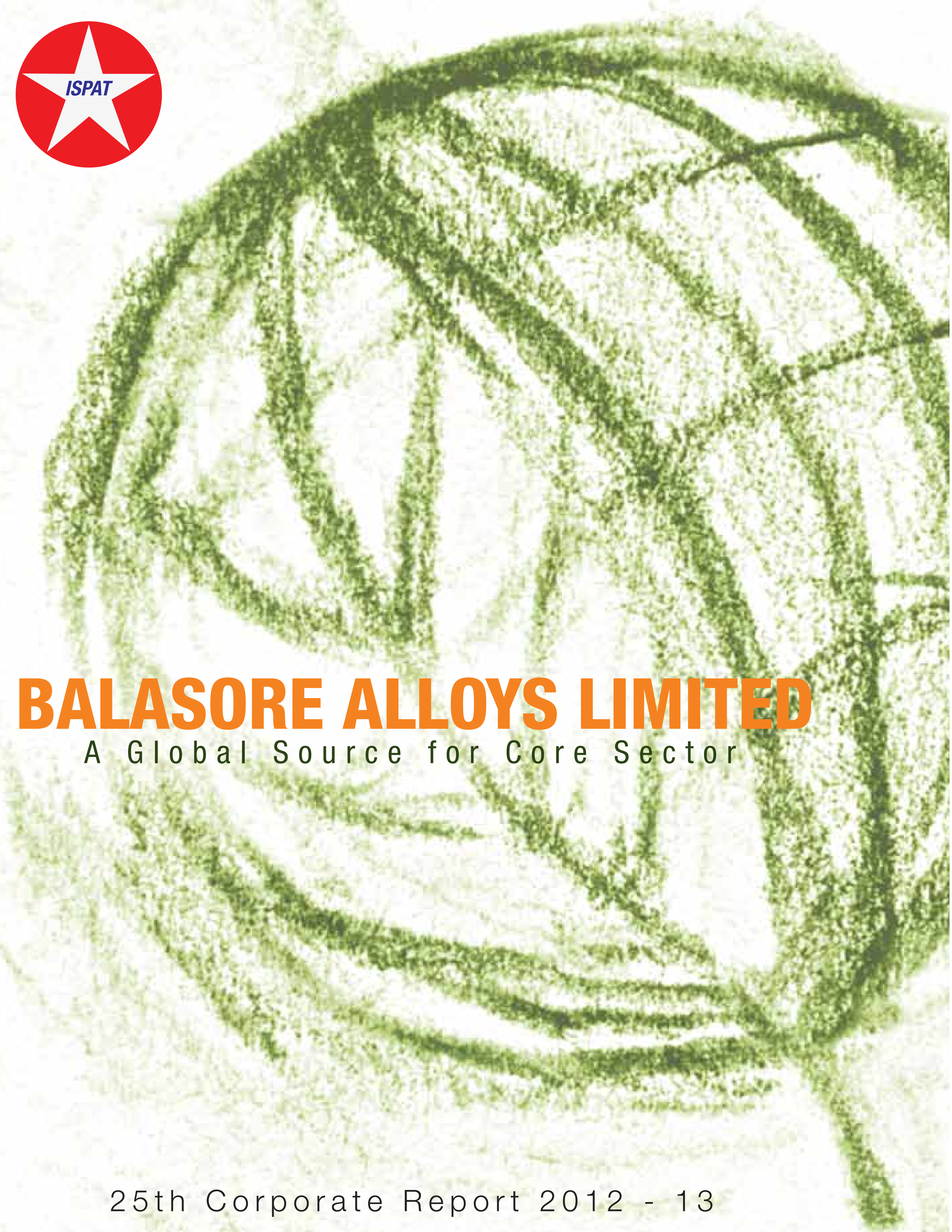


BALASORE ALLOYS LIMITED

A Global Source for Core Sector

25th Corporate Report 2012 - 13

Safety Awards received by Balasore Alloys Ltd.
during Annual Mines Safety Celebration 2012-13

BALASORE ALLOYS LIMITED

BOARD OF DIRECTORS

Mr Pramod Kumar Mittal, *Chairman*
Mr Mahesh Trivedi
Mr S Mohapatra
Mr S K Pal
Dr A K Bhattacharyya
Prof S K Majumdar
Mr K P Khandelwal
Ms Vartika Mittal
Mr Anil Sureka, *Managing Director*
Mr R K Parakh, *Director-Finance*

SR. GM & COMPANY SECRETARY

Mr Trilochan Sharma

BANKERS

State Bank of India
State Bank of Hyderabad
Allahabad Bank

AUDITORS

M/s Chaturvedi & Shah
Chartered Accountants
714-715, Tulsiani Chambers, 212 , Nariman Point,
Mumbai - 400 021, India.
Tel.No.+91-22-3021-8500

REGISTRARS & TRANSFER AGENT

MCS Limited
Unit : Balasore Alloys Ltd.
77/2A, Hazra Road,
Kolkata - 700 029, India
Tel No. + 91-33-2454 1892/1893
+91-33-4072 4051/4052/4053
Fax No. + 91-33-2454 1961 / 4072 4050
E-mail : mcskol@rediffmail.com

REGISTERED OFFICE & WORKS

Balgopalpur - 756 020
Dist. Balasore, Odisha, India
Tel. Nos. +91-6782-275781-85
Fax No. +91-6782-275724
E-mail: mail@balasorealloys.com
investorshelpline@balasorealloys.com
Website : www.balasorealloys.com

INTERNAL AUDITORS

M/s Das & Prasad
Chartered Accountants
Diamond Chambers,
4, Chowringhee Lane,
8th Floor, Room No. 8F, Block - 3rd,
Kolkata - 700 016, India
Tel. No. +91-33-2252-1911 (3 Lines)

MINES OFFICE

(I) Chrome Ore

Plot No. 1003, (Opp. PWD IB),
Dhabalgiri, Post Sobra,
Jajpur Road - 755 019, Dt. Jajpur
Tele Fax No. + 91-6726-224384

(II) Manganese Ore

(a) Ward No. 5, At & PO Katangi,
Dt. Balaghat (M.P.) - 481 445

(b) Joda, Dist. Keonjhar
Odisha - 758 035

ADMINISTRATIVE OFFICE

Park Plaza, 71, Park Street, 1st Floor,
Kolkata - 700 016
Phone No. + 91-33-4029 7000
Fax No. + 91-33-2229 5693
E-mail: mail@balasorealloys.com
investorshelpline@balasorealloys.com
Website : www.balasorealloys.com

CONTENTS **PAGE NO.**

BALASORE ALLOYS LIMITED

Regd. Office : Balgopalpur - 756 020
Dist. Balasore, Odisha.

NOTICE

NOTICE is hereby given that the Twenty-Fifth Annual General Meeting of the Members of Balasore Alloys Limited will be held at the Registered Office of the Company at Balgopalpur - 756 020, Dist. Balasore, Odisha, on **Wednesday, 18th September, 2013, at 9.30 A.M.** to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and Profit & Loss Account of the Company for the financial year ended 31st March, 2013 together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Pramod Kumar Mittal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Prof. S K Majumdar, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company for the period commencing from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

By Order of the Board

Kolkata
14th August, 2013

Trilochan Sharma
Sr. General Manager & Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THIS MEETING**.
2. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority, as applicable, issued on behalf of the nominating organisation.
3. In accordance with the provisions of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Register of the Company will remain closed from Monday, 16th September, 2013 to Wednesday, 18th September, 2013 (both days inclusive).
4. Members, who have multiple accounts in identical names or joint accounts in the same order in more than one folio, are requested to send all the Share Certificate(s) to the Registrars and Transfer Agent of the Company for consolidation of all such shareholdings into one folio to facilitate better service.
5. All requests for transfer of Equity Shares and allied matters along with the relevant transfer deeds, share certificates and copy of PAN Card should preferably be sent directly to the Company's Registrars and Transfer Agent, M/s MCS Limited, Unit - Balasore Alloys Ltd, and those Members who are holding shares in dematerialized

NOTICE - (Contd.)

form may send their advise on transfer and allied matters through their Depository Participants (DP) to the Depository.

6. Members are requested to notify immediately of any change in address to:
   a) Their respective DPs in respect of holding of shares in dematerialized form.
   b) The Registrars & Transfer Agent, M/s MCS Limited, Unit - Balasore Alloys Ltd, 77/2A, Hazra Road, Kolkata - 700 029 in respect of shares held in physical form.
7. Members are requested to intimate to the Company queries, if any, regarding the audited accounts / notice at least ten days before the Annual General Meeting to enable the Management to keep the information ready at the Meeting.
8. In accordance with Clause 49 of the Listing Agreement, the brief profile regarding each of the Directors seeking re-appointment / appointment in respect of business under Item Nos. 3 and 4 of this Notice for the forthcoming Annual General Meeting is annexed hereto.
9. Section 109A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the Company. Therefore, Shareholders having physical holdings and willing to avail of this facility may make nomination in the prescribed Form 2B. In case shares are held in dematerialized form, the shareholders would have to approach their respective DP for registering their nomination. The prescribed nomination form can be obtained from the Company's Registrars and Transfer Agent. The members may take advantage of this facility, if they so desired.
10. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, M/s. MCS Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
11. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / RTA.
12. **Members may note that the shares of the Company are to be compulsorily traded in dematerialized form and hence, those members who are still holding their share certificates in physical form are requested to get the same dematerialized.**
13. **Members / Proxies are requested to bring their copy of Annual Report to the Meeting and the attendance slip sent herewith, duly filled in with correct Folio No.(s) (in case of physical shareholding) and correct Client ID and DPID numbers (in case of shares held in demat form) for easy and quick identification of attendance at the time of the meeting.**
14. **The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies. The Shareholders can now receive various notices and documents through electronic mode by registering their e-mail address with the Company. Shareholders who have not yet registered their e-mail address with the Company can now register the same by intimating their e-mail address to the Company's Registrar & Share Transfer Agent of the Company and to the Depository Participants (DP) in respect of shares held in physical mode and demat mode respectively. Even after registering for e-communication, the Shareholders of the Company shall be entitled to receive such communication in physical form, upon request.**

ANNEXURE TO NOTICE - (Contd.)

DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE 25TH ANNUAL GENERAL MEETING:

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	:	**Mr Pramod Kumar Mittal**	**Prof S K Majumdar**
Date of Birth	:	08.06.1956	04.10.1946
Date of Appointment	:	31.03.1995	29.01.2005
Qualifications	:	B.Com, DBM	BE (Metallurgical) CU, PG-Diploma - SQC & OR, Phd (Enginering) IIT Kharagpur
Expertise in specific functional areas	:	Industrialist-Strategic planning, managing and implementation of projects and overseeing business operations.	Expertise in Quality & Risk Management, Operation Research and Reliability Modelling
List of Companies in which outside Directorship held	:	**Chairman** Gontermann-Peipers (India) Limited Chattisgarh Energy Limited Global Steel Holdings Limited Global Steel Philippines (SPV AMC) Inc. Global Infrastructure Nigeria Limited Delta Steel Company Plc. Drum International Inc. GSHL-Brazil Mineracao S.A. **President of Supervisory Board** Global Ispat Koksna Industrija Doo **Directors** Global Technical & Management Services Ltd. Global Oil Resources (Georgia) Limited Global Resources Europe Limited Global Minerals & Metals Ltd.	Nil
Chairman/Member of the committees of the Board of other Companies on which he is a Director	:	Nil	Nil
Details of shareholding (Both own or held by/ for other persons on a beneficial basis), if any, in the Company.	:	5710 shares held in his name	Nil
Disclosure in terms of Clause 49(IV)(G)(ia) of the Listing Agreement: Disclosure of relation-ships between directors inter-se	:	Mr. Pramod Kumar Mittal is the father of Ms. Vartika Mittal, Director of the Company.	Nil

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 25th Report of your Company along with the standalone and consolidated Audited Accounts for the financial year ended 31st March, 2013.

