefit expense			
Salaries, wages and bonus		742.13	564.27
Contribution to provident and other fund		48.46	42.94
Gratuity Expense (Note 29)		15.64	9.31
Workmen and staff welfare expenses		11.07	2.58
		817.30	619.10

	2013	2012
24. Other Expense		
Consumption of stores and spares	425.29	405.92
(Increase)/decrease of excise duty on inventory	20.06	(60.92)
Packing Material Consumed	66.03	60.59
Power & Fuel	690.70	565.50
Water Charges	7.48	6.78
Material Handling & other manufacturing expenses	229.23	347.72
Insurance	3.60	19.80
Repairs and maintenance	-	-
- Plant and machinery	200.01	176.00
- Buildings	24.95	21.23
- Others	19.30	28.27
Rebate, shortage claims & other deductions	6.02	3.51
Commission	-	-
- Other than Sole selling agents	60.31	47.70
Travelling and conveyance	36.83	47.57
Communication expenses	18.31	10.92
Printing and stationery	9.09	9.00
Legal and professional fees	36.40	51.03
Directors' sitting fees	0.88	0.74
Directors' remuneration	40.60	44.39
Payment to Auditor (Refer details below)	4.50	6.90
Security service charges	41.73	33.05
Loss on foreign exchange transactions (net)	136.39	203.24
exchange differences (net)	-	-
Premium on Foreign Exchange Contract	-	12.87
Renewal Purchase Obligation (RPO)	136.71	-
Share of Loss on Limited Liability Partnership	0.13	0.30
Miscellaneous expenses	208.06	143.51
	2,422.61	2,185.62
Payment to Auditor		
As auditor :		
Audit fee	4.15	4.15
Tax Audit fee	0.25	0.25
In other capacity		
Taxation matters	-	1.30
Other services	0.10	1.20
	4.50	6.90
25. Depreciation and amortization expense		
Depreciation on tangible assets	806.40	698.24
Amortization of intangible assets	46.36	46.36
	852.76	744.60

(in lacs)

	2013	2012
26. Finance Costs		
Interest		
- on term loans	624.50	622.16
- on working capital	329.87	357.36
- on others	7.08	10.50
Bank charges	82.76	132.55
	1,044.21	1,122.57
27. Earnings per share (EPS)		
Net profit as per profit and loss account	383.67	483.30
Net profit for calculation of basic EPS & Diluted EPS	384.00	483.30
Weighted average number of equity shares in calculating Basic EPS	196.00	196.00
Weighted average number of equity shares in calculating Diluted EPS	196.00	196.00
Basic & Diluted EPS		
- Basic earning per share	1.96	2.47
- Diluted earning per share	1.96	2.47

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

- I. Central Excise Duty ₹5.75 lakhs (Previous Year ₹86.41 lakhs)
CST/VAT/Entry Tax ₹60.23 lakhs (Previous Year ₹20.05 lakhs)
Income Tax ₹44.12 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 ₹104900 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. 178.06 lacs).
- IV. Disputed energy development cess demanded by the Chief Electrical Inspector. Govt of Chhattishgarh ₹1034.63 Lacs (PY. ₹884.43 Lacs). The Hon'ble High court of Chhattishgarh 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.

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

Profit and Loss account

Net employee benefit expense (recognized in Employee Cost)

	₹ in Lacs (Gratuity) March 31, 2013	₹ in Lacs (Gratuity) March 31, 2012
Current Service cost	10.37	7.83
Interest cost on benefit obligation	4.33	2.95
Expected return on plan assets	0.00	0.00
Net actuarial loss/(gain) recognised in the year	0.93	(1.46)
Past service cost	0.00	0.00
Actual return on plan assets	15.64	9.31

	₹ in Lacs (Gratuity) March 31, 2013	₹ in Lacs (Gratuity) March 31, 2012
Balance Sheet details of provision for Gratuity		
Defined benefit obligation	55.18	41.11
Fair value of plan assets	0.00	0.00
	55.18	41.11
Less : Unrecognised past service cost	0.00	0.00
Plan liability	55.18	41.11
Changes in the present value of the defined benefit obligation are as follows :		
Defined benefit obligation as at April 1, 2012	41.11	32.70
Interest cost	4.33	2.95
Current Service Cost	10.37	7.83
Benefits paid	(1.56)	(0.91)
Actuarial losses on obligation	0.93	(1.46)
Defined benefit obligation as at March 31, 2013	55.18	41.11

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, 2013	March 31, 2012
Discount Rate	8.25%	8.00%
Increase in Compensation cost	5.00%	5.00%
Expected average remaining working lives of employee (years)	23.05	24.51

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.

