



HIRA

HIRA FERRO ALLOYS



ANNUAL REPORT
2013 -14

HIRA FERRO ALLOYS LIMITED

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

CHIEF FINANCIAL OFFICER

Mr. Dilip Chauhan (w.e.f. 24.05.2014)

AUDITORS

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

BANKERS

State Bank of India
Axis Bank Limited
IDBI Bank Limited

HOLDING COMPANY

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

REGISTRAR AND TRANSFER AGENT

M/s. Link Intime India Private Limited,
C-13 Pannalal Silk Mill Compound, LBS Marg,
Bhandup (West), Mumbai - 400 078
E-mail : rnt.helpdesk@linkintime.co.in

REGISTERED OFFICE

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

CORPORATE OFFICE

Hira Arcade, Near New Bus Stand,
Pandri, Raipur 492 004, Chhattisgarh,
Tel.: +91 – 771 – 4082000/ 4082001
Fax: +91 – 771 – 4057601

CONTENTS

• Company Information	1
• Notice of Annual General Meeting	2
• Directors Report	7
• Management Discussions Analysis	11
• Corporate Governance Report	14
• Auditors Certificate on Corporate Governance	22
• Independent Auditors Report	23
• Balance Sheet	26
• Profit and Loss Account	27
• Cash Flow Statement	28
• Notes to Financial Statement	30

NOTICE OF ANNUAL GENERAL MEETING

TO ALL THE MEMBERS OF HIRA FERRO ALLOYS LIMITED

NOTICE is hereby given that the 30th Annual General Meeting of the Members of Hira Ferro Alloys Limited will be held on Saturday the 27th day of September, 2014 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 Financial Statements of the company for the financial year ended 31st March 2014 along with the reports of the Board of Directors and Auditors thereon;
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2014;
3. To appoint a Director in place of Shri Arbind Kumar Dubey (DIN 01075608), who retires by rotation and being eligible for reappointment offers himself for re-appointment;
4. To consider and, if thought fit, to pass the following resolution, with or without modification as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, M/s O.P. Singhanian 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 at a remuneration to be decided mutually, by the Board of Directors of the Company and the M/s O.P. Singhanian and Co., Chartered Accountants.”

SPECIAL BUSINESS:

5. To appoint a Director in place of Shri Bhrihu Nath Ojha (DIN: 02282594), who retires by rotation and being eligible for reappointment offers himself for reappointment and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Bhrihu Nath Ojha (DIN: 02282594), Independent Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to the conclusion of the Annual General Meeting of the Company in the calendar year 2019.”

6. To appoint Shri Biswajit Choudhuri (DIN: 00149018) as Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Biswajit Choudhuri (DIN: 00149018), Independent Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the company has received a notice in writing from a member proposing his candidature to the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to the conclusion of the Annual General Meeting of the Company in the calendar year 2019.”

7. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. To approve the Leave and License agreement to be entered between the Company and M/s Raipur Complex for taking on rent the office premises at Hira Arcade, Pandri, Raipur, Chhattisgarh and to consider and, if thought fit to pass, with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 188 and any other applicable provisions of the Companies Act, 2013, and Rules made thereunder (including any statutory modifications or re-enactments thereof for the time being in force), and subject to such approval(s), consent(s), permission(s) and sanction(s) as may be necessary, the Consent of the Company be and is hereby accorded to enter into leave and license agreement, with M/s Raipur Complex for taking on rent the office premises at Hira Arcade, Pandri, Raipur, Chhattisgarh on the following term(s) & conditions:

S . no	Period of Contract/ agreement	Contract value proposed (Amount in Rupees)
1.	For a period of 11 month w.e.f. 01.10.2014 which shall be further renewed at the option of the Licensee, for four more terms of 11 months each	The license fee shall be ₹ 15000 per annum (plus applicable taxes if any) during the currency of the agreement, and on each renewal of the agreement the license fee may be increased by not more than 10%.