FINANCIAL RESULTS

The financial performance of the Company, for 2012-2013, is summarised below:

(Rs. in Lacs)

		Financial year ended 31st March, 2013			Financial year ended 31st March, 2012
1	Sales/Income from operations		**71,531.58**		62,765.13
	Less: Excise Duty		**2,918.67**		3,695.03
			68,612.91		59,070.10
2.	Other Income		**1,664.20**		705.58
3.	Total Income (1+2)		**70,277.11**		59,775.68
4.	Total expenditure		**59,024.62**		48,575.26
5.	Profit before Interest & Finance charges and Depreciation (3-4)		**11,252.49**		11,200.42
6.	Interest and Finance Charges		**4,430.84**		4,653.37
7.	Depreciation / Amortisation		**1,749.05**		1,657.98
8.	Profit before Taxes (5-6-7)		**5,072.60**		4,889.07
9.	Provision for Taxes				
	– Current Tax	**1,873.89**		1,386.50	
	– Prior Year Tax	**320.26**		295.73	
	– Deferred Tax Charge/(Credit)	–	**2,194.15**	13.78	1,696.01
10.	Profit after Tax (8-9)		**2,878.45**		3,193.06
11.	Surplus brought forward		**15,967.37**		13,147.91
12.	Surplus available (10+11)		**18,845.82**		16,340.97
13.	Appropriations:				
	– Proposed Dividend	**321.45**		321.45	
	– Tax on Proposed Dividend	**52.15**	**373.60**	52.15	373.60
Surplus carried to the Balance Sheet (12-13)			**18,472.22**		15,967.37

TRANSFER TO RESERVE

Reserves and surplus of the Company stood at INR 28,242.54 Lacs (excluding revaluation reserve of INR 60,810.83 Lacs) at the end of the current financial year as against INR 25,737.69 Lacs (excluding revaluation reserve of INR 65,679.24 Lacs) at the end of the previous year.

FINANCIAL REVIEW

The Company has achieved highest ever production of 97,728 MT in the Financial Year 2012-13, with an increase of 4% over the previous year.

During the Financial Year 2012-13, our Company achieved a turnover of INR 71,531.38 Lacs compared to INR 62,765.13 Lacs in the Financial Year 2011-12. The Earnings before interest, depreciation and taxes stood at INR 11,252.49 Lacs as against INR 11,200.42 Lacs during the previous financial year showing a growth of 1%. Profit before taxes increased by 4% to INR 5,072.60 Lacs as against INR 4,889.07 Lacs during the corresponding previous year. The Net Profit after taxes stood at INR 2,878.45 Lacs as against INR 3,193.06 Lacs in previous fiscal. Basic earning per share of our Company has stood to INR 4.48 as against INR 4.97 during the corresponding previous year.

DIRECTORS' REPORT (Contd.)

DIVIDEND

Your directors have recommended a 10% Dividend successively for the third year for the financial year ended 31.03.2013 subject to the approval of Shareholders at the ensuing Annual General Meeting and necessary approval from Lenders. Under the Income Tax Act, 1961, the receipt of Dividend is tax free in the hands of the shareholders.

OPERATIONS

For the year ended 31st March, 2013 the production stood at 98466.22 MT as against 93,996 MT in the previous year 2011-12. There by achieving a growth of about 4.75 % than the previous year. Your company exported 61,355 MT valued at Rs. 44787.15 Lacs during the year under review as against 33,191 MT valued at Rs. 23,095.14 Lacs during the previous year 2011-12. Your company is putting all its efforts to maximize the Net Sales Realisation by optimizing the domestic and export sales mix. Further your company is focusing on optimum capacity utilization which is a critical factor for achieving sustained profitability and we have been achieving continuously even during adverse situation.

Sustainability will continue to be our core strength. Promoting safe working condition, planned production schedule, strategic cost reduction across supply chain and very clean and green working condition will continue to be our motto for achieving sustainability in our operations.

The continued practice of modern management initiatives such as TPM, Six Sigma, Lean JIT and SCM practices has immensely contributed in optimizing the cost and improving the productivity of your organization. Apart from that, plant's Equipment and Furnace up gradation is being done in areas like Tap hole drilling Machine, Electrode Automation level, Furnace Lining etc, with the help of Tenova Pyromet, South Africa.

EXPORT

Export of Ferro Chrome constitutes to 63.78 % of the turnover of the Company. The Company exported 61,385 MT valued at Rs 44,787.15 Lacs during year ended 31st March, 2013. Under review as against 33,191 MT valued at Rs 23,095.14 Lacs in the last year.

FUTURE OUTLOOK

At present, the Ferro alloy industry is facing problems due to high input prices - Manganese and Chrome Ores, Coal, Coke and Energy tariff; on the other hand it is not getting required prices from the steel producers. This has slowed down the production of Ferro alloys. Ferro alloys being intermediate products, their fortunes are linked to the state of well being of the steel industry. India is expected to show strong growth in steel use in the coming years due to its strong economy, massive infrastructure needs and expansion of industrial production. India is expected to be one of the highest steel consuming nations in the next decade.

Projections for current year GDP growth, despite downscaling, are optimistic enough if one looks at growth trends /conditions in leading global markets. More importantly for India is the fact that vast rural market remains insulated to quite an extent against global upheavals. General macro-economic policies and the focused approach to reforms are also critical for steel. The 12th Plan in fact, is expected to see the commissioning of the major expansion projects currently being implemented and which is expected to elevate crude steel making capacity to over 140 MT. At the same time, there exist many factors which carry the potential of raising the per capita steel consumption in the country.

It is optimistic aspects like these that are reflected in the projections on Ferro alloy industry during the 12th Plan period as well as evident in the projections made in the Report of the Working Group on Steel for the 12th Plan which indicates that based on the demand forecasts of steel, the total demand (domestic + export) of manganese alloys has been placed at 3.025 million tons during 2016-17, the terminal year of the 12th Plan. The corresponding value for Ferro chrome has been placed at 1.726 million tones. The Plan document also envisages that production of manganese and chrome Ferro alloys is likely to keep pace with rising demand during the 12th Plan and that the current capacity in different segments is expected to be adequate in meeting total demand domestic and export, both.

Moreover, the rapid developments in the industry, economy, policy and last but not the least, global market, since the release of the National Steel Policy 2005 has prompted a review the provisions of the said Policy keeping in mind the strong industry growth in recent past on one hand and the significant capacity expansion projects announced over the last few years, on the other.

With this steel scenario globally and domestically, the Ferro alloy industry estimates that the consumption of Ferro alloys will increase domestically in the coming years. The Indian Ferro alloy industry is geared up to meet both the domestic requirement of steel industry and maintain a high growth in exports.

DIRECTORS' REPORT (Contd.)

PROJECTS

The Sukinda captive mine is presently being operated through open cast system. The Company has planned to develop it with the capacity of 0.6 mtpa through underground method of mining. The development work on underground mining project has started. The Company will also built-up Ferro Chrome production capacity commensurate with the mine capacity.

ALLOTMENT OF CONVERTIBLE WARRANTS

The Committee for Preferential Issue of Warrants has allotted 33,00,000 (Thirty Three Lakhs) Convertible Warrants each to Dankuni Investment Ltd. and Navoday Consultants Ltd., being Promoter Group Companies on preferential basis of Rs. 5/- each at a premium of Rs. 11/- each on 19th October, 2012. These Warrants shall become due for conversion on or before 18.04.2014 i.e. within 18 months from the date of allotment.

MINES

The Company is having Chromite ore mines located at Sukinda Valley, Jajpur, Odisha, Manganese Ore mines located at Balaghat District, Madhya Pradesh and at Joda, Keonjhar District, Odisha.

The Chromite mines in Sukinda Valley (ISO 9001 certified) is being worked in a systematic manner with due regard to safety and environment. Our Company has bagged several prizes during this year in the Bhubaneswar Region Safety week / Mines Environment Mineral Conservation week like Overall performance, Storage, transportation & use of explosive, First Aid & OHS activities, General Working, Publicity & Propaganda, Maintenance of HEMM & Workshop, Recording & Analysis of Near Miss incidence giving testimony to our work culture. The reserve available for open cast mining is expected to exhaust in the next four years and therefore underground mining projects has been planned. The assignment of proving reserves at depth is in progress and the work of detail project report has been awarded to International reputed consultant. Underground mining project has already commenced and we expect the construction activities from January, 2014.

AWARD AND RECOGNITION

The Company has received many awards from various organizations in recognition of its contribution to the industry & society and for its outstanding performance. Some of the awards received for Mines during the financial year 2012-13 are mentioned below:

Safety Week Prizes from DGMS:

1.	First aid competition	2nd prize
2.	Safety and training	2nd prize
3.	Publicity and propaganda	1st prize
4.	Recording & analysis of near miss incidents	2nd prize
5.	Overall performance	2nd prize
6.	Welfare amenities	2nd prize
7.	Safety quiz competition	1st prize
8.	Best captain in first aid competition	1st prize
9.	Stretcher drill	3rd prize
10.	Best team first aid	2nd prize

MEMC WEEK 2011-12 (received in the year 2012-13)

Indian Bureau of Mines (IBM) awarded 2nd prize to BAL for noise, vibration survey & other scientific studies.

CORPORATE DEBT RESTRUCTURING

As the members are aware, the Company is under CDR mechanism. With its continued improvement and better financial performance compared to the projections made under the CDR, your Company has taken up the matter with its Lenders for exit from CDR mechanism.

DIRECTORS' REPORT (Contd.)

MANAGEMENT INITIATIVES

Since about last more than ten years, your company has been practicing management initiatives like "Six Sigma and TPM". From this year we have further strengthened these initiatives through additional recruitments with adequate certification in respective fields. We have also spared full time batches from business operations. Relevant training is being given to these candidates.

From this year we have also launched "Lean Management" as new initiative across the organization. We have also initiated for deployment of "Q1Ford Quality Management System" covering entire business stream.

The objective of all these initiatives is to transform our organization to a real world class. The implementation of SAP has already been completed. With minor teething problems, we are fast progressing toward its stabilization.

BOARD OF DIRECTORS

The Board of Directors accepted with deep regret the resignation of Mr B N Panda from the post of Director-Operations of the Company w.e.f. 6th April, 2013. Further, the Board of Directors in its meeting held on 30.05.2013 noted that, consequent upon retirement of Mr. S. M. Ali, Nominee Director of State Bank of India (SBI) from bank service on superannuation; SBI has taken a conscious decision for cessation of his directorship w.e.f. 22.05.2013 from the Board of the Company.

In accordance with the provisions of the Companies Act, 1956 and Article 149 of the Articles of Association of the Company Mr. Pramod Kumar Mittal and Prof. S K Majumdar, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Brief resume of the Directors seeking appointment, reappointment, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of the Listing Agreement, are provided as annexure to the Notice calling the Annual General Meeting forming part of this Annual Report.

SUBSIDIARY COMPANY

MILTON HOLDINGS LIMITED (MHL)

Milton Holdings Limited (MHL), Mauritius, a wholly-owned subsidiary, had invested through joint-venture in Manganese-ore mining projects in Brazil. As at the date of Balance Sheet, the Company has an investment in shares of MHL aggregating, in value, to USD 4.7351 million (Equivalent to Rs 2194.83. Lacs).

BALASORE METALS PTE. LIMITED

Balasore Metals Pte. Limited Singapore, a wholly-owned subsidiary of the Company. As at the date of Balance Sheet, the Company has an investment in share of Balasore Metals PTE. Limited aggregating, in value, to USD $ 1.00.

Statement pursuant to Section 212 of the Companies Act, 1956 relating to MHL & Balasore Metals PTE. Ltd as at 31st March, 2013 is also annexed to this Report.

CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statements of the Company and its subsidiary, prepared and presented in accordance with Accounting Standard (AS) 21, are attached to and form part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

i. In the preparation of the annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed and there have been no material departures;

ii. 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 at the end of the financial year and of the Profit of the Company for that year;

iii. 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

iv. The Directors have prepared the annual accounts for the financial year ended 31st March, 2013 on a going concern basis.

DIRECTORS' REPORT (Contd.)

AUDITORS

The Company's Auditors M/s S. R. Batliboi & Co. LLP, Chartered Accountants resigned from the position of Statutory Auditors of the Company with effect from 17th April 2013. The resignation was considered and accepted by Board of Directors on 23rd April 2013.

In the Extra Ordinary General Meeting held on 20th May, 2013, M/s Chaturvedi & Shah, Chartered Accountants has been appointed as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s S. R. Batliboi & Co. LLP, Chartered Accountants, to hold office upto the conclusion of the forthcoming Annual General Meeting at a remuneration as may be determined by the Board of Directors.