Contribution to Defined Contribution Plans :		(₹ In lacs)
Provident Fund	37.00	29.29

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

₹ Lacs

Particulars	Ferro Alloys Segment		Power		Trading Segment		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
A) REVENUE								
External Sales	15507.00	14615.15	2137.02	1016.07	26747.96	11948.07	44391.98	27579.29
Inter Segment Sales	0.00		5834.68	4346.57	0.00	0.00	5834.68	4346.57
Total Segment Revenue	15507.00	14615.15	7971.70	5362.64	26747.96	11948.07	50226.66	31925.86
Less: Eliminations	0.00	0.00	5834.68	4346.57	0.00	0.00	5834.68	4346.57
Net Revenue	15507.00	14615.15	2137.02	1016.07	26747.96	11948.07	44391.98	27579.29
B) RESULTS								
Segment Operational Profit								
Ferro Alloys Segment							-122.42	983.61
Power							1191.12	159.32
Trading							40.21	24.36
Total Segment Result							1108.91	1167.29
Un-allocable Income							323.77	395.41
Interest Expenses							(1044.21)	(1122.58)
Un-allocable Expenses							(178.18)	(51.97)
Net Tax Expense							173.39	95.15
Net Profit							383.67	483.30
C) OTHER INFORMATION								
Segment Assets								
Ferro Alloys Segment							10520.10	12377.76
Power							11483.16	11025.83
Trading							2422.74	1956.47
Total Segment Assets							24426.00	25360.06
Un-allocable Assets							1410.66	1406.02
Total Assets							25836.66	26766.08
Segment Liabilities and Provisions								
Ferro Alloys Segment							6973.72	8084.42
Power							3374.30	3699.07
Trading							2107.76	2090.69
Total Liabilities and Provisions							12455.78	13874.18
Un-allocable Liabilities and Provisions							386.42	143.60
Total Liabilities and Provisions							12842.20	14017.78
Capital Expenditure							269.31	4022.10
Depreciation / Amortisation							852.76	744.60

31. RELATED PARTY DISCLOSURE

a) Related parties and their relationship :

- i) Holding Company
- Godawari Power & Ispat Ltd.

b) Subsidiary of Holding Company

- Krishna Gobal Minerals Ltd
- Ardent Steel Ltd

c) Related Enterprises where control exist

- Active Chemical Pvt. Ltd.
- Hira Foundation
- Vrindavan Realcon LLP
- Vinay Green Energy LLP
- Kumar Eco Power LLP
- Dinesh Realcon LLP

d) Key Management Personnel

- Mr. N. P. Agrawal
- Mr. Arvind Dubey

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	2013	2012
a) Holding Company		
1. Purchase of Materials and Others	971.91	1,830.63
2. Purchase of Trading Goods	27,668.74	12,517.23
3. Sale of Goods	1,742.37	1,146.89
4. Sale of Trading Goods	17,653.21	7,330.20
5. Balance due to / (due from)	2,083.15	2,090.69
6. Loan refund received	-	295.90
b) Subsidiary of Holding Company		
1. Interest paid on loan - Krishna Global Minerals Ltd	0.23	0.22
2. Sale of Goods - Ardent Steel Ltd	97.35	0.55
3. Balance Outstanding Loan Payable - Krishna Global Minerals Ltd Accounts Receivable - Ardent Steel Ltd	2.80	2.59
	-	27.03

