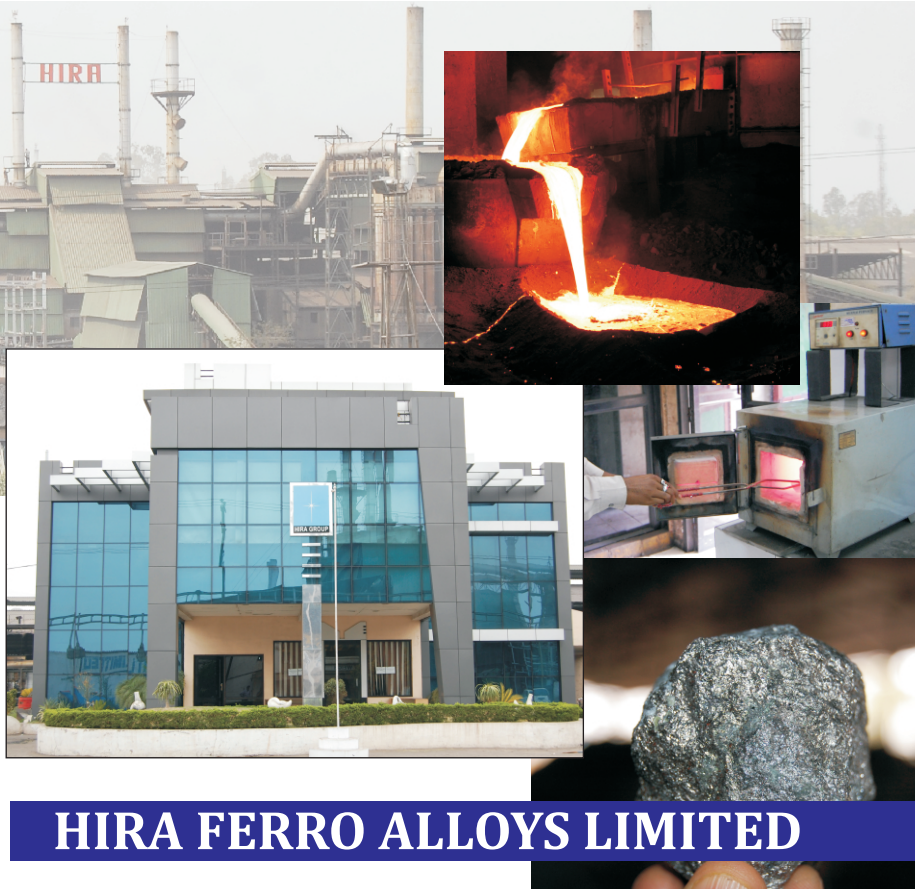


# annual report

**2010-11**



**HIRA FERRO ALLOYS LIMITED**



## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

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

### **CHIEF EXECUTIVE (OPERATION)**

Mr. Vinay Agrawal

### **COMPANY SECRETARY**

Mr. Mohit Chande

### **AUDITORS**

M/s. O.P. Singhanian & Co.  
Chartered Accountants, Raipur

### **BANKERS**

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

### **REGISTERED OFFICE**

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

### **CORPORATE OFFICE**

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

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## NOTICE OF ANNUAL GENERAL MEETING

### TO ALL THE MEMBERS OF

### HIRA FERRO ALLOYS LIMITED

NOTICE is hereby given that the Annual General Meeting of the Members of HIRA FERRO ALLOYS LIMITED will be held on Friday the 30th day of September, 2011 at 1 pm at First Floor, Hira Arcade, Near New Bus Stand, Pandri, Raipur, Chhattisgarh – 492001 to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account of the company for the year ended 31st March 2011 and the Balance Sheet as at that date along with the reports of the Directors and Auditors thereon;
2. To declare dividend on Equity Shares for the year ended 31st March, 2011;
3. To appoint a Director in place of Shri Yarra Chandra Rao, who retires by rotation and being eligible for reappointment offers himself for reappointment
4. To appoint a Director in place of Shri Govindbhai Baldeobhai Desai, who retires by rotation and being eligible for reappointment offers himself for reappointment;
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.”