By Order of the Board

Sd/-

Mohit Chande
Company Secretary

Place: Raipur
Date: 13.08.2014

NOTES

1. Proxy

A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself on a poll only and the proxy need not be a member of the company. Proxy forms should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

2. Book Closure

The Register of Members and share transfer books of the Company shall remain closed from 19.09.2014 to 27.09.2014 (both days inclusive) for the purpose of the Annual General Meeting and payment of dividend for the year ended 31st March, 2014.

3. Payment of Dividend

The dividend on equity Shares for the year ended 31st March 2014, 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 19.09.2014 after giving effect to all valid share transfers lodged with the Company on or before 27.09.2014.

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.

4. Corporate Members are requested to send to the Registered Office of the Company a duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the Annual General Meeting.

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

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 with respect to the details of the Directors seeking appointment/re-appointment are given in the additional information on Directors recommended for appointment/reappointment forming part of this 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 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
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
2012-13	28.09.2013	27.10.2020

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.

12. 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.
13. The Securities and Exchange Board of India vide its Circular No. CIR/CFD/DIL/7/2011 dated October 05, 2011 has made amendments to Clause 32 of the Listing Agreement directing listed companies to send soft copies of the annual report to those shareholders who have registered their email address. Sections 101 and 136 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014 permit companies to send notice and financial

statements through electronic mode. In view of the same, shareholders are requested to update their email IDs with their depository participants where shares are held in dematerialised mode and where the shares are held in physical form to update the same in the records of the Company in order to facilitate electronic servicing of annual reports and other documents.

14. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual general Meeting of the Company.

By Order of the Board

Sd/-

Mohit Chande
Company Secretary

Place: Raipur
Date: 13.08.2014

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5:

Mr. Bhrigu Nath Ojha is a Non- Executive Independent Director of the Company. He joined the Board of Directors of the Company in August 6, 2011. Mr. B.N. Ojha is the Chairman of Remuneration Committee and Stakeholder Relationship Committee and Member of Audit Committee. He also holds the Chairmanship/ Membership in other companies which are as under:

Sl. No	Name of the Company	Name of the Committee	Chairman/ Member
1.	Godawari Power and Ispat Ltd.	Audit Committee	Member
		Stakeholders Relationship Committee	Chairman
		Nomination and Remuneration Committee	Member
		Risk Management Committee	Member
		Nomination Committee	Member
2.	Ardent Steel Limited	Audit Committee	Member
3.	Godawari Green Energy Limited	Audit Committee	Member

Mr. Bhrigu Nath Ojha holds degree of B. E. (Electrical). He has experience in building, developing, managing and directing power organizations. He has been associated with NTPC, Nuclear Power Corporation of India limited, Regional Electricity Boards, Northern Coal Field Ltd. and Diamond Valley Corporation. He holds directorship in Godawari Power and Ispat Limited (Holding Company), Ardent Steel Limited, Pragati Power Corporation Limited, Indraprastha Power Generation Company Limited and Godawari Green Energy Limited.

Mr. Bhrigu Nath Ojha does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Bhrigu Nath Ojha retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Bhrigu Nath Ojha being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto the conclusion of the Annual General Meeting of the Company in the calendar year 2019. A notice has been received from a member proposing Mr. Bhrigu Nath Ojha as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Bhrigu Nath Ojha fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Mr. Bhrigu Nath Ojha as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working days.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Bhrigu Nath Ojha as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Bhrigu Nath Ojha as an Independent Director, for approval by the shareholders of the Company.

Except Mr. Bhrigu Nath Ojha, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. .