Nature of Transactions	Related Enterprises where control exist		Key Managerial Personnel		Total	
	2013	2012	2013	2012	2013	2012
1. Directors Remuneration and Salary	-	-	40.60	54.41	40.60	54.41
2. Loans & Advances received during the year	-	348.00	200.00	339.00	200.00	687.00
3. Loans & Advances Taken repaid during the year	-	339.00	206.35	339.00	206.35	678.00
4. Interest Paid on Loans Taken	0.18	6.02	1.19	5.86	1.38	11.88
5. Balance Outstanding Accounts Receivable	5.34	5.74	-	-	5.34	5.74
Loan Payable	13.31	18.42	-	-	13.31	18.42

c) Details of Material Transaction with related parties	2013	2012
Remuneration Paid		
Mr. N. P. Agrawal	30.00	24.00
Mr. H. P. Agrawal	-	8.39
Mr. Vinay Agrawal (Salary)	-	12.00
Mr. Arvind Dubey	10.60	10.02
Loans & Advances Received during the year:		
Mr. N.P.Agrawal	200.00	339.00
Loans & Advances Taken Repaid during the year:		
Mr. N. P. Agrawal	206.35	339.00
Interest Paid on Loans Taken		
Mr. N. P. Agrawal	1.19	5.86
Vrindavan Realcon LLP	0.18	0.17
Balance of Accounts Receivable		
Hira Foundation	5.34	5.74
Balance of Loans Payable		
Dinesh Realcon LLP	1.73	1.73
Mr. Narayan Prasad Agarwal	-	5.27
Kumar Eco Power (LLP)	4.70	4.70
Krishna Global Minerals Limited	2.80	2.59
Vrindavan Realcon LLP	2.18	2.02
Vinay Green Energy LLP	4.70	4.70

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, 2013

(₹ in lacs)

	2013	2012
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March, 2013		
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, 2013	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, 2013	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 31.03.2013 amounts to ₹591.65 Lacs (PY. ₹1681.84 lacs)
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. **Value of import calculation on CIF Basis**

(₹ in lacs)

	2013	2012
Raw Materials		
- Managanese Ore	255.65	518.09
- Coal	559.51	1,523.13
	815.16	2,041.22

(₹ in lacs)

	2013	2012
36. Expenditure in foreign currency		
-Professional Fees	-	15.10
-Financial Charges	70.14	115.83
-Travelling and conveyance	2.57	1.82
-Subscription Fees	0.56	7.94
-Raw Material Handling Charges	10.89	-
	84.16	140.69
37. Earnings in foreign currency		
Exports at CIF Value	1,349.27	511.06
	1,349.27	511.06

38. Imported and Indigenous raw material & spare parts consumed

	2013		2012	
	% of Total Consumption	₹ in lacs	% of Total Consumption	₹ in lacs
Raw Materials				
-Imported	6.32	815.15	11.66	1,198.93
-Indigenous	93.68	12,083.14	88.34	9,081.92
	100.00	12,898.29	100.00	10,280.86
Stores & Spares				
-Imported	-	-	-	-
-Indigenous	100.00	425.29	100.00	405.92
	100.00	425.29	100.00	405.92

39. Previous year figures have been regrouped / rearranged wherever necessary.

As per our report of even date

For O. P. Singhania & CO.
(Firm Reg. No.002172C)
Chartered Accountants

Per SANJAY SINGHANIA
Partner
Membership No.076961

Place : Raipur
Date : 28.05.2013

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

(N. P. AGRAWAL)
Managing Director

(Y.C.RAO)
Director

(MOHIT CHANDE)
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 28th day of September, 2013 at 11.00 A.M. at Second Floor, Hira Arcade, Near New Bus Stand, Pandri, Raipur, Chhattisgarh.

Signed this day of 2013

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 567 B Urla Industrial,Complex, Raipur – 493 221 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 - 493 221, Chhattisgarh
Corporate Office: Hira Arcade, Near New Bus Stand, Pandri, Raipur - 492 004, 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 28th day of September, 2013 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.



HIRA FERRO ALLOYS LIMITED

Registered Office and Works: 567B,568 & 553B, Urla Industrial Complex, Raipur - 493221, Chhattisgarh, India

P: +91 771 4082450-51, **F:** +91 771 4082452

Corporate address: Hira Arcade, Near New Bus Stand, Pandri, Raipur - 492001, Chhattisgarh, India

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