The Company has obtained a letter from the Auditors to the effect that reappointment, if made, will be within the limits specified in section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT

In relation to the matters dealt with by the Auditors in their Audit Report, we have to state that:

1. North Eastern Electricity Supply Company of Orissa Limited (NESCO) has revoked the waiver of dues granted under a settlement in an earlier year and disputed on take or pay benefit claimed during the year. The Company has paid and, on conservation basis, provided Rs 3,400 lacs towards such claims upto 31st March, 2013. The matter is pending with Honorable High Court of Orissa & Appellate Tribunal respectively. The company is actively pursuing the matter legally and hence no further liability has been accounted for in this financial result.
2. As regard to loans of INR 500.00 Lacs and interest receivable of INR 366.98 Lacs, negotiations are going on with the parties. Management is hopeful to receive the amount in full.
3. The computation of recompense amount for the period from 1st April, 2007 to till date is being computed by the Consortium bankers and they are in process to crystallize the same. On finalization of the recompense amount, necessary action will be taken.
4. The Company has taken necessary steps to regularize the matter in regard to use of short term funds to the extent of INR 10,659.46 Lacs for long term investment as referred to in the point no. 17 of Annexure to the Auditors' Report. It was necessitated to meet certain long term requirements and future growth of the Company.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement with Stock Exchanges, the Management Discussion and Analysis and Corporate Governance Report together with the Certificate from the Auditors of the Company confirming compliance of the conditions of Corporate Governance form a part of the Annual Report.

Your Company has taken adequate steps for strict compliance with the Corporate Governance guidelines, as amended from time to time.

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

CEO AND CFO CERTIFICATION

In accordance with the provisions of the Listing Agreement pertaining to corporate governance norms, Mr. Anil Sureka, Managing Director of the Company and Mr. R K Parakh, CFO of the Company have certified inter-alia, about review of financial statements and establishing & maintaining internal control to the financial reporting for the year ended 31st March, 2013. The said certificate forms an integral part of annual report.

DIRECTORS' REPORT (Contd.)

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The statement of particulars pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and forms part of the report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES FRAMED THEREUNDER

The statement of particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, is annexed hereto and forms part of the report.

COST AUDITORS

Pursuant to the Cost Audit Order dated January 24, 2012 issued by the Ministry of Corporate Affairs (MCA), the Board of Directors has appointed M/s. Shome & Banerjee, Cost Accountants, as Cost Auditors of the company to conduct audit of the Cost Records, maintained by the company as prescribed under section 209(1)(d) of the companies act 1956 in respect of its ferro chrome / charge chrome manufacturing plant at Balgopalpur - 756 020 Dist. Balasore, Odisha, for the Financial Year ended March 31, 2013. The appointment has been approved by the Central Government.

The Report of the Cost Auditors for the Financial Year ended March 31, 2013 is under finalization and will be filed with the MCA within the prescribed period.

Based on the Audit Committee recommendations, the Board of Directors at its meeting held on May 30, 2013, has approved the re-appointment of M/s. Shome & Banerjee as the Cost Auditors of the Company for the Financial Year 2013-14, for the products falling under Central Excise Chapter Heading 72 maintained by the Company. The appointment is subject to approval of the Central Government.

PERSONNEL

In continuation of the last year challenges your company shows pragmatic, proactive and holistic approach towards their employees to enhance the satisfaction level of each and every employee. Human relations and cordial industrial Relations continued to remain the core strengths of your company last year. The company is in process to finalise a long term settlement for 3 years for unionized workers of your company in a peaceful and cordial atmosphere. Right to freedom of association and collective bargaining has been established through joint consultation with office bearers of the Unions, grievance handling mechanism etc. A congenial atmosphere has been created through an environment of mutual trust and transparency between the Management and Union bodies. Efforts are made to implement the best practices like leveraging and upgrading framework for competitive advantage, development of talent pipeline to match Company's growth ambition, creation of young leaders and creating of performance driven culture. Your Company also encourage work life balance for employees.

ACKNOWLEDGEMENT

Your Directors express their sincere appreciation for the continued co-operation and support extended to the Company by the Central Government, the Government of Odisha, Government Agencies, Company's Bankers, Business Associates, Shareholders and Community at large. Your Directors also express their warm appreciation to all employees for their diligence and contribution.

For and on behalf of the Board

Kolkata	**Anil Sureka**	**M Trivedi**
30th May, 2013	*Managing Director*	*Director*

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

i) Furnace 4 & 5 Gas Cleaning Plant F.D Cooler Axial Flow Fans Impeller replaced from Metallic to FRP.

ii) Furnace - 3 Cooling Tower Fan-1 Blade Assembly Replaced From Metallic to FRP.

iii) Time switches installed for outdoor lights in plant for automatic switching ON & OFF.

iv) Gas Cleaning Plant & 132 KV switch yard area lighting connected from lighting transformer.

b) Additional investments and proposals, if any, being implemented for Energy conservation:

i) Installation of VFD in ID fan of Furnace-5 Gas cleaning plant. (Investment Rs. 10 Lacs).

ii) Replacing 36 watt florescent tubes by T5. (Investment Rs. 1.6 lacs).

iii) Installation of VFD in Screw compressor. (Investment Rs. 4.0 Lacs).

iv) Replacement of reciprocating compressor by Screw compressor. (Investment Rs.13 Lacs).

v) Installation of lighting transformer to reduce lighting voltage in administrative building & MRP. (Investment Rs.1 lac).

c) Impact of measures at (a) & (b) above for reduction of energy consumption & consequent impact on the cost of production:

i) Sl No-1 Annual saving 96272KWH @Rs 5.6/KWH = Rs. 5,39,125.40

ii) Sl No-2 Expected Annual saving after implementation all five projects- Rs. 6,84,000.00

Impact on cost of production/MT on account of reduction in auxiliary power consumption will be Rs12.14 (considering production volume of 1,00,000MT/annum).

d) Total energy consumption and energy consumption per unit of production.

The required data with regard to conservation of Energy as applicable to our Industry is furnished below:

	For the year ended 31.03.2013	For the year ended 31.03.2012
i Power & Fuel Consumption		
1) Electricity		
a) Purchased Units (in '000')	**356899**	351995
Total Amount (Rs in Lacs)	**16870**	16880
Rate/Unit (Rs)	**5.08**	4.80
b) Own Generation through		
Diesel Generator Units (in '000')	**Nil**	Nil
Unit per ltr of LDO/Furnace oil	**Nil**	Nil
Cost/Unit(Rs)	**Nil**	Nil
2) Coal & Coke(Low Ash Coal used in process)		
Quantity (MT)	**70893**	60897
Total cost (Rs in Lacs)	**13530**	11948
Average Rate (Rs / MT)	**19085**	19620
3) Furnace Oil / LDO		
Quantity (Ltr. in '000')	**1000**	1031
Total Amount (Rs in Lacs)	**418**	380
Average Rate (Rs / Ltr)	**41.75**	36.86
Consumption per MT of production		
Electricity (Unit)	**3625**	3745
Coal (MT)	**0.72**	0.65

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

B. TECHNOLOGY ABSORPTION

1) Research & Development (R & D)

a) Specific areas in which R & D was carried out by the Company

1. To improve the productivity of the furnaces Tennova Pyromet of South Africa has been assigned and some immediate suggestions have been implemented such as Raw Material Sizes, Transformer loading, electrode operation etc.
2. Mud gun and drilling machine has been installed at one Furnace and being studied.
3. Ladle / Slag pot pre heating started using.

b) Benefit derived as a result of the above R & D

The R & D efforts helped in reduction of cost of production, improvement in production process and metal recovery.

c) Future plans of action

i) Feasibility of Production of Value Added Products like Low Carbon Ferro Chrome by AOD process

ii) Ladle preheating

iii) Pneumatic conveying of Lime in Briq. Plant

d) Expenditure on R & D

i) Capital	Expenses incurred are charged to respective heads and not allocated separately.
ii) Recurring	
iii) Total	
iv) Total R & D Expenditure (% of total turnover) :	Not determinable.

2) Technology Absorption, Adaptation & Innovation

a) Efforts, in brief, made towards technology absorption, adaptation and innovation.

i) Furnace-5 Transformer OLTC Replaced from 350A to 600A for full Capacity Utilisation to Increase Productivity.

ii) 132KV 15 MVA Power Transformers OLTC replaced.

iii) Radio Remote Control Installed in 25/10T EOT Crane.

b) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.

The above efforts have helped in cost reduction.

c) Future plans of action

i) Development of Underground Chrome Mines.

ii) Built up Ferro Chrome production capacity.

d) Particulars of technology imported during the last five years

Not applicable.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to Exports, Initiatives taken to increase Exports to new export markets for our products and Export Plan.

i) Activities relating to Exports

The Company has exported 61,385 MT valued at INR 44,787.15 Lacs during the financial year ended 31st March, 2013. Long term assured volume contracts with customers have been developed. Special emphasis has been given on timely shipment and strict adherence to all quality and product norms of foreign buyers.

ii) Initiatives taken to increase exports

a) **Expand Product basket :** Various special grade of High Carbon Ferro Chrome is developed to meet niche customers/market requirement in close coordination with Production, PPIC, SCM and CRM department.

b) **Flexible payment terms**: To minimise financial costs of the customer, company is working with ECGC and various banks to extend flexible payment terms convenient to the customers.

ANNEXURE TO THE DIRECTORS' REPORT (Contd.)

c) **JIT Delivery :** To minimise inventory costs of the customer, facilitating staggered deliveries as per requirements of the customers and also working further on stock and sale to various long distance market where transit time is high for the buyers.

d) **Quality Assurance** : Apart from our own Quality assurance certification, company is arranging inspection by an Neutral surveyor at load port for all export shipment. Material is moved from plant to port duly packed and sealed bags and trucks to avoid any in-transit theft and pilferage. Any customer complaint is accorded highest priority.

e) **Customer service**: A single window service on 24x7 basis is provided to customers for all matters related to their orders.

f) **Technical service**: A Technical team has been developed to provide full technical support to the customer regarding usage of our product in their production process. Technical team is visiting customers from time to time to understand their need and process innovation.

g) **Customer Visits**: Regular visits has been initiated to customer's place. Customer's are also invited to visit our plant and mines in order to make a bonding with the customers.

h) **Expand Customer basket** : Global demand mapping has been done to understand the customer's need and target various untapped countries and attracting OEMs to expand our market reach and at the same time retain reliable and sustainable customers to increase customer base.

i) **Customer Satisfaction Survey**: Conducting Customer Satisfaction Survey at regular intervals by an Independent Agency to get true and fair feedback of the customers on the quality and services. Voice of the customers are captured for identifying opportunities for improvement in order to meet Industry bench mark for customer satisfaction by continual improvement in quality of products and services.

j) **Long term Off Take Agreement**: Entering into long term off take agreement with various customers to develop regular and stable buyers.

iii) Development of new export markets for products: To promote our product in different parts of the world, new customers and special grade of FeCr are identified by participating in seminars and customer visits in different regions/areas.

2. Total Foreign Exchange used and earned

	(Rs in Lacs)
– Foreign Exchange Earnings (on Accrual Basis)	
FOB Value of Exports	41,037.06
– Foreign Exchange Outgo	
1. CIF Value of Imports	
– Raw Materials	2,038.27
– Stores & Spares	–
2. Other Expenditure	907.95

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report

Name	Age (Years)	Designation/ Nature of Duties	Gross Remuneration (Rs)	Net Remuneration (Rs)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment
Anil Sureka	57	Managing Director	1,42,91,082	1,05,12,221	B. Com & Company Secretary	40	17.04.2012	JSW Ispat Steel Ltd

Notes :
1. Gross remuneration comprises salary, allowances, medical reimbursement, production incentive, leave travel assistance, contribution to provident fund, monetary value of other perquisites, etc.
2. Net Remuneration is after Income Tax, Professional Tax, Employee's own contribution to Provident Fund and recreation club membership.
3. The nature of employment is contractual. The employee is not a relative of any Director of the Company.

For and on behalf of the Board

Kolkata
30th May, 2013

Anil Sureka *Managing Director*

M Trivedi *Director*

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Five years after the global financial crisis, the world economy continues to remain delicately poised. Fiscal 2012-13 was increasingly challenging for the globe with a further deceleration in economic growth as instability of developed nations persisted and reined in the hitherto accelerated economic progress of emerging economies.