Item No. 6:

Mr. Biswajit Choudhuri is a Chairman cum Non- Executive Independent Director of the Company. He joined the Board of Directors of the Company in November 9, 2011. Mr. Biswajit Choudhuri is the Chairman of the Audit Committee and Corporate Social Responsibility Committee and Member of Remuneration Committee and Stakeholder's Relationship Committee of the Company. He also holds the Chairmanship/Membership in other companies which are as under:

S. No	Name of the Company	Name of the Committee	Chairman/ Member
1	Aditya Birla Chemicals (India) Ltd. (Formerly Bihar Caustic & Chemicals Ltd.)	Audit Committee	Chairman
		Shareholders' Grievances Committee	Member
		Remuneration Committee	Member
2	Ludlow Jute & Specialities Ltd. (Formerly Aekta Ltd)	Audit Committee	Member
		Remuneration Committee	Member
3	Godawari Power and Ispat Ltd.	Audit Committee	Chairman
		Risk Management Committee	Chairman
		Nomination & Remuneration Committee	Chairman
4	Hindusthan Engineering & Industries Ltd.	Audit Committee	Chairman
		Remuneration Committee	Chairman

Mr. Biswajit Choudhuri holds degree of B. Tech (Hons). He is a Fellow Member of ICWAI and Indian Institute of Banking and Finance. He has experience of more than 45 years 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 holds directorship in Godawari Power and Ispat Limited, Aditya Birla Chemicals (India) Limited, Hindusthan Engineering & Industries Limited, Ludlow Jute & Specialities Limited, Maithan Alloys Limited and Khaitan Electricals Limited.

Mr. Biswajit Choudhuri does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Biswajit Choudhuri is a director whose period of office is liable to determine by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr. Biswajit Choudhuri being eligible and offering himself for appointment, is proposed to be appointed as an Independent director for five consecutive years for a term upto the conclusion of the Annual General Meeting of the Company in the calendar year 2019. A notice has been received from a member proposing Mr. Biswajit Choudhuri as a candidate for the office of Directors of the Company.

In the opinion of the Board, Mr. Biswajit Choudhuri fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Copy of the draft letter of appointment of Mr. Biswajit Choudhuri as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working days.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Biswajit Choudhuri as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Biswajit Choudhuri as an Independent Director, for approval by the shareholders of the Company.

Except Mr. Biswajit Choudhuri, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. .

Item No. 7:

The existing Articles of Association are based on the Table A of Companies Act, 1956 and several regulations in the existing Articles of Association contain references to specific sections of the Companies Act, 1956 and some regulations in the existing Articles of Association are no longer in conformity with the Act.

The Companies Act, 2013 is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and

mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing Articles of Association of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles.

The new Articles of Association to be substituted in place of the existing Articles of Association are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

The proposed new draft AOA is being uploaded on the Company's website for perusal by the shareholders.

As per the provisions of section 14 and other applicable provisions of the Companies Act, 2013 consent of the Members is required by way of Special Resolution to adopt a new set of Articles of Association of the Company. Therefore, your Directors recommend the resolution for approval as a Special Resolution as set out under Item No. 7.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

Item No. 8:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s Sanat Joshi & Associates, Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 at a remuneration of ₹ 25,000/-.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.8.

Item No. 9:

Pursuant to the provision of Section 188 of the Companies Act, 2013 and rules made there under (including any statutory modifications or re- enactments thereof for the time being in force), Company shall not enter into any contract or arrangement with a related party with respect to leasing of Property of any kind without shareholders approval by way of special resolution.

M/s. Raipur Complex is a Partnership Firm in which Shri Narayan Prasad Agrawal is a partner and he is also Managing Director of the Company and is concerned & interested in the agreement, as per section 2(76) of Companies Act, 2013. The nature,

material terms, monetary value and particulars of the contract or arrangement has been provided in the resolution proposed.

The Premises are situated in the heart of the city of Raipur and is conveniently located for handling various activities relating to the company. The company has hired 1923 sq. ft. of these premises in the year 2012 and since then it is running its Corporate Office affairs from the same premises. The proposed rent of Rs.15,000 per month including the increase of 10% is quite reasonable and no alternative premises can be hired at such an economical rent in the close vicinity as the present premises. As per the general market practices, the agreement is proposed to be renewed for a period of 11 months which can be renewed further period of 11 months each from time to time.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Shri Narayan Prasad Agarwal is concerned or interested, financial or otherwise, in the resolution set out at Item No.9.

Your Directors recommend the resolution at Item No. 9 for your approval.