#### SPECIAL BUSINESS

6. 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 sections 198, 269, 309 and Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities in granting such approvals, permissions and sanctions, and pursuant to the recommendation of the

remuneration committee of the Board and subsequent approval of the Board of Directors at their meeting held on 21st May, 2011, approval of the Company be accorded to the re-appointment of Mr. Narayan Prasad Agrawal as Managing Director of the Company for a period of 5 (Five) years with effect from 1st October, 2011.”

“RESOLVED FURTHER that the said appointment be made in accordance with the terms and conditions as set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to vary, alter, increase, enhance or widen the scope of remuneration and perquisites, to the extent specified in schedule XIII and other applicable provisions, if any, of the Act as amended from time to time.”

“RESOLVED FURTHER that where in any Financial Year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to the Managing Director the above remuneration as the minimum remuneration by way of salary subject to receipt of the requisite approvals, if any.”

“RESOLVED FURTHER that for the purpose of giving effect to this resolution, any Director/Secretary of the Company be authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient”.

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

“RESOLVED THAT in accordance with the provision of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the remuneration payable to Shri Vinay Agrawal as Chief Executive (Operation) of the Company with retrospective effect from 1st April, 2011 upon the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors to alter and vary the terms and conditions of the remuneration in such a manner as may be agreed to between the Board of Directors and Shri Vinay Agrawal, in the best interest of the Company.”

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



“RESOLVED THAT in accordance with the provision of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modifications or enactment thereof, Shri Arvind Dubey, who was appointed as Additional Director pursuant to provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Whole Time Director of the Company with effect from 06.08.2011 and is subject to retirement by rotation under the provisions of the Article of Association of the Company.”

“RESOLVED FURTHER THAT in accordance with the provision of Section 198, 309 and 310, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the remuneration payable to Shri Arvind Dubey as Whole Time Director of the Company with effect from 6th August 2011 as set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors to alter and vary revised remuneration in such manner as may be agreed to between the Board of Directors and Shri Arvind Dubey, provided it is within and in accordance with the limits specified in the Schedule XIII to the Companies Act, 1956 or any amendment thereto.”

“RESOLVED FURTHER THAT in any financial year during the tenure of Shri Arvind Dubey, the Company incurs a loss or its profits are inadequate, the Company shall pay to Shri Arvind Dubey, the above remuneration by way of salary, performance bonus and other allowance as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.”

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

“RESOLVED THAT in accordance with the provision of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modifications or enactment thereof, Shri Brigunath Ojha, who was appointed as Additional Director pursuant to provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company with immediate effect and is subject to retirement by rotation under the provisions of the Article of Association of the Company.”

#### Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxy form duly stamped and executed in order to be effective, must reach the Registered Office of the Company not less than 48 hours before the time of commencement of the Annual General Meeting.
3. Corporate Members are requested to send to the Registered Office of the Company a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
4. Members / proxy holders are requested to bring their attendance slip duly signed so as to avoid inconvenience.
5. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business under Item No. 6 to 9 above, is annexed hereto and form part of this notice.
6. The Ministry of Corporate Affairs, vide its Circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 has taken a “Green Initiative” by allowing paperless compliances by the companies to serve the requisite documents to its members vide e-mode, in pursuance to Section 53 of the Companies Act, 1956. Accordingly, the Company shall be required to update its database by incorporating your designated e-mail ID in its records. You are thus requested to kindly submit your e-mail ID to your depository participant and members who holds shares in physical form are requested to send their email id at [hiraferrogogreen@linkintime.co.in](mailto:hiraferrogogreen@linkintime.co.in)
7. Members holding shares in physical form are requested to advise any change in their registered address, to the Company’s Registrar and Share Transfer Agent, Link Intime India 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.
8. Members desiring any information on the Accounts of the Company are requested to write to the Company at least 10 days in advance so as to enable the Company to keep the information ready.
9. In all correspondence with the Company or with its Share Transfer Agent, members are requested to quote their folio number and in case the shares are held in the dematerialized form, they must quote their Client ID Number and their DPID Number.
10. The Register of Members and Share Transfer Books of the Company shall remain closed from



September 27, 2011 to September 30, 2011 (both days inclusive) for the purpose of Annual General Meeting.