International Monetary Fund reported in April, 2013 that global output is estimated to have grown only by 3.2% in 2012 significantly lower than 4% growth recorded in 2011.

The Advanced Economies remained on a declining growth trajectory recording only a 1.2% growth in 2012 against 1.6% in 2011. Such weak performance is largely attributable to the euro area which contracted by 0.6% during the year partially offset by a better showing by the US which grew by 2.2% against 1.8% in 2011 and Japan which got back to growth territory. The emerging market & developing economies, as a group, saw a marked decline in growth rates – from 6.4% in 2011 to 5.1% in 2012 with the major constituent countries viz. India, China, Brazil, Russia all recording significant deceleration.

The Indian economy slowed considerably during the year 2012-13 with Real GDP growth estimated at 5%. The slowdown in the pace of growth is largely attributable to weakness in Industry which grew by only 3.1% during the year. The Manufacturing sector, which accounts for 55% of industry, recorded a dismal 1.9% growth during the year. Growth in the Agricultural sector has also been weak partly due to the sub-normal rainfall in the initial phases of the south-west monsoon. The pace of growth in the Services sector the key driver of economic growth over the last few years also decelerated to 6.6%, well below the trend growth levels.

As per RBI estimates, the Indian economy is expected to grow by 5.7% during 2013-14 representing only a modest improvement over the previous year 5.0%. While agricultural growth is expected to return to trend levels on the assumption of normal monsoons, the outlook for industrial activity remains subdued given the slow pace of investments and structural bottlenecks such as shortage of power, coal, natural gas and disruptions in mining activity in some States. Growth in services and exports is also likely to be sub-par in the backdrop of a sluggish world economy. WPI inflation during the year is expected to be range-bound around 5.5% on the expectation of higher agricultural output and benign commodity prices.

Despite the changing and volatile economic environment, the global market offers substantial opportunities and the Company is fully geared to navigate through the changing demands and customer expectations.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Steel, the most versatile of all materials contains iron as the main constituent aside from the other elements that give each sort of steel certain properties. These elements are combined with liquid iron in the form of Ferro alloys to get the intended composition and properties. Thus, Ferro alloys are important additives in the production of steel and the Ferro alloy industry is vitally linked for its growth and development to that of the steel industry. India's Ferro alloy manufacturing, a part of the core sector under Ministry of Steel, is providing input to the steel sector around the globe. Use of Ferro alloys depend upon the process of steelmaking and the type of steel being manufactured and the end use.

Ferro alloys production in India is about six decades old. In India bulk Ferro alloys production through electric submerged arc furnace route made a beginning in late 1950s. In 2002, with the increase in demand of steel, the Ferro alloys market started improving and some more plants were added in the states of West Bengal, Odisha and Andhra Pradesh for the production of manganese and chrome alloys. With the liberalisation policy, the industry has also been given broad-banding facility and a producer of Ferro alloys, can switch over their furnace for producing any Ferro alloy, depending on the market conditions. After initiation of the liberalisation programme, there has been a spurt in the export of bulk Ferro alloys, like all other products. India has reasonable resources of manganese ore and chrome ore to meet the requirement of bulk Ferro alloys industry.

Ferroalloy units are an adjunct to the carbon and special steel industry. Logic demands that capacity build-up in ferroalloys will stay in sync with expansion in the steel industry plus export prospects in the near and medium term of alloys in the manganese and chrome families. It is, therefore, logic, defying that Industry went ahead to build ferroalloy capacity of about 5 million tonnes (mt), including 3.05 mt of manganese alloys, 1.58 mt of chrome alloys. However about 40% of the capacity is idle due to a combination of poor planning, poor economics and local problems (labour, electricity, management issues etc). Since last two decades Indian Ferro alloys industry has experienced many ups and downs and struggling for its existence and sustenance in the global market. Though India continues to be in a disadvantageous situation with respect to the cost competitiveness of leading Ferro alloys manufacturing countries, but it has been placed as a significant and consistent player in the Ferro alloys market.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Interestingly, large languishing capacity in the industry has not dissuaded some units in the chromium and Manganese segment from building new electric furnaces. The totally integrated units with upstream facilities like Ore and coal mines and power and, therefore, belonging to the lowest cost quartile, could find justification in owning more capacity. This is no less due to their success in exports. At the same time, irrespective of the benefits that some individual constituents may derive by building new furnaces, large capacity overhang does not do the industry any good. Ferroalloys capacity was built to the present level anticipating much faster growth of the Indian steel industry. Capacity with ferroalloys units in the country could support steel production of over 120 mt. But, our 2012 steel production was up 4.3 per cent year-on-year to 76.7 mt. Second, some groups ventured into the ferroalloys sector without the advantage of backward integration thinking investments would fetch good returns. Meantime, the finances of local units without either captive mines or power will be further stretched, not a little due to the weight of imports. Unlike in China, uneconomic and environment unfriendly industry capacity here is not extinguished by government edict. But in the natural process, some highly underperforming units buying ores and power from external agencies will perish. The developing situation will create opportunities for fully integrated groups having surplus ore and power to buy struggling standalone furnaces.

GLOBAL OVERVIEW

Although demand for stainless steel is showing a slow and variable recovery across the world, the overhang in supply, especially from China, is still dominating the market. Stainless steel producers in Europe are finding themselves in challenging times as they balance the stagnant demand in Europe with maintaining their market share in an environment of rising and cheaper imports from Asia. Turning to the ferrochrome market, lower supply from South Africa has resulted in higher price settlements outside China and drove a higher European Benchmark Price, as South African producers shut furnaces to take advantage of electricity buy-back agreements and avoid higher costs from rising electricity prices.

There continues to be a tight spot market as South African producers deliver on long term contracts at the expense of the spot market given the lower production and higher cost dynamic. The demand and supply in China has been balanced however stainless steel producers have been quoting lower FeCr spot prices in recent weeks. China is main stainless steel producer in the world. In 2012, China produced 15.50 Mill Ton stainless steel and expected to produce 16.70 Mill Ton in 2013. The demand for ferrochrome is also increasing every year. Although China is also big ferrochrome producer, China domestic production cannot reach the demand and imported ferrochrome from other countries every year. In 2013, China expected to produce 3.60 Mill Ton ferrochrome, and will import 1.75 Mill Ton ferrochrome mainly from South Africa, Kazakhstan and India.

In 2013, the world stainless steel market demand will increase by 4%. Although this year's international stainless steel market meets a lot of turbulence on the international factors and lower demand situation, on the whole, the global stainless steel market demand will grow slowly. Brazil, Russia, India and China, which is known as the four BRIC countries are still the major countries of the global demand for stainless steel, and other countries in the stainless steel market is basically at a standstill. Generally speaking, the stainless steel market this year compared with previous years is not at strong stage, and this situation cannot be changed in a short period of time. In 2013, the global stainless steel will reach new record, to 36.0 Mill Ton in the world. The main forces are from Asian countries.

INDIAN OVERVIEW

Since liberalization, the Indian Ferro alloy industry has become global and has propelled India to global recognition by emerging as an important forex earner and also having the potential to make India the hub for Ferro alloys to the world.

The earnings from sales has been re-invested by the industry in setting up of facilities like captive power plants, operating coal mines, ore mines which in turn have generated large scale employment and also in social activities like setting up residential complexes, schools, colleges and hospitals, etc., in under-developed areas. Ferro alloys industries are located in remote areas in States of Odisha, Chhattisgarh, Karnataka, Kerala & Andhra Pradesh. This has resulted into up liftment of tribal people and backward areas. Electricity generation by the Ferro alloys Industry through captive power plants is also supplied to the grid, thus increasing availability of power in India. Also, the Ferro alloy industry is a large and important consumer of power especially in the Southern and Eastern Region–particularly Odisha, West Bengal and Andhra Pradesh.

The Ferro-alloys industry is spread all over the country. Out of the sixteen states having Ferro alloys manufacturing facility in India, Odisha (1.58 Mill Ton), West Bengal (1.08 Mill Ton), contributes about 55% of the total capacity. In Ferro Alloys Industry Power is the most important requirement next to the basic ore. Costs of Power constitute about 40% of the cost of production. Country has historically suffered from power shortages and high cost w.r.t the competitors. High power costs have really bogged the industry down and moreover the power prices are not uniform throughout the states. Ferro Alloy Industries in Odisha and West Bengal are passing through a very critical phase due to frequent rise in power tariff which has rendered the Industry uneconomical.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

The Ferro alloy industry presently has highly qualified manpower and state-of-the-art equipment that has enabled the country to rule the international markets. Presently the industry in this country needs power generation that costs reasonable and economic wheeling charges, which will enable it to earn substantial foreign exchange for the country that will give Indian economy a significant boost. Uniform electricity tariff need to be made available at internationally comparable tariff for Ferro alloy industry. The industry believes that if power is made available at internationally comparable tariff then it may get a level playing field with respect to international competitors and this would boost the export performance of the Indian Ferro alloy industry. There is tremendous potential to increase exports, after fully meeting domestic demand, provided the industry is accorded competitive global parity in power tariff.

OPPORTUNITIES AND THREATS

Opportunity

South Africa's power problem has made South Africa a problematic country for future production of Ferro Chrome and consumers started looking for alternative supply source. India with over capacity of Ferro Chrome production has a good opportunity to fill the supply gap.

Continuous depreciation of Indian Rupee is opening more export opportunities for the company. Scope for improving infrastructure, Industrial and Economic Reforms are the other opportunity area for the Ferro Alloys Industry.

Threats

Depleting reserves of Country's chromite ore is a major concern for the Industry. Therefore immediate efforts are required for underground method of mining as well as step up R&D activities to develop techno-commercially feasible techniques of low grade Ore beneficiation.

Rising power rates in the state of Odisha, Rising production of Ferro Chrome in China and depreciation of South African Currency Rand are the other major threats for the Industry.

FUTURE PROSPECTS & COMPANY'S STRATEGIES

Power supply problems in South Africa have been a major source of volatility for FeCr prices over the last few years, as South African state power utility Eskom has struggled to provide enough electricity for industrial and residential users. Ten years ago, over half the world's FeCr came from South Africa, but since then Kazakhstan, India and China have all risen in prominence, with China moving into top spot last year.

South Africa continues to face power problems; currently Eskom is engaged in a power buy-back agreement with FeCr producers resulting in the probable loss of about 100,000 tons of production in 2013 Q2. Even if this cutback is reversed in the second half of 2013, South Africa's expensive winter tariffs will then kick in, further impacting utilizations rates. Meanwhile, China is importing record amounts of chrome ore, the precursor to ferrochrome, for its own rapidly expanding FeCr smelting industry. As a result, China is now a larger producer of FeCr than South Africa and expansion plans will ensure the country contributes a significant proportion of an expected global rise in FeCr production which is estimated to be 9.75 Mill ton during 2013. While China's share in Global FeCr production is expected to go up from 33% to 36% in 2013, South African share is expected to fall from 32% to 30% this year. Following supply problems in recent years, several new investments will be adding capacity for some time to come; in 2014 the global supply expected to increase to 11.25 Mill Ton owing to additional production from major projects such as Xstrata's Lion2 ENRC's Aktobe and Outokumpu apart from China. Some 85% of FeCr production is consumed by the stainless steel industry, so the extent to which the market can absorb this new production depends largely on the health of the stainless industry.

It is not before 2014 that global growth is expected to pick up strongly, particularly in emerging markets with stainless consumption of FeCr driving demand growth. Global stainless steel production is expected to increase to 35.5 to 36 Mill Ton this year, followed by a 37.5-38 Mill Ton in 2014 and this is translating into a ferrochrome demand growth to 9.8 Mill Ton in 2013 and 11 Mill Ton in 2014.

The Sukinda captive mine is presently being operated through open cast system. The Company has planned to develop it with the capacity of 0.6 mtpa through underground method of mining. The development work on underground mining project has started. The Company will also built-up Ferro Chrome production capacity commensurate with the mine capacity.