DETAILS OF DIRECTOR SEEKING APPOINTMENT/RE-APPOINTMENT:

Item No. 3: Re-appointment of Mr. Arbind Kumar Dubey:

In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013, effective from 1st April, 2014 Mr. Arbind Kumar Dubey shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Arbind Kumar Dubey joined the Board of Directors as Director on 6th August, 2011 and as a Whole time director for a period of 5 years w.e.f 6th August, 2011. The said appointment was approved by the members at their Annual General Meeting held on 30th September, 2011 by way of Ordinary resolution. Mr. Arbind Kumar Dubey holds degree of B.Com. He has experience of more than 25 years in General Administration and Marketing. He holds directorship in Hira Energy Limited, Jai Ambey Wire Exim Private Limited and Jai Ambey Wire Private Limited. He does not hold any membership in any of the Committee.

Mr. Arbind Kumar Dubey does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Upon his re-appointment as a Director, Mr. Arbind Kumar Dubey shall continue to hold office as a Whole-time Director. Accordingly, the Board recommends his re-appointment.

Except Mr. Arbind Kumar Dubey, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the agenda Item No. 3.

By Order of the Board

Place: Raipur
Date: 13.08.2014

Sd/-
Mohit Chande
Company Secretary

DIRECTORS' REPORT

To
Dear Members,

Your Directors have pleasure in presenting the 30th Annual Report of your Company along with the Audited Accounts for the financial year ended 31st March, 2014. The Summary of Financial results for the year ended 31st March, 2014 is as under:

(₹ in Crores)

FINANCIAL RESULTS	2013-14	2012-13
Net Sales	212.75	443.92
Other Income	1.01	3.63
Total Income from Operations	213.76	447.55
Profit before Interest, Depreciation and Tax	20.56	21.07
Finance Charges	7.67	10.44
Depreciation & Amortization Expenses	8.61	8.53
Profit before Tax	4.28	2.10
Less: Provision for Income Tax, Tax related to earlier years & Wealth Tax Provision	1.57	(1.73)
Net Profit after Tax	2.71	3.83
Add: Balance brought forward from previous year	100.57	99.61
Profit available for appropriations	103.28	103.44
Appropriations:		
Proposed Dividend	1.17	1.17
Tax on proposed dividend	0.20	0.20
Transfer to General Reserve	1.50	1.50
Balance carried to Balance Sheet	100.40	100.57

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. The Company has transferred an amount of ₹ 1.50 crores to general reserves from the surplus balance in the statement of Profit and loss account.

OPERATIONAL & FINANCIAL PERFORMANCE REVIEW

The company achieved a gross sale of ₹ 230.69 Crores only during the financial year 2013-14 as compared to ₹ 458.05 Crores during the financial year 2012-13, registering a reduction of 49.64%. 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 ₹ 18.19 crores only during the FY14 as compared to ₹ 269.35 crores previous year FY13, registering a reduction of 93.24%. The reduction in gross sales and trading sales was mainly because of the Company has discontinued the trading activities.

The Ferro Alloys division of the Company registered net sales of ₹ 177.60 Crores as compared to ₹ 155.93 Crores during the previous year. In terms of volume, the sale of Ferro alloys increased to 31,180 MTs from 30,648 MTs during the year registering a marginal growth of 1.74%. The sale of electricity division increased to ₹ 35.84 Crores as against sale of ₹ 21.37 Crores during the year registering a growth of 67.71%. Your Company has sold 73503586 KWH of power as compared to 46074770 KWH during the previous year which registering a growth of 59.53%.

Your company has achieved the net profit of ₹ 2.05 Crores as compare to previous year net profit of ₹ 2.10 Crores. The market conditions for ferro alloys demand remains subdued to 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 BSE Limited(BSE) and Madhya Pradesh Stock Exchange Limited (MPSE) on 8th February, 2014 and subsequently the Shareholders of the Company have been also approved the proposal on 25th March, 2014 by way of postal ballot under Regulation 8 (b) (i) of Securities and Exchange Board of India, (Delisting of Equity Shares) Regulation, 2009 for voluntary delisting of shares of the Company.