11. The dividend shall be paid for the year ended 31st March 2011, after declaration by the members:
  - (i) In respect of shares held in physical form, to those members whose names appear on the Register of Members of the Company as on 12.07.2011 ( i.e. Record Date)
  - (ii) 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 12.07.2011.
12. In terms of section 205C of the Companies Act, 1956, there is no unpaid /unclaimed dividend amount liable to be transferred into Investor Education and Protection Fund. The following are the details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to such IEP Fund of the Central Government.

Year of Dividend	Date of Declaration	Due date for transfer to IEP Fund
2004-05	30.09.2005	30.09.2012
2005-06	26.09.2006	26.09.2013
2006-07	25.09.2007	25.09.2014
2007-08	23.09.2008	23.09.2015
2008-09	22.09.2009	22.09.2016
2009-10	25.09.2010	25.09.2017

13. Information under Clause 49 of the Listing Agreement of the Stock Exchanges with respect to the details of the Directors seeking appointment/re-appointment are given in the Annual Report/Corporate Governance Report.
14. 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.
15. Investors holding physical shares are advised to forward the particulars of their Bank Account, name, branch and address of the bank immediately, if not sent already, so as to enable us to incorporate the same on dividend warrants.

By Order of the Board

Place : Raipur  
Date : 06.08.2011

Mohit Chande  
Company Secretary

**ANNEXURE TO NOTICE:**

## EXPLANATORY STATEMENT

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

**SPECIAL BUSINESS:**

**Item No. 6**

Shri Narayan Parasad Agrawal was reappointed as Managing Director wef 01st October, 2006 and his tenure is upto 30th September, 2011. The Board of Directors, subject to the approval of the Shareholders in the Annual General Meeting, have at their Meeting held on 21st May, 2011, pursuant to the recommendation of the remuneration committee, approved the re-appointment of Mr. Narayan Prasad Agrawal as Managing Director of the Company for a period of 5 years w.e.f. 1st October, 2011. He is a Commerce Graduate from Pandit Ravi Shankar Shukla University, Raipur. He is the promoter of the Company. He has over three decades of experience in the steel and ferro alloys industry. He has been associated with the Company since 1990.

The proposed remuneration will be within overall limit of Schedule XIII of the Companies Act, 1956. Upon the recommendation of the Remuneration Committee, the Board of Directors at the meeting held on 21st May, 2011 have decided to fix the remuneration payable to Mr. Narayan Prasad Agrawal as Managing Director of the Company as follows with effect from 1st October, 2011: Salary: Salary in the scale of Rs. (2,50,000 – 50,000 – 5,00,000) with effect from 1st October, 2011 upto the date of cessation of Mr. Narayan Prasad Agrawal as Managing Director of the Company, i.e. upto 30th September, 2016.

Commission: Payment of Commission of sum not exceeding 1% of the net profit of the Company calculated in the manner specified in Section 198 of the Companies Act, 1956.

Bonus: Bonus up to maximum of 20% salary, payable annually or at other interval as may be decided by the Board.

Company performance linked incentive: Company performance linked payable quarterly or at other interval as may be decided by the Board.

Individual's performance linked incentive: Individual performance linked incentive, up to maximum of 60% of the fixed gross salary, payable quarterly or at other interval as may be decided by the Board.

**Perquisites:**

1. Housing: Furnished / unfurnished residential accommodation or house rent allowance up to 50% of salary in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and Furnishings shall be valued as per Income Tax Rules, 1962.
2. Reimbursement of actual medical expenses incurred in India and / or abroad and including hospitalization, nursing home and surgical charges

for himself and family;

3. Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave travel holiday periods, whenever undertaken, whether in India or abroad.
4. Subscription or reimbursement or membership fee for clubs in India or abroad including admission and life membership fees.
5. The Company shall provide suitable conveyance facilities as may be required.
6. Personal accident insurance: as per the rules of the Company. Earned / Privilege leave: As per the rules of the Company. Company's contribution to provident fund and superannuation fund: As per the rules of the Company

**Other benefits:**

1. Earned / Privilege leave: As per the rules of the Company.
2. Company's contribution to provident fund and superannuation fund: As per the rules of the Company.
3. Gratuity: As per the rules of the Company.
4. Encashment of leave: As per rules of the company.
5. Company car and telephone: Use of the Company's car and telephone at residence for official purpose, as per the rules of the Company.