MANAGEMENT OF RISKS AND CONCERNS

The Company believes that business projections have an inherent element of uncertainty owing to unknown factors and presumed that managing risks is a paramount need for ensuring present and future growth plan. Over the years, the Company has encountered several risks and concerns during the process of its business. In keeping with problem solving approach that characterized the Company, it has taken several steps to counter and mitigate these, while simultaneously pursuing every possible risk.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Any economic slowdown can adversely impact the demand-supply dynamics and profitability. Flux in prices will also affect operating margins. Our Company too is vulnerable to these changes.

Wherever possible and necessary, appropriate insurance cover is taken for financial risk mitigation. Confirmation of compliance with applicable statutory requirements are obtained from the respective unit/divisions and subjected to an elaborate verification process. Quarterly Reports on Statutory Compliances, duly certified, are submitted to the Audit Committee as well as the Board of Directors for review. Compliance(s) with exception(s), if any, are duly reported to the Audit Committee and the Board of Directors. Status of Demand/Notices on the Company, under various Acts and Rules, as well as status of litigations are reported to the Board of Directors every quarter.

The Company recognizes that risk management is an integrated and process oriented approach for managing its business risks and opportunities. Accordingly, the Company has clearly identified and segregated its risks into separate components, i.e., potential, operational, financial, strategic and growth execution. All the identified risks are inter-linked with the Annual Business Plans of the Company so as to facilitate Company-wide reviews.

Further, the Company have engaged with a reputed consultant to again revisit / reassess the Risk Management frame of the Company to identify the method / process of identification and mitigation of the risks.

A Risk Management Committee of Board of Directors, comprising of Board Members, has been constituted to review periodically updates on identified risks, implementation of mitigation plans and adequacy thereof, identification of new risk areas etc. The risk Management Committee constantly monitor the pro-active approach and meets periodically to identify and assess new risks, formulate mitigation plans, review the updates on the identified risks and implementation of the mitigation plans etc. The Board of Directors also reviews the Risk identification process and mitigation plans regularly.

OPERATIONAL PERFORMANCE

For the year ended 31st March, 2013 the production stood at 98466.22 MT as against 93,996 MT in the previous year 2011-12. Thereby achieving a growth of about 4.75 % than the previous year. Your company exported 61,355 MT valued at Rs.44787.15 Lacs during the year under review as against 33,191 MT valued at Rs. 23,095.14 Lacs during the previous year 2011-12. Your company is putting all its efforts to maximize the Net Sales Realisation (NSR) by optimizing the domestic and export sales mix. Further your company is focusing on optimum capacity utilization which is a critical factor for achieving sustained profitability and we have been achieving continuously even during adverse situation.

Sustainability will continue to be our core strength. Promoting safe working condition, planned production schedule, strategic cost reduction across supply chain and very clean and green working condition will continue to be our motto for achieving sustainability in our operations.

The continued practice of modern management initiatives such as TPM, Six Sigma, Lean Management and SCM practices has immensely contributed in optimizing the cost and improving the productivity of your organization. Apart from that, plant's Equipment and Furnace up gradation is being done in areas like Tap hole drilling Machine, Electrode Automation level, Furnace Lining etc, with the help of Tenova Pyromet, South Africa which will help in optimisation of productivity.

The Company has planned to develop its mine with a capacity of 0.6 mtpa through underground method of mining. The mine is presently being operated through open cast system. The development work on Underground Mining Project has started. The Company will also built up Ferro Chrome Production capacity commensurate with the mine capacity.

QUALITY ASSURANCE

The company continue to have ISO 9001: 2008 and ISO 14000 accreditation from the Bureau of Indian Standards through commitment to quality and technological excellence and Environmental Management System. The company is committed to maintain the highest quality of its products and stringent quality assurance procedure with continuous efforts to maintain the Environmental system. Apart from the existing equipment, we have installed one Wave length dispersive X-ray- Fluorescence (WDXRF) for better accuracy of testing, which will reduce the testing time.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

ENVIRONMENTAL AND SAFETY MEASURES

Your Company continues to give highest priority to all matters related to environmental protection as well as safety of its employees. The Company has been very careful in maintaining all statutory and legal norms related to Environment and Safety. Balasore Alloys Ltd, an ISO-14001 certified Company with the help of structured Environmental Management System has taken care of all the environmental aspects and the emission & discharge levels are much below the statutory norms. The plant continues to work on a Zero discharge model as the entire waste water is recycled and is used in the system and horticulture. The solid waste is utilized as a good replacement for stone chips for construction purposes. Your Company continues to carry out the Plantation programme at local villages keeping in mind the objective of Greenery development for better environmental balance. Moreover, your Company has strengthened its effort with massive plantation at Mines. Safety of employees, visitors and local people has also been accorded high priority and all unsafe conditions & practices have been monitored, controlled and eliminated through periodic review, audit and observations. Innovative practices like detailed Hazard analysis, Near miss situation analysis, on-site emergency mock drill reduced the un-safe practices creating a better and safe work Environment. Round the clock Ambulance and Fire Tender service is maintained to meet any emergency in the factory or the neighbouring areas. Your Company has ensured compliance on all statutory provisions and norms related to environment and safety. Your company have taken some new initiatives for preventing accidents & incidents, out of them stringent monitoring of safety through different safety circles and Implementations LOTO (Lock out & Tag Out) for energy isolation during shutdown work. Also implemented different safety check sheet for equipments (EOT Crane, Conveyer Belt & Fire extinguishers) to inspect periodically. A mile stone of 2.35 million accident free man-hours which meet Occupational Health & Safety policy objective and commitment.

CORPORATE SOCIAL RESPONSIBILITY

Your Company believes that any progressive activity cannot be carried out without sustainable development and growth of the society as a whole. Keeping in mind of this fact your Company discharges its social responsibilities in a proactive manner with the help of its dedicated team. The CSR activities have been aligned with the Vision of the company and the activities are being carried out regularly. Some of the initiatives undertaken during the year are given below:

a. Assistance to poor and needy.

b. Environmental protection through tree plantation.

c. Drinking water facility in the neighbouring villages.

d. Street Light facility in the neighbouring villages.

e. Health Check-up Camp.

f. Distribution of Blanket in winter.

g. Construction of Class Rooms in School.

INTERNAL CONTROL SYSTEMS

Control ensures that freedom of management is exercised within a framework of checks and balances and is designed to prevent misuse of power, facilitate timely management of change and ensure effective management of risk.

Based on that premise, the Company remain committed to ensure the prevalence of an effective internal control environment commensurate with its size and nature of business that provides reliable financial and operational information to ensure compliance of corporate policies and applicable statutory regulations and safeguards Company’s assets. The internal audit process includes review and evaluation of effectiveness of the existing processes, controls and compliance. It also ensures adherence to policies and systems and mitigation of the operational risks perceived for each area under audit.

To exert control, there is full fledged internal audit function which is headed by a firm of independent Chartered Accountants to monitor adherence to all internal policies and procedures as well as compliance with all external regulatory guidelines. The Company has an elaborate financial reporting process which ensures timely review of all financial information. Periodic reviews are undertaken through internal and external audit teams to monitor efficacy of the prevalent systems. Independence of the audit and compliance function is ensured by a direct line of reporting to the Audit Committee comprising of all Independent Directors as members to maintain the objectivity.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

The Audit Committee of the Board provides re-assurance to the Board on the existence of effective internal control environment that ensures:

- Efficacy and effectiveness of operations
- Compliance with the relevant statutes
- Safeguarding of assets and adequacy of provisions towards all liabilities
- Reliability of financial and management information along with adequacy of disclosures

All significant audit observations and follow-up actions are reported to Audit Committee. The Audit Committee's observations and suggestions are acted upon timely by the Management.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

(Rs in Lacs)

	Financial year ended 31st March, 2013	Financial year ended 31st March, 2012
1. Turnover	68,612.91	59,070.10
2. Total Income	70,277.11	59,775.68
3. PBDIT	11,252.49	11,200.42
4. Profit before Taxes	5,072.60	4,889.07
5. Profit after Taxes	2,878.45	3,193.06

The net profit for the year was at INR 2,878.45 Lacs and the Company has announced a dividend of 10% successively for the third year.

The Company achieved impressive performance with the improvements across key parameters. The turnover achieved for the year ended March 31, 2013 was INR 68,612.91 Lacs registering a growth of 16% over the previous year. During the year the Company's main focus was exports to book sales of INR 44,787.15 Lacs higher by 94% over the last year.

The consumption of raw materials increased by 16% from INR 26,299.71 Lacs to INR 22,604.80 Lacs. This was mainly on account of increase in consumption of coal and coke and higher production over corresponding financial year.

Power and fuel cost increased by 19% from INR 16,880.30 Lacs to INR 20,077.18 Lacs. The increase was mainly on account of provision of INR 3,400 Lacs paid by the Company against ongoing power dispute and increased volume of production as compared to previous year.

PBDIT stood at INR 11,252.49 Lacs against INR 11,200.42 Lacs over corresponding financial year.

Interest and finance charges decreased by 5% from INR 4,653.37 Lacs to INR 4,430.84 Lacs. The decrease was mainly due to effect of repayment of term loan during the year.

PBT stood at INR 5,072.60 Lacs as against INR 4,889.07 Lacs for the previous year, showing an increase of 4%.

PAT stood at INR 2,878.45 Lacs as against INR 3,193.06 Lacs for the previous year.

The Basic Earnings per Share (EPS) for the year was INR 4.48 as against INR 4.97 and the Diluted Earnings per Share (EPS) for the year was INR 4.30 as against INR 4.97 for the previous year.

Shareholders' funds (Net worth) increased from INR 29,104.07 Lacs to INR 31,872.92 Lacs as on March, 2013 registering a growth of 10% over the previous year.

HUMAN RESOURCES OF THE COMPANY

Your Company has established systems and procedures which are instrumental for realizing the full potential of human capital, the prime moving force for overall excellence. The Human Resource (HR) philosophy in your Company is to foster performance, transparency, team work, fairness and empowerment at all levels. The Company believes in equal employment opportunity and fair practices in respect of all matters. Skill and knowledge up gradation has remained as one of the focus areas of the Company so that a

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

vibrant workforce is developed to meet the present and future requirements. Competency assessment process has been started for manager and above employees through external assessors in assessment centre. Special focus was given in areas like nurturing future leaders, role clarity, empowerment, organizational development, employee engagement, team work to facilitate a performance driven culture. As the Company looks to expand its business, it aims to develop a cohesive workforce through leadership, management, talent management and transparent performance management system. The individual goals have been synchronized with organizational goals and the young and energetic team of our Company is marching ahead in its quest for excellence. The human resource policy of the Company focuses on equal opportunity and fair treatment for all and there is a focus on attraction and retention of best talents. The Board records its appreciation for the support of employees at all levels and looking forward to their total involvement in the growth process of the Company.

INITIATIVES TOWARDS OPERATIONAL EXCELLENCE

The Company is consistently practising various strategic management initiatives with an objective to operate at optimum level, exploit favourable market condition & continually improve upon the operational performance. The enthusiasm demonstrated by these initiatives being championed by various head of functions and the results of these efforts have enabled these initiatives to gather momentum under the Business Excellence approach. Active involvement of employees across the organisation and structure review mechanism put in place at the apex level has made these initiatives contributing towards operational excellence and growth of the organization.

Systematic use of quality Management principles and tools has contributed in achieving the objectives of improvement in performance, customer satisfaction, stakeholder value and process management.

By successfully implementing management initiatives, the organisation achieved & sustained superior levels of performance that exceeds the expectations of all stakeholders. The practice allows Managers/leaders to understand the cause and effect relationship between the activities and the achieved results .The different initiatives function under the umbrella of Business Excellence are:

- **SIX SIGMA**

  Six Sigma initiatives has significantly contributed for transforming Business at Balasore Alloys Ltd. and enables to break various myths & shackles of conventional thinking. With robust process and demonstrated results Six Sigma Initiatives has led to break through improvements and enhanced bottom line by redesigning business process and standard operating practices.

- **TOTAL PRODUCTIVE MAINTENANCE (TPM)**

  The TPM Program was initiated to create a preventive philosophy, total employees participation and building a profitable culture. We started with the basic concept of eight pillars (Autonomous Maintenance, Kobetsu Kaizen, Planned Maintenance, Education & Training, Safety, Health & Environment, Office TPM, Initial Flow Control and Quality Maintenance) for internal improvements. To increase the coverage of TPM culture across the organization, two more pillars i.e. Sales & Marketing and Supply Chain Management were initiated to strengthen the Supplier and Customer Relationship.