M/s Hira Infra-Tek Limited, A Promoter Group Company (the "Acquirer") has made a voluntary delisting offer ("Offer"/"Delisting Offer") for acquisition of 53,74,218 fully paid-up equity shares of face value of ₹ 10 each ("Equity Shares"), representing 27.44% of the total equity share capital from the public shareholders of Hira Ferro Alloys Limited, pursuant to the reverse book building process under the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as amended ("Delisting Regulations") to consolidate their shareholding in the Company which will provide increased operational flexibility to support the Company's business and to provide exit opportunity to the public shareholders.

The BSE and MPSE have issued their in-principle approval to the Delisting Offer subject to compliance with the Delisting Regulations vide their letter dated 29th April, 2014 and 30th April, 2014 respectively. The public announcement dated 15th May, 2014 issued by the Acquirer and published on 16th May, 2014 and the dispatch of letter of offers dated 20th May, 2014 along with the bid forms etc., has been sent to all public shareholders as on Specified Date (i.e. 16th May, 2014). The bidding through Reverse Book Building Process (RBP) at BSE under the delisting offer was opened on 12th June, 2014 and closed on 18th June, 2014. The 39,62,999 Equity Shares (20.24%) have been validly tendered at or below the Exit Price (i.e. 32.00 per shares) as announced by acquirer vide its post offer public announcement dated 26th June, 2014. The Acquirer has acquired 39,62,999 Equity Shares at the Exit Price on 4th July, 2014. Post acquisition of these Equity Shares, the shareholding of the Promoters and Promoter Group of the Company has been increased from 1,42,14,282 Equity shares (72.56%) to 1,81,77,281 Equity Shares (92.80 %) of the Company.

The trading in the equity shares of the Company has been discontinued w.e.f. 4th August, 2014 on BSE & MPSE {traded under the Permitted Category at National Stock Exchange Limited (NSE)}. The BSE and MPSE have issued their final delisting approval to the Delisting Offer vide their letter dated 30th July, 2014 and 5th August, 2014 respectively and the equity shares of the Company will be delisted w.e.f 11th August, 2014.

All the Public Shareholders of the Company who did not or were not able to participate in the RBP or who unsuccessfully tendered their Equity Shares in the RBP, will be able to offer their Equity Shares to the Acquirer at the Exit Price at any time during the next twelve (12) months from the 11th August, 2014 (i.e. date of delisting of the Equity Shares from the BSE and the MPSE).

During the year the shares of the Company have also been delisted from Delhi Stock Exchange Limited (DSE) and Madras Stock Exchange Limited (MSE) w.e.f. 8th April, 2013 & 26th July, 2013 respectively.

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 AND MANAGEMENT DISCUSSION & ANALYSIS

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 152 of the Companies Act, 2013 and Article of Association of the Company, Shri Arbind Kumar Dubey (DIN: 01075608) is liable to retire by rotation and being eligible offer himself for re-appointment.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, Shri Biswajit Choudhuri (DIN: 00149018) and Shri Bhrihu Nath Ojha, (DIN : 02282594) Independent Directors of the Company shall be reappointed for a period of 5 years. The Company has received requisite notices in writing from a member proposing Shri Biswajit Choudhuri and Shri Bhrihu Nath Ojha for appointment as Independent Directors.

The Company has received declaration from Shri Biswajit Choudhuri and Shri Brighu Nath Ojha Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board recommends re-appointment of aforesaid Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 and on the basis of the confirmation made by the Management and Chief Financial Officer of the Company, your Directors state:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed;
- b) That your Directors have selected such accounting policies and applied them consistently, and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities; and
- d) That your Directors have prepared the annual accounts on a going concern basis.

RE-APPOINTMENT OF STATUTORY AUDITOR

M/s O.P. Singhania and Co., Chartered Accountants, with Firm Registration Number 002172C, Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 141 (3) (g) of the Companies Act, 2013 and also satisfies the criteria as mentioned under Section 141 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 2013-14 and hence does not require any clarification.