The aggregate remuneration inclusive of salary, bonus, incentive, perquisites and other benefits payable shall always be subject to the overall ceilings laid down in Sections 198 and 309 and other applicable provision of the Companies Act, 1956. Where in any financial year, the Company incurs a loss or its profits are inadequate, the Company shall pay the above remuneration by way of salary, commission, incentives, bonus, perquisites and other allowance as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being Perquisites:

**Minimum Remuneration**

Where in any financial year, the Company incurs a loss or its profits are inadequate, the Company shall pay the above remuneration by way of salary, commission, incentives, bonus, perquisites and other allowance as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum

remuneration.

The proposed resolution requires approval of the members as ordinary resolution.

None of the Directors except Mr. Narayan Prasad Agrawal himself, Mr. Bajrang Lal Agrawal being relative of Mr. Narayan Prasad Agrawal may be considered as concerned or interested in the above resolution.

#### Item No. 7

Shri Vinay Agrawal, aged 25 having Masters Degree in Business Administration. His managerial skills and implementation methodologies help him cross every obstacle with utmost accuracy. He is currently involved with the administration, execution and controlling of technical aspects of projects and day to day operation of the Company. He has been appointed as Chief Executive Officer of the Company since 1st October, 2007 and re-designated as Chief Executive (Operation) w.e.f. 21st May, 2011. Upon recommendation of the Remuneration Committee, the Board decided to fix the remuneration payable to Mr. Vinay Agrawal as Chief Executive (Operation) of the Company @ Rs.1,00,000 /- per month besides being entitled to reimbursement of actual travelling and hotel expenses in connection with the performance of his duties as a Chief Executive (Operation) with retrospective effect from 1st April, 2011 as per details as given below;

Salary: Salary in the scale of Rs. (1,00,000 – 20,000 - 2,00,000).

Bonus: Bonus up to maximum of 20% salary, payable annually or at other interval as may be decided by the Board.

Company performance linked incentive: Company performance linked payable quarterly or at other interval as may be decided by the Board.

Individual's performance linked incentive: Individual performance linked incentive, up to maximum of 60% of the fixed gross salary, payable quarterly or at other interval as may be decided by the Board.

#### Perquisites:

1. Housing: Furnished / unfurnished residential accommodation or house rent allowance up to 50% of salary in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962.
2. Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family;
3. Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave travel holiday periods, whenever undertaken, whether in India or abroad.
4. Subscription or reimbursement or membership fee

for clubs in India or abroad including admission and life membership fees etc..

5. The Company shall provide suitable conveyance facilities as may be required.
6. Personal accident insurance: As per the rules of the Company.

#### Other benefits:

1. Earned / Privilege leave: As per the rules of the Company.
2. Company's contribution to provident fund and superannuation fund: As per the rules of the Company.
3. Gratuity: As per the rules of the Company.
4. Encashment of leave: As per rules of the company.
5. Company car and telephone: Use of the Company's car and telephone at residence for official purpose, as per the rules of the Company.

The aggregate remuneration inclusive of salary, bonus, incentive, perquisites and other benefits payable shall always be subject to the overall ceilings laid down in Sections 314 and other applicable provision of the Companies Act, 1956.

Pursuant to the provisions of Section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003 the proposed resolution requires approval of the members as special resolution.

None of the Directors except Mr. Narayan Prasad Agarwal, Managing Director and Shri Bajrang Lal Agrawal, Director being relatives of Shri Vinay Agrawal may be considered as concerned or interested in the above resolution.