  For the purpose to improve the organizational performance to benchmark with world best, a total of 35 Improvement projects have been identified during the period. The teams have been formulated separately for each project. The progress of all the projects is being monitored periodically.

- **LEAN MANAGEMENT**

  Very recently (from the month of March, 2013) we have launched Lean Management as a new initiative. The prime focus of Lean Management shall be Lead Time Reduction, Inventory Reduction, Identification and Elimination of non value added activities in entire supply chain. A separate team under Business Excellence has been formulated to for deployment of the initiative across the organization.

- **SUPPLY CHAIN MANAGEMENT**

  This initiative is expected to generate significant benefit to the Company by way of value enhancement through reduced cost and risk of inputs, reduced logistic cost, optimize product mix and input feed mix through stream line process and scientific inventory management.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

- **PERFORMANCE MANAGEMENT SYSTEM (PMS)**

  First level exercise for this strategic initiative, aimed at optimizing performance of the employees and bringing sharper accountability, has been completed. This initiative is expected to focus at redefining roles and responsibilities for key positions, realigning the organization structure for impacting functions towards highly performance oriented outfit and removes structural anomalies for smooth control. Lesser hierarchy and greater performance brings transparency and accountability across the organization for attaining common organization mission, vision and goals.

- **QUALITY AUDIT**

  In addition to the ISO 9000 Quality Management Practices, the Company has engaged one of the renowned quality firms towards quality compliance of its product for both domestic as well as international market. This has ensured specified quality products for the customers.

CAUTIONARY STATEMENT

Statements in this Management discussion and Analysis report detailing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand – supply conditions, raw material prices, finished goods prices, cyclical demand and pricing in the Company's products and their principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries with which the Company conducts business and other factors such as litigation and / or labour negotiations.

REPORT ON CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE

Sound Corporate Governance practices are guided by culture, conscience and mindset of an organization and are based on principles of openness, fairness, professionalism, transparency and accountability with an aim to build confidence of its various stakeholders and paving way for its long-term success. In Balasore Alloys Limited, Corporate Governance is defined as a systematic process by which companies are directed and controlled keeping in mind the long-term interests of all their stakeholders. Achievement of excellence in good Corporate Governance practices requires continuous efforts and focus on its resources, strengths and strategies towards ensuring fairness and transparency in all its dealings with its stakeholders including society at large. Corporate Governance has indeed assumed greater significance as the world has moved towards closer integration and free trade.

COMPANY'S PHILOSOPHY ON GOVERNANCE:

Your Company's philosophy on the Corporate Governance is founded upon a rich legacy of fair and transparent governance practices which are essentially aimed at ensuring transparency in all dealings and hence seeks to focus on enhancement of long-term shareholder value without compromising on integrity, social obligations and regulatory compliances. Your Company has continued its pursuit of achieving these objectives through the adoption and monitoring of Corporate strategies and prudent business plans, thereby ensuring that the Company pursues policies and procedures to satisfy its legal and ethical responsibilities. The Company's comprehensive written code of conduct serves as a guide for your company and its employees on the standards of values, ethics and business principles, which should govern their conduct. Your company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its stakeholders. Even in a fiercely competitive business environment that the Company is operating in, the management and employees of your Company are committed to uphold the core values of transparency, integrity, honesty and accountability, which are fundamental to the Company and for achieving Corporate Excellence.

CORPORATE GOVERNANCE PRACTICES:

The Company's Corporate Governance practices seek to go beyond the regulatory requirements and with a view to ensuring commitment to transparent, law abiding behaviour and good Corporate Governance, the Company has put in place the following practices:-

a) **Code of Conduct:** The Company's Code of Conduct is based on the principle that business should be conducted in a professional manner with honesty, integrity and law abiding behaviour and thereby enhancing the reputation of the Company. The Code ensures lawful and ethical conduct in all affairs and dealings of the Company.

b) **Business Policies:** The Business Policies of Company ensures transparency and accountability to its stakeholders. The policies provide motivation and support for professional development of employees, fair market practices and high level of integrity in financial reporting. The policies recognize Corporate Social Responsibility of the Company and also seek to promote health, safety and quality of environment.

c) **Prohibition of Insider Trading:** The Code on prevention of Insider Trading, which applies to the Board Members and all officers and employees, seeks to prohibit trading in the securities of the Company based on unpublished price sensitive information. Trading window remains closed so long unpublished price sensitive information is not made public.

d) **Risk Management:** The Company has developed and implemented a comprehensive Enterprise risk management framework for risk identification, assessment, minimization and mitigation procedure. The risk management procedures are clearly defined and periodically reviewed by the Board of Directors with a view to strengthen the risk management framework and to continuously review and reassess the risk that the Company may confront with.

e) **Safety, Health and Environment Policy:** The Company is committed to conduct its business in a manner that values the environment and helps in ensuring the safety and health of all its employees and society at large. The policy is aimed towards strengthening pollution prevention and control measures.

f) **Equal Employment Opportunity:** The employment policy of the Company assure that there shall be no discrimination or harassment against an employee or applicant on the grounds of race, colour, religion, gender, age, marital status, disability, national origin or any other factor made unlawful by applicable laws and regulations. The policy also ensures fair and respectful treatment of all fellow employees.

REPORT ON CORPORATE GOVERNANCE (Contd.)

2. Board of Directors

The Company has optimum composition of Executive and Non-Executive Directors in conformity with Clause 49 of the Listing Agreement with the Stock Exchanges. The Board as on 31st March, 2013, consists of 12 directors out of which 7 directors are Independent Directors. The composition and category of the directors on the Board are as follows:

Category	Name of the Director
Promoter Directors	Mr Pramod Kumar Mittal, Chairman Ms Vartika Mittal
Executive Directors	Mr Anil Sureka, Managing Director* Mr B N Panda, Director-Operations** Mr R K Parakh, Director- Finance
Non-Executive Independent Directors	Mr M Trivedi Mr S Mohapatra Mr S K Pal Dr A K Bhattacharyya Prof S K Majumdar Mr K P Khandelwal
Nominee Director - SBI	Mr S M Ali***

* Appointed as Managing Director w.e.f. 17.04.2012.

** Ceased to be Director-Operations w.e.f. 06.04.2013.

*** Ceased to be Nominee Director - SBI w.e.f. 22.05.2013

Five Board meetings were held during the period 01.04.2012 to 31.03.2013. The Company has held at least one Board Meeting in every three months and the gap between such two meetings was not more than four months. The dates on which the Board meetings were held are as follows:

28.05.2012, 14.08.2012, 27.09.2012, 09.11.2012 and 14.02.2013.

Attendance at aforesaid Board Meetings, at the last Annual General Meeting and the number of Directorships and Committee Chairmanship / Memberships in other Companies of each of the Directors as on the date of this report are below:-

Director	Board Meeting Attended	Attended last AGM held on 26.09.2012 at Registered Office	No. of Directorship in other Companies @		No. of Membership in Committees of Directors in other Companies.^^^	
			Chairman	Director	Chairman	Member
Mr Pramod Kumar Mittal (Chairman)	1	Yes	2	1	Nil	Nil
Mr M Trivedi	5	Yes	Nil	1	2	Nil
Mr S Mohapatra	5	Yes	Nil	1	1	1
Mr S K Pal	3	No	Nil	1	1	1
Dr A K Bhattacharyya	5	No	Nil	2	1	1
Prof S K Majumdar	5	No	Nil	Nil	Nil	Nil
Mr K P Khandelwal	5	No	Nil	3	Nil	4
Mr S M Ali* (Nominee Director - SBI)	3	No	Nil	Nil	Nil	Nil
Ms Vartika Mittal	3	No	Nil	Nil	Nil	Nil

REPORT ON CORPORATE GOVERNANCE (Contd.)

Director	Board Meeting Attended	Attended last AGM held on 26.09.2012 at Registered Office	No. of Directorship in other Companies @		No. of Membership in Committees of Directors in other Companies.^^^	
			Chairman	Director	Chairman	Member
Mr B N Panda** Director - Operations	5	Yes	Nil	Nil	Nil	Nil
Mr R K Parakh Director - Finance	5	Yes	Nil	1	Nil	1
Mr Anil Sureka*** Managing Director	5	No	Nil	1	Nil	1

* Ceased to be Nominee Director - SBI w.e.f. 22.05.2013

** Ceased to be Director-Operations w.e.f. 06.04.2013.

*** Appointed as Managing Director w.e.f. 17.04.2012

@ Excludes Directorship held in Indian Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956.

^^^ The Committee membership includes Audit Committee and Shareholders Grievance Committee.

Board Procedure

The Board ensures that the Company's reporting and disclosure practices meet the highest standards of Corporate Governance and that the business practices followed by the Company are oriented towards meeting obligations towards various stakeholders and enhancing shareholders value.

The Agenda of the meeting is circulated well in advance to the Board members backed by comprehensive background information to enable them to take appropriate decisions. In addition to the information required under Annexure I A to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary. The Managing Director at the Board Meetings keep the Board apprised of the overall performance of the Company.

3. Audit Committee

The Company has a qualified and independent Audit Committee. The terms of reference, role and scope of Audit Committee are in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The Committee acts as a link between the management, the statutory and internal auditors and Board of Directors to oversee the financial reporting process. All the members of the Committee are independent Directors.

As at 31st March, 2013 the Committee consists of Six Directors, who bring with them vast experience in the field of operations, finance and accounts and the Company has been immensely benefited from the deliberations of the Audit Committee. Besides the Committee members, functional heads and Auditors of the Company attend the meeting of the Committee on the invitation of the Committee.

The Chairman of the Audit Committee is an Independent Director and the Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit Committee attended the previous Annual General Meeting held on 26th September, 2012.

Five Meetings of Audit Committee were held during the year 01.04.2012 to 31.03.2013. The dates on which the meetings of the Audit Committee were held are:

28.05.2012, 11.08.2012, 14.08.2012, 09.11.2012 and 14.02.2013.

REPORT ON CORPORATE GOVERNANCE (Contd.)

The composition of the Audit Committee and the meeting attended by the members are as under:

Name of Director	No. of Meetings attended during the period
Mr M Trivedi (Chairman of the Committee)	5
Mr S Mohapatra	5
Mr S K Pal	4
Dr A K Bhattacharyya	4
Prof S K Majumdar	5
Mr K P Khandelwal	5

4. Remuneration Committee

The Committee was assigned with the responsibility to consider the policy and the matters relating to the remuneration payable to its Managing Director/Whole-time Directors based on the performance and defined assessment criteria.

As at 31st March, 2013, the Committee in line with the requirements of Clause 49 of the Listing Agreement and Schedule XIII of the Companies Act, 1956, comprised of four members, of which all of them are Independent Non-Executive Directors. Mr M Trivedi, an Independent Non-Executive Director, is the Chairman of the Committee.

During the financial year ended 31st March, 2013, one meeting of the Committee was held on 17.04.2012. Attendance at the meeting is as under:

Name of Director	No. of Meeting Attended
Mr M Trivedi (Chairman of the Committee)	1
Dr A K Bhattacharyya	1
Mr S K Pal	1
Prof S K Majumdar	1

5. Remuneration to Directors

(a) Remuneration to Non-Executive Directors:

The Non-executive Directors of the company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors and Audit Committee of Board of Directors was Rs. 15,000/- per meeting. However, sitting fees for attending other Committee meetings i.e. Remuneration Committee, Share Transfer and Investor Grievance Committee, Risk Management Committee and Project Committee was Rs. 5,000/- per meeting. Beside the sitting fees they are also entitled to reimbursement of expenses. The Non-executive Directors of the Company were not paid any other remuneration or commission.

(b) Remuneration to Executive Directors:

Remuneration policy/criteria of payment to Executive Directors: The Company has a credible and transparent policy in determining and accounting for the remuneration of the Managing Director/Whole Time Directors (MD/WTDs). Their remuneration is governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. The remuneration determined for MD/WTDs is subject to the approval of the Board of Directors and Members in due compliance of the provisions of Companies Act, 1956.

