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Hira Ferro Alloys Limited

Annual Report 2011-12

**Core Competence in Core Sector**

**BOARD OF DIRECTORS**

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

**COMPANY SECRETARY**

Mr. Mohit Chande

**AUDITORS**

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

**HOLDING COMPANY**

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

**BANKERS**

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

**REGISTERED OFFICE**

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

**CORPORATE OFFICE**

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

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## NOTICE

TO ALL THE MEMBERS OF

HIRA FERRO ALLOYS LIMITED

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

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account of the company for the year ended 31st March 2012 and the Balance Sheet as at that date along with the reports of the Directors and Auditors thereon;
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2012;
3. To appoint a Director in place of Shri Arbind Kumar Dubey, who retires by rotation and being eligible for reappointment offers himself for reappointment;
4. To appoint a Director in place of Shri Bhrigunath Ojha, who retires by rotation and being eligible for reappointment offers himself for reappointment;

### SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered by inserting the following second para immediately Article 58 (3), immediately after the existing Article 58 (2) as under:

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

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

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

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

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

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

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

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

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

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

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

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

**By Order of the Board**

**Place : Raipur**

**Mohit Chande**

**Date : 22.05.2012**

**Company Secretary**

#### **NOTES**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxy form duly stamped and executed in order to be effective, must reach the Registered Office of the Company not less than 48 hours before the time of commencement of the Annual General Meeting.

3. Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
4. Members / proxy holders are requested to bring their attendance slip duly signed so as to avoid inconvenience.
5. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business under Item No. 5 above, is annexed hereto and form part of this notice.
6. The Ministry of Corporate Affairs, vide its Circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 has taken a “Green Initiative” by allowing paperless compliances by the companies to serve the requisite documents to its members vide e-mode, in pursuance to Section 53 of the Companies Act, 1956. Accordingly, the Company shall be required to update its database by incorporating your designated e-mail ID in its records. You are thus requested to kindly submit your e-mail ID to your depository participant and members who holds shares in physical form are requested to send their email id at **[hiraferrogreen@linkintime.co.in](mailto:hiraferrogreen@linkintime.co.in)**.
7. Members holding shares in physical form are requested to advise any change in their registered address, to the Company’s Registrar and Share Transfer Agent, Link Intime India Limited, Mumbai quoting their folio number. Members holding shares in electronic form must send the advice about change in their registered address or bank particulars to their respective Depository Participant and not to the Company.
8. Members desiring any information on the Accounts of the Company are requested to write to the Company at least 10 days in advance so as to enable the Company to keep the information ready.
9. In all correspondence with the Company or with its Share Transfer Agent, members are requested to quote their folio number and in case the shares are held in the dematerialized form, they must quote their Client ID Number and their DPID Number.
10. Information under Clause 49 of the Listing Agreement of the Stock Exchanges with respect to the details of the Directors seeking appointment/re-appointment is furnished at the end of the notice.



11. The Copies of resolutions of the Board is available for inspections by members at the registered office of the company during working hours on any working day till the date of the Annual General Meeting.
12. The Register of Members and Share Transfer Books of the Company shall remain closed from September 22, 2012 to September 29, 2012 (both days inclusive) for the purpose of Annual General Meeting.
13. In terms of section 205C of the Companies Act, 1956, there is no unpaid /unclaimed dividend amount liable to be transferred into Investor Education and Protection Fund. The following are the details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to such IEP Fund of the Central Government

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

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

**By Order of the Board**

**Place : Raipur**

**Date : 22.05.2012**

**Mohit Chande**

**Company Secretary**

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

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

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

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

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

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

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

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

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

**ITEM NO: 9**

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

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

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

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

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

**By Order of the Board**

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

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



## ANNEXURE TO THE NOTICE

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

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

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

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



**DIRECTORS' REPORT**

To

Dear Members,

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

(Rs in Crores)

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

**DIVIDEND**

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

**OPERATIONAL & FINANCIAL PERFORMANCE REVIEW**

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

which registered sales of Rs 120.40 crores.

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

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





performance once the market conditions improves.

## FINANCE:

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

## TRADING IN EQUITY SHARES ON NSE

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

## PUBLIC DEPOSITS

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

## PARTICULARS OF EMPLOYEES

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

## DISCLOSURE OF PARTICULARS

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

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

## CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

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

## DIRECTORS

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

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

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

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

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

made from the same;

2. the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period;
3. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the directors have prepared the accounts for the financial year on a 'Going Concern' basis.

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

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

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

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

#### **AUDITORS' REPORT**

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

#### **CODE OF CONDUCT**

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

#### **INDUSTRIAL RELATIONS**

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

#### **ACKNOWLEDGEMENTS**

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

**By Order of the Board**

sd/-

**Place : Raipur  
Date : 22.05.2012**

**Biswajit Choudhuri  
Chairman**