#### Item No.8

Shri Arvind Dubey, Age 49 is a Commerce Graduate and associated with the Company and Group companies in various capacities since last two decades.

Keeping in view of his past performance, involvement and day to day Administration of the Company the Board of Directors at the meeting held on 6th August, 2011 appointed him as Additional Director of the Company and also appointed as Whole Time Director, with effect from 6th August 2011, subject to approval of shareholders in ensuing Annual General Meeting. The Company has received notice from a member pursuant to section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Shri Arvind Dubey as Whole Time Director of the Company.

A brief resume of Shri Arvind Dubey, his nature of expertise and names of Companies in which he holds directorship and membership / chairmanship of Board Committees as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual report.

Upon the recommendation of the Remuneration Committee, the Board of Directors at its meeting held on



6th August, 2011 approved the remuneration payable to Shri Arvind Dubey as Whole Time Director of the Company with effect from 6th August, 2011 as under :

Salary: Rs.70,000 per month in the scale of Rs. 70,000/- to Rs. 1,20,000/-

Bonus: Bonus up to maximum of 20% salary, payable quarterly or at other interval as may be decided by the Board.

Company performance linked incentive: Company performance linked payable quarterly or at other interval as may be decided by the Board.

Individual's performance linked incentive: Individual performance linked incentive, up to maximum of 60% of the fixed gross salary, payable quarterly or at other interval as may be decided by the Board.

#### Perquisites:

1. Housing: Furnished / unfurnished residential accommodation or house rent allowance up to 10% of salary in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1962.
2. Reimbursement of actual medical expenses incurred in India and / or abroad and including hospitalization, nursing home and surgical charges for himself and family.
3. Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave travel holiday periods, whenever undertaken, whether in India or abroad.
4. Subscription or reimbursement or membership fee for clubs in India or abroad including admission and life membership fees.
5. The Company shall provide suitable conveyance facilities as may be required by Shri Arvind Dubey.
6. Personal accident insurance: as per the rules of the Company.

#### Other benefits:

1. Earned / Privilege leave: As per the rules of the Company.
2. Company's contribution to provident fund and super-annuation fund: As per the rules of the Company
3. Gratuity: As per the rules of the Company.
4. Encashment of leave: As per rules of the company.
5. Company car and telephone: Use of the Company's car and telephone at residence for official purpose, as per the rules of the Company.

The aggregate remuneration inclusive of salary, bonus, incentive, perquisites and other benefits payable to Shri Arvind Dubey, shall always be subject to the overall ceilings laid down in Sections 198 and 309 and other applicable provision of the Companies Act, 1956.

#### Minimum Remuneration

Where in any financial year during the tenure of Shri Arvind Dubey, the Company incurs a loss or its profits are inadequate, the Company shall pay to Shri Arvind Dubey the above remuneration by way of salary: performance bonus and other allowance as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

None of the Directors except Shri Arvind Dubey is concerned or interested in the above resolution.

The appointment of Shri Arvind Dubey as Whole Time Director and fixation of remuneration payable to him requires approval of members. The Board accordingly recommends the resolution as set out in the item no. 8 for approval of Members.

#### Item No: 9

Shri Bhrigunath Ojha, has been appointed as an additional Director of the Company with effect from 6th August, 2011. He is an expert in the power industry. In terms of section 260 of the Companies Act, 1956, he holds office up to the date of ensuing Annual General Meeting. The Company has received notice from a member pursuant to section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Shri Bhrigunath Ojha as Independent Director of the Company.

Shri Bhrigunath Ojha has vast experience of over 40 years in the power sector. Keeping in view the Company's exposure in power sector coupled with his vast experience in building, developing, managing and directing power sector organizations to success, the Board of Directors of the company is of the opinion that it would be in the interest of the company to appoint Shri Bhrigunath Ojha as Director of the company and shall be liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

A brief resume of Shri Bhrigunath Ojha, his nature of expertise and names of Companies in which he holds directorship and membership / chairmanship of Board Committees as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual report.

None of the Directors except Shri Bhrigunath Ojha is concerned or interested in the above resolution.