As a policy, the Executive Directors are neither paid sitting fee nor any commission.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Details of remuneration paid to Whole-time Directors for the period ended 31st March, 2013:

Director	Salary & Perks	Commission	Total	Service Contract (Years)	Period
Mr. Anil Sureka* (Managing Director)	171.10 Lacs	Nil	171.10 Lacs	3	(17.04.2012 to 31.03.2013
Mr.B N Panda** (Director-Operations)	57.01 Lacs	Nil	57.01 Lacs	3	(01.04.2012 to 31.03.2013)
Mr R K Parakh (Director-Finance)	42.91 Lacs	Nil	42.91 Lacs	3	(01.04.2012 to 31.03.2013)

* Appointed as Managing Director w.e.f. 17.04.2012.

** Ceased to be Director-Operations w.e.f. 06.04.2013.

Relationship of Non-Executive Directors with the Company and interse : There is no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company and interse themselves except for the sitting fees paid to them for attending the Board and Committee meetings.

6. Share Transfer and Investors Grievance Committee

The object of the Committee is to approve transfer of shares, consolidation/sub-division of shares, issue of duplicate shares, redressal of investor grievance/ complaints and other allied matters. The Committee meets monthly, while the Registrars and Transfer Agent of the Company, to whom the requisite authority is delegated in this regard, attend the transfer formalities thrice in a month.

Mr M Trivedi is the Chairman of the Committee. The Committee has met twelve times during the period 01.04.2012 to 31.03.2013. The dates on which the meetings of the Share Transfer and Investors Grievance Committee were held are as follows:

13.04.2012, 18.05.2012, 14.06.2012, 10.07.2012, 10.08.2012, 14.09.2012, 12.10.2012, 14.11.2012, 11.12.2012, 14.01.2013, 12.02.2013 and 11.03.2013.

The composition and the meetings attended by the members are as under:

Name of Director	No. of Meeting Attended during the period
Mr. M Trivedi, Chairman of the Committee	11
Prof. S K Majumdar	12
Mr. S K Pal	12
Mr. R K Parakh	12

Name and Designation of Compliance Officer:

Mr Trilochan Sharma – Sr. GM & Company Secretary

Name and Designation of Contact Person of Registrars and Transfer Agent of the Company:

Mr Aloke Mukherjee – Manager

Share Transfers/Transmissions etc. as approved by the Committee are notified to the Board at regular intervals. During the year i.e. from 01.04.2012 to 31.03.2013, the status of complaints are as under:

Complaints pending as on 01.04.2012	—	Nil
Complaints received from Investors	—	157
Complaints replied/resolved	—	157
Complaints pending as at 31.03.2013	—	Nil

REPORT ON CORPORATE GOVERNANCE (Contd.)

During the period under review none of the Equity Shares were transferred in physical form and no such request was pending as on 31.03.2013. 1,41,932 Equity Shares were dematerialized during the period under the review. As on 31.03.2013, 5,33,61,574 Equity Shares constituting 83% of equity shares of the Company were held in dematerialized form.

7. Other Committee

The Company also have a Project Committee to overview implementation of various capital projects including status of progress and critical areas affecting projects implementation schedule and a Risk Management Committee of the Board constituted by the Board at its meeting held on 29th May, 2009 assigned with the task, inter-alia, of reviewing the risk management process on continuous basis, considering the alternatives for mitigating the risk and updating the Board about the major risks.

8. General Body Meetings:

1. Details on Annual / Extra Ordinary General Meetings:

Year	Location	Date	Time
2011-2012 (12 Months)	Registered Office	26.09.2012	9.30 A.M.
2010-2011 (12 Months)	Registered Office	29.09.2011	9.30 A.M.
2009-2010 (12 Months)	Registered Office	09.09.2010	9.30 A.M.

2. Whether any special resolution passed in the previous 3 AGMs/EGM : Yes
3. Whether special resolutions:
   - a) (i) Were put through postal ballot last year : No
     - (ii) Details of voting pattern : NA
     - (iii) Person who conducted the postal ballot exercise : NA
   - b) (i) Are any Special Resolution proposed to be conducted through postal ballot this year : No
     - (ii) Procedure for postal ballot : NA

9. Code of Conduct

The Code of Conduct (hereinafter referred to as 'Code') is applicable to all its Directors whether executive or non-executive including Nominee Directors and all senior management personnel of the Company. All Board members and senior management personnel had affirmed compliance with the Code during the year and no violation of the same was reported. A declaration to the effect that all Board members and senior management personnel have complied with the Code during the financial year 2012-13, duly signed by Managing Director of the Company is herein below enclosed. The Code has also been posted on the Company's Web-site.

Affirmation of Compliance with the Code of Conduct for Directors and Senior Management Executives

I, Anil Sureka, Managing Director of Balasore Alloys Limited, hereby declare that the Company has received affirmation of compliance with 'Code of Conduct for Directors and Senior Management Executives' laid down by the Board of Directors, from all the Directors and Senior Management Executives of the Company, to whom the same is applicable, for the financial year ended 31st March, 2013.

Anil Sureka
Managing Director

30th May, 2013

REPORT ON CORPORATE GOVERNANCE (Contd.)

10. Disclosures

a. The particulars of transactions between the Company and its related parties as required by Accounting Standard (AS)-18 issued by the Institute of Chartered Accountants of India are set out in point 37 of Notes to financial statements as at and for the year ended March 31, 2013 of the Annual Report.

b. In preparation of financial statement, the Company has followed the applicable Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. The significant accounting policies which are consistently applied are set out in the annexure to the Notes to the Accounts.

c. The Company has formulated and implemented an Enterprise Risk Management framework for risk assessment and mitigation procedures which is an ongoing process within the Company. In this connection, Risk Management Committee of the Board was constituted and assigned with the task, inter-alia, of reviewing the risk management process on continuous basis, considering the alternatives for mitigating the risk. These risk management procedures are periodically placed and reviewed by the Board of Directors with a view to strengthen the risk management framework.

d. The Company has not made any fresh capital issue during the year under review.

e. During the last three years, there were no strictures or penalties imposed on the Company either by SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter related to capital market.

f. There is no Whistle Blower mechanism in the Company.

g. The Management Discussion and Analysis Report is a part of the Annual Report.

11. Adoption of Mandatory and Non-mandatory requirements under Clause 49 of the Listing Agreement

The Company has adopted and complied with all the mandatory requirements under Clause 49 of the Listing Agreement and there is no case of violation or infringement of the same during the period. The Company has adopted non-mandatory requirements under Clause 49 of the Listing Agreement to the extent relating to setting up of Remuneration Committee. Please refer to details provided under the section “Remuneration Committee” of the Report on Corporate Governance. Other non-mandatory requirements, in the opinion of the Board, have no material bearing on the current standards of Corporate Governance followed by the Company and hence will be addressed as appropriate in future.

12. Reconciliation of Share Capital Audit

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

13. Means of communication

Half yearly report sent to each household of shareholders	Not required.
Quarterly results. Which newspapers normally published.	Financial Express / Economic Times / Business Standard (in English) Sambad / Samaja (Oriya version)
Web sites where quarterly results are displayed.	www.balasorealloys.com
Whether it also displays official news releases.	Yes
Whether Management Discussion & Analysis is a part of Annual Report	Yes

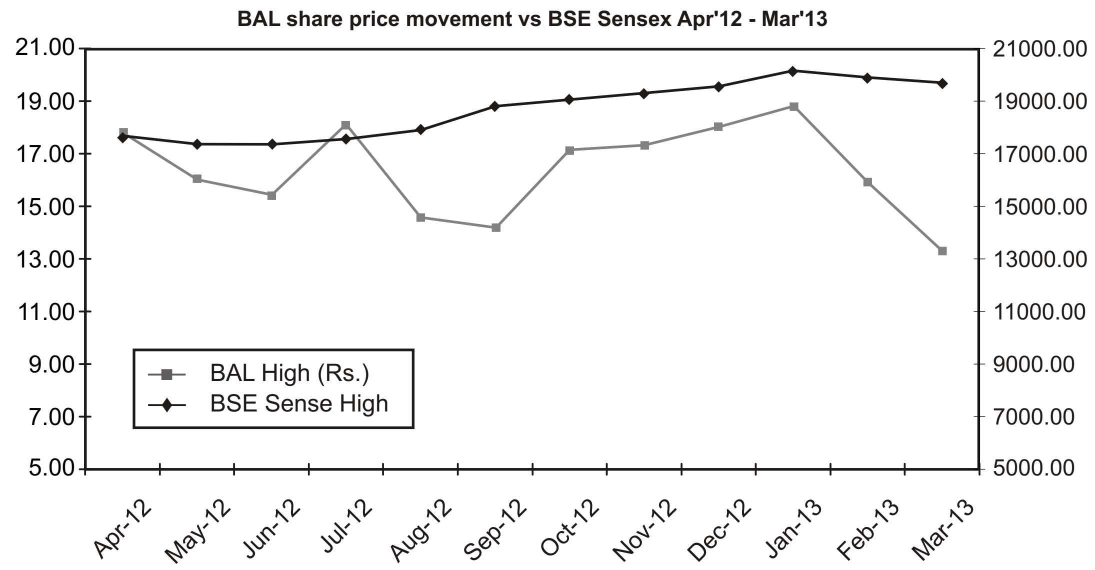
REPORT ON CORPORATE GOVERNANCE (Contd.)

14. GENERAL SHAREHOLDERS' INFORMATION

1	**Annual General Meeting**	
	Day, Date & Time Venue	Wednesday, 18th September, 2013 at 9.30 A.M. Registered Office at Balgopalpur – 756 020 Balasore, Odisha, India
2	**Tentative Financial Calendar 2013-14** Financial Reporting for the quarter ending June 30, 2013. Financial Reporting for the quarter ending September 30, 2013 Financial Reporting for the quarter ending December 31, 2013 Financial Reporting for the quarter ending March 31, 2014 Annual General Meeting for the year ending March 31, 2014	 By 14th day of August, 2013 By 14th day of November, 2013 By 14th day of February, 2014 By 30th day of May, 2014 By September, 2014
3	**Book Closure Date**	16th September, 2013 to 18th September, 2013 (both days inclusive)
4	**Dividend Payment Date**	The Dividend warrants will be posted on and from 23rd September, 2013
5	**Registered Office**	Balgopalpur – 756 020, Balasore, Odisha
6	**Listing on Stock Exchanges**	i) Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 ii) The Calcutta Stock Exchange Limited 7, Lyons Range, Kolkata – 700 001
Note: Annual Listing Fees is regularly paid to the Bombay Stock Exchange Limited and the Calcutta Stock Exchange Limited.		
7	**Stock Market information:**	
	(i) Stock Code:	
	Bombay Stock Exchange Ltd.	: 513142
	The Calcutta Stock Exchange Ltd.	: 10019059
	ISIN No. for Fully Paid-up Equity Shares	: INE135A01024

(ii) Market Price	Share Price data on BSE		BSE Sensex	
Months	High (Rs)	Low (Rs)	High	Low
April, 2012	17.90	14.50	17,664.10	17,010.16
May, 2012	16.08	13.12	17,432.33	15,809.71
June, 2012	15.50	14.05	17,448.48	15,748.98
July, 2012	18.18	13.25	17,631.19	16,598.48
August, 2012	14.67	12.63	17,972.54	17,026.97
September, 2012	14.25	12.20	18,869.94	17,250.80
October, 2012	17.20	13.00	19,137.29	18,393.42
November, 2012	17.40	13.75	19,372.70	18,255.69
December, 2012	18.07	14.22	19,612.18	19,149.03
January, 2013	18.85	14.10	20,203.66	19,508.93
February, 2013	16.00	11.20	19,966.69	18,793.97
March, 2013	13.35	9.54	19,754.66	18,568.43

REPORT ON CORPORATE GOVERNANCE (Contd.)