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

#### By Order of the Board

Place: Raipur  
Date: 06.08.2011

Mohit Chande  
Company Secretary

## DIRECTORS' REPORT

To

The Shareholders,

Your Directors have pleasure in presenting the Annual Report together with Audited Statement of Accounts for the financial year ended on March 31, 2011.

### FINANCIAL RESULTS:

Particulars	(Rs. In Lacs)	
	Current Year March 31, 2011	Previous Year March 31, 2010
Sales	16248.58	11123.13
Other Income	881.93	93.53
Total Income from Operations	17130.51	11216.66
<b>Profit before Interest, Depreciation and Tax</b>	<b>4435.23</b>	<b>3107.04</b>
Finance Charges	773.18	704.88
Depreciation for the year	621.9	552.55
<b>Profit before Tax</b>	<b>3040.15</b>	<b>1849.6</b>
Less: Provision for Income Tax, Fringe Benefit Tax & Income Tax related to earlier years	171.19	198.34
Less: Wealth Tax Provision	0.50	0.50
<b>Net Profit after Tax</b>	<b>2868.46</b>	<b>1750.76</b>
Add: Balance brought forward from previous year	7182.91	5719.67
Profit available for appropriations	10051.37	7470.42
<b>Appropriations:</b>		
Proposed Dividend	117.53	117.53
Tax on proposed dividend	19.52	19.97
Transfer to General Reserve	150.00	150.00
Balance carried to Balance Sheet	9764.32	7182.92

### DIVIDEND

The Board of Directors of your Company has recommended payment of dividend of Rs.3.00 per equity share, subject to the approval of shareholders in the Annual General Meeting (AGM). The total outflow of funds on account of Dividend including dividend tax will be Rs.1.37 Crores. 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 the Record Date (i.e 12th July, 2011) fixed for the payment of dividend.

### OPERATIONAL REVIEW

The Company achieved a Gross Turnover of Rs.162.48 crores during the Financial Year 2010-11 as compared to Rs.111.23 Crores during the previous year, registering a growth of 46.08%.

The sale of silico manganese increased from 15761.870 MTs to 24034.850 MTs during the current year registering a growth of 52.49%. Your Company has sold 57320191 KWH of power as compared to 75365302 KWH during the previous year. The sale of Bricks increased from 6125200 Units to 11543725 Units during the current year registering a growth of 88.46%.

During the year under review the Company generated a Net Profit of Rs. 28.68 Crores, a growth of 63.88 % as compared to Rs.17.50 Crores in the previous year due to favorable market condition and sale of power.

### LISTING OF SHARES

Your directors are pleased to inform you that the company has been listed on Bombay Stock Exchange Limited (BSE) and Madras Stock Exchange Limited (MSE) on 29th September 2010 and 1st December, 2010 respectively and the trading of shares of the Company has been started w.e.f. 29th September, 2010 on BSE. Consequently, your Company's shares are presently listed in Bombay Stock Exchange Limited Madhya Pradesh Stock Exchange Limited, Delhi Stock Exchange Limited and Madras Stock Exchange Limited.

### SUBSIDIARY COMPANY OF M/S. GODAWARI POWER AND ISPAT LIMITED

During the year under review, pursuant to the Scheme of Amalgamation as confirmed by Hon'ble High Court of Chhattisgarh, Bilaspur the M/s. Hira Industries Limited (HIL) and M/s. R.R. Ispat Limited (RRIL) have been merged with the M/s Godawari Power and Ispat

Limited (GPIL). The aggregate holding of GPIL, taking into consideration the 3,94,000 equity shares and 15,62,200 equity shares hitherto held by RRIL and HIL respectively, increased to 20,08,200 equity shares which comes to 51.2597% of the total equity share capital of your Company as on 31st March, 2011. Accordingly GPIL which is a listed company engaged in the manufacturer 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.

#### **ACQUISITION OF 8.5 MW BIO- MASS POWER BUSINESS:**

Your Company has acquired 8.5 MW Bio-Mass Power Plant (Power Plant) on Slump Sale Basis as going concern from M/s. Shivalik Power and Steel Private Limited situated at Village Belsonda, Dist. Mahasamund, Chhattisgarh.

#### **FURTHER ISSUE OF SHARE CAPITAL – BONUS ISSUE**

The Board of Directors in its meeting held on 21st May, 2011, subject to approval of shareholders in their Extra Ordinary General Meeting held on 1st July 2011 has announced the issue of 1,56,70,800 equity shares of Rs.10/- each as Bonus Shares in the ratio of 4 (four) equity shares of Rs. 10/- each fully paid up for every existing One (1) equity share of Rs.10/-each. The Shareholders of the Company in their meeting held on 1st July, 2011 has approved the said Bonus Issue. Your company has allotted 1,56,70,800 equity shares of Rs.10/- each as Bonus Shares on 13th July 2011 in the ratio of 4 (four) equity shares of Rs. 10/- each fully paid up for every existing One (1) equity share to the shareholders of the Company whose names appear on the Register of Members as on 12th July, 2011(i.e. record date). The 1,56,70,800 equity shares of Rs.10/- each allotted as Bonus Shares are listed and traded on BSE, w.e.f. 20th July, 2011.

#### **CAPITAL STRUCTURE**

The shareholders of the company in their Extra-Ordinary General Meeting held on 01st July, 2011, increased the authorized share capital of the Company from Rs. 12,00,00,000 to Rs. 20,00,00,000 divided into 2,00,00,000 equity shares in order to accommodate the Bonus Issue of 1,56,70,800 Equity Shares of Rs. 10/- each. The new equity shares shall rank pari- passu with other equity shares in all respects including dividend from the financial year 2011-12.

#### **ALTERATION OF ARTICLE OF ASSOCIATION**

The shareholders of the Company in their Extra-Ordinary General Meeting held on 1st July, 2011 have approved the alteration of clause 116 of the articles of

association of the company to authorise the Board of Directors to capitalize reserves of the company from time to time for issue /allotment of Bonus Shares without taking shareholders approval.

#### **ALTERATION IN MEMORANDUM OF ASSOCIATION, INCREASE IN THE BORROWING LIMITS AND CREATION OF MORTGAGE AND CHARGES:**

During the year your company has taken consent of the shareholders of the company pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001, through postal ballot notice dated 1st June, 2010 with respect to the following businesses:

1. Alteration in Main Objects Clause of the Memorandum of Association under section 17 of the Companies Act, 1956 to enable the company to start wind energy project, as Special Resolution.
2. Increase in the borrowing limits under section 293(1) (d) of the Companies Act, 1956 From Rs. 100.00 Crores to Rs. 500.00 Crores, as Ordinary Resolution.
3. Creation of mortgages and charges on the properties of the Company under section 293(1) (a) of the Companies Act, 1956 as Ordinary Resolution.

The result of the voting conducted through postal ballot on the basis of the report submitted by the scrutinizer has been announced by Managing Director on 12th July, 2010.

#### **DIRECTORS**

The Board of Directors in its meeting held on 21st May, 2011 subject to approval of shareholders in ensuing Annual General Meeting on recommendation of the Remuneration Committee, has approved the proposal for re-appointment of Mr. Narayan Parasad Agrawal as Managing Director of the Company with effect from 1st October, 2011 for a further period of 5 years.

Shri Brigunath Ojha and Shri Arvind Dubey have been appointed as Additional Directors with effect from 6th August, 2011. Subsequently, Shri Arvind Dubey has appointed as Whole Time Director w.e.f. 6th August, 2011. The company has received notices under section 257 of the Companies Act, 1956 from shareholders proposing appointment of Shri Bhrigunath Ojha as Independent Director and Shri Arvind Dubey as Executive Director on the Board. The Board proposes to appoint them as Directors on the Board of the company in the ensuing Annual General Meeting.

Shri Hanuman Prasad Agrawal, Executive Director and Shri Umesh Agrawal, Independent Directors on the Board of the Company resigned from the Board with effect from 6th August, 2011. Your Company places on record its deep sense of appreciation for the services