8	**Share Price Performance in comparison to BSE Sensex Opened.** The BSE Sensex open on 2nd April, 2012 at 17,429.96 and on 28th March, 2013, the Sensex closed at 18,835.77. The market price of the shares of the Company on the BSE has varied from Rs. 9.54 to Rs. 18.85 during the period under review.	
9	**Depository Connectivity**	**National Securities Depository Limited** **Central Depository Services (India) Ltd.**
10	**Registrars & Transfer Agent:** (Share transfer and communication regarding share certificates, Dividends & change of Addresses)	MCS Limited, Unit: Balasore Alloys Limited 77/2A, Hazra Road Kolkata – 700 029 Ph. Nos. +91 33 2454 1892/1893 +91 33 4072 4051/4052/4053 Fax Nos. +91 33 2454 1961 / 4072 4050 E-mail: mcskol@rediffmail.com (Registered with SEBI as Share Transfer Agent – Category I)
11	**Share Transfer System:** The physical shares received for transfer are processed and the same is registered in the name of transferee, if case is not of bad delivery or incomplete documents. In order to expedite the process of transfer of Shares, the Company, for effecting transfers, has authorized M/s MCS Limited, Registrar and Share Transfer Agent, who attend to share transfer formalities thrice in a month. Those who are desirous of holding their shares in the Company in dematerialized form have to approach their respective Depository Participant for dematerialization of their shares.	
12	**Investor Grievance Redressal System:** The Investor grievances/shareholders complaints are handled by the Company's Registrars and Share Transfer Agent M/s MCS Limited, Kolkata, in consultation with the Secretarial department of the Company. The Registrar has adequate skilled staff with professional qualifications and advanced computer systems for speedy redressal of the investor grievances.	

REPORT ON CORPORATE GOVERNANCE (Contd.)

Periodical review meetings are held between the officials of the Registrar and Share Transfer Agent and the Company to discuss the various issues relating to share transfer and other allied matters, dematerialization of shares, Investor complaints etc.

13 Compliance Certificate of the Auditors:

The Statutory Auditors' certificate, that the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, is annexed to the Report on Corporate Governance.

14 a) Distribution of Shareholding as at 31st March, 2013.

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Capital
1 to 500	128393	97.21	11644565	18.11
501 to 1000	2164	1.64	1563898	2.43
1001 to 2000	744	0.56	1079861	1.68
2001 to 3000	280	0.21	711104	1.11
3001 to 4000	59	0.05	204653	0.32
4001 to 5000	47	0.04	218195	0.34
5001 to 10000	160	0.12	1362906	2.12
10001 to 50000	171	0.13	3662714	5.70
50001 to 100000	26	0.02	1957990	3.04
100001 and Above	34	0.02	41884525	65.15
TOTAL	**132078**	**100.00**	**64290411**	**100.00**

b) Categories of Shareholders as on 31st March, 2013

Category	No. of Shares held	% of Total Shareholding
Promoter Group	29935816	46.56
Mutual Funds / UTI	13600	0.02
Financial Institution / Banks	591073	0.92
NRIs / OCBs / Foreign Institutional Investors / Other Foreign Shareholders (Other than Promoter Group)	7534082	11.72
Bodies Corporate	5261020	8.18
Indian Public	20933928	32.57
Others	20892	0.03
GRAND TOTAL	64290411	100.00

Approximately 83.00 % of the Equity shares have been dematerialized as on 31st March, 2013. Trading in Equity Shares of the company is permitted only in dematerialized form with effect from 26.06.2000 as per notification issued by the Securities and Exchange Board of India in this regard.

15 Plant Location:

Balgopalpur
Balasore – 756 020
Odisha

Mines Location:

1. **Chrome Ore** – Sukinda Valley, Dist. Jajpur (Odisha)
2. **Manganese Ore** – Joda, Dist Keonjhar (Odisha); Hathoda, Dist. Balaghat (M.P.)
3. **Quartz & Quartzite Mine** – Village: Baghjumpha, Subdivission: Mayurbhanj, District : Mayurbhanj, (Odisha)

REPORT ON CORPORATE GOVERNANCE (Contd.)

16	Address for Investor Correspondence	
	16.1 Registrar and Transfer Agent	MCS Limited Unit: Balasore Alloys Limited 77/2A, Hazra Road Kolkata – 700 029 Ph. Nos. +91 33 2454 1892/1893 +91 33 4072 4051/4052/4053 Fax Nos. +91 33 2454 1961/4072 4050 E-mail: mcskol@rediffmail.com
	16.2 Company's Address.	The Sr. GM & Company Secretary Balasore Alloys Limited Balgopalpur – 756 020 Dt. Balasore, Odisha. Ph. Nos.: +91 6782 275781-85 Fax Nos. +91 6782 275724 E-Mail: mail@balasorealloys.com investorshelpline@balasorealloys.com Website: www.balasorealloys.com
Note:	Shareholders holding shares in dematerialized form should address all correspondence to their respective depository participants.	

17 Shareholder Reference

Dematerialise your shares

All the investors are requested to convert their physical share into demat holdings. This will facilitate the immediate transfer of shares, no need of paying any stamp duty on transfer of shares and risks associated with physical share certificates such as forged transfer, fake certificates and bad deliveries are avoided.

Consolidate Multiple Folios

The Investors having multiple folios are advised to consolidate the same. This would result in the one-stop tracking of all corporate benefits on the shares and would reduce time and effort required to monitor multiple folios.

Nomination

Shareholders holding shares in physical form and desirous of submitting / changing nomination in respect of their shareholding in the company may submit Form 2B (in duplicate) as per the provisions of Section 109A of the Companies Act, 1956 to the Company's Registrar & Transfer Agent. This would help the successors to get the shares transmitted in their favour without any hassle.

Confidentiality

Folio no., DP and ID no., as the case may be, should not be disclosed to and blank signed transfer form should not be given to any unknown persons.

General Points While Writing to Company or Registrar and Transfer Agent

While writing to the Company and/or Registrar and Transfer Agent, investor should mention their Folio no., DP ID no., full name, address in the letter and sign the same. Signature should be as per the company's record. In case of joint holders, all the joint holders should sign the documents and in case of transfer, the transfer form accompanied with original share certificates should be delivered to the Registrar and Transfer Agent. Shareholders are requested to also mention their telephone no. and/or e-mail ID, if any, in the correspondence for speedy and immediate communication.

Permanent Account Number (PAN)

SEBI has clarified that for securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTAs for registration of such transfer of shares.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Accordingly all shareholders are requested to submit duly attested photocopy (both side) of their PAN card alongwith duly executed transfer form to facilitate the speedy transfer of shares.

Shareholders holding shares in electronic form are required to furnish their PAN details to their Depository Participants with whom they maintain their account alongwith the documents as required by them.

18. Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members are requested to register their e-mail addresses, in respect of electronic holdings through their concerned Depository Participants and in respect of physical holdings with MCS Limited, the Registrar and Transfer Agent of the Company. A notice in this respect is also separately enclosed in this Annual Report of the Company.

Members are requested to please co-operate in this regard and register their e-mail address without any further delay to achieve the desired environment friendly initiative of the MCA.

CERTIFICATION BY
CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)

The Board of Directors
Balasore Alloys Limited
Park Plaza, 1st Floor
71, Park Street
Kolkata - 700 016

30th May, 2013

We, Anil Sureka, Managing Director and R. K. Parakh, Chief Financial Officer of Balasore Alloys Limited, together certify to the Board that we have reviewed the financial statements and the cash flow statement of the Company for the financial year ended 31st March, 2013 and to the best of our knowledge and belief, we certify that –

1. The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. There are no transactions entered into by the Company during the financial year ended 31st March, 2013, which are fraudulent, illegal or violative of the Company's Code of Conduct;
4. For the purposes of financial reporting, we accept the responsibility for establishing and maintaining the internal controls which are monitored by the Company's Internal Auditor and we have evaluated the effectiveness of the internal control systems of the Company based on feedbacks received from the Company's Internal Auditor and accordingly state that there are no deficiencies in the design or operation of the internal controls, of which we are awareof;
5. There have been no significant changes in internal controls during the year, nor has there been any significant changes in the Accounting policies during the financial year ended 31st March, 2013 which requires to be disclosed in the notes to the financial statements;
6. There have been no instances of frauds, of which we are awareof, for the financial year ended 31st March, 2013.

R.K. Parakh
Chief Financial Officer

Anil Sureka
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Balasore Alloys Limited

We have examined the compliance of conditions of Corporate Governance by Balasore Alloys Limited (“the Company”), for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

For Chaturvedi & Shah
Chartered Accountants
(Firm Registration Number : 101720W)

Amit Chaturvedi
Partner
Membership No. 103141

Place : Kolkata
Date : 30th May, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BALASORE ALLOYS LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of **BALASORE ALLOYS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's responsibility for the Financial Statements

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

3. Auditor's responsibility

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

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

4. Emphasis of Matter

We invite attention to the following notes: -

a) Note No. 30 regarding North Eastern Electricity Supply Company of Orissa Limited (NESCO) who has revoked the waiver of dues granted under a settlement in an earlier year and disputed on take or pay benefit claimed during the year , raised total claim for Rs. 15,527.66 Lacs as at 31st March, 2013 (Rs. 16,418.28 Lacs as at 31st March, 2012) (including delayed payment surcharge). As represented to us by the management, the Company is under discussion with NESCO and has also referred the matter to Hon'ble High Court of Orissa & Appellate Tribunal, New Delhi. However, pending outcome of the court case/ discussion, we are unable to comment upon the matter and its consequential impact on the Company's profits.

b) Note No. 31 regarding :

(i) Lender's right to recompense under Corporate Debt Restructuring Scheme sanctioned in earlier years and demand of Rs. 2,767.95 lacs for the sacrifice made upto 31st March, 2007, which has not been provided for.

(ii) Further, the recompense amount for the period from 1st April, 2007 to till date has not been worked out and presently unascertainable. The management has approached its lenders to determine the final liability towards such recompense amount till date, which is unascertainable and therefore we are unable to opine on the matter.

c) Note No 33 regarding loans of Rs. 500 Lacs and interest receivable of Rs. 366.98 Lacs thereon which are overdue and pending confirmation but based on the current status of negotiation with these parties, the management is hopeful to recover the amount in full. We are unable to opine on the recoverability of these loans and interest receivable and thus its consequential impact, if any, on the Company's profit.

Our opinion is not qualified in respect of these matters.

5. Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects/possible effects of our observations in Para 4 above*, as the case may be, the aforesaid financial statements give the information required by the Act in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

6. Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order 2003 ("the Order")issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by sub-section (3) of section 227 of the Act, we report that:

   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books. Also, proper returns adequate for the purpose of our audit have been received from Company's overseas branch not visited by us ;

   c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the unaudited returns from the branch;

   d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act; and

   e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants
Amit Chaturvedi
Partner
Membership No. 103141

Place : Kolkata
Date : May 30, 2013

Annexure referred to in paragraph 1 under the heading Report on other legal and regulatory requirements of our Report of even date

Re: Balasore Alloys Limited ("the Company")

1. In respect of its Fixed Assets:

   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b) During the year company has not carried out physical verification of the fixed assets. However, an exhaustive physical verification was carried out in year 2009-10 whereby no material discrepancies were noticed. As per the information and explanation given to us, company is implementing a phased programme for verification.

   c) There are no substantial disposals of fixed assets during the year.

2. In respect of its Inventory:

   a) The inventory has been physically verified during the year by the management, except stock lying with third parties. In our opinion, the frequency of verification is reasonable. In respect of the inventory lying with third parties, these have been confirmed by them.

b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory.

3. In respect of the loans, secured or unsecured, granted or taken by the Company to/ from Companies, firms or other parties covered in the register maintained under Section 301 of the Act:

a) The Company has not given any loan during the year to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, the requirements of Clauses (iii) (b) to (iii) (d) of paragraph 4 of the Order are not applicable to the Company.

e) The Company has taken interest free advance from promoter group companies towards participation in equity and/or quasi debt instruments. In respect of said loans, the maximum amount outstanding at any time during the year is Rs. 19,405 lacs and the year end balance is Rs. 19,405 lacs.

f) Pending finalisation of the terms and pricing, we are unable to comment on the clause (iii) (f) and (g) of paragraph 4 of the Order.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. According to information and explanation given to us, there are no contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301. Therefore, the provisions of clause (v) (b) of paragraph of the Order are not applicable to the Company.

6. The Company has not accepted any deposit from the public.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. The Company has maintained cost records under Section 209 (1) (d) of the Companies Act, 1956 as per the Companies (Cost Accounting Records) Rules, 2011. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.

9. In respect of statutory dues:

a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other statutory dues were outstanding, as at March 31, 2013 for a period of more than six months from the date they became payable.

c) The disputed statutory dues aggregating **Rs 3,855.57 lacs** that have not been deposited on account of disputed matters pending before authorities are as under : -

Name of the statute	Nature of the Dues	Amount (Rs in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax (including interest)	2,848.98	2005-11	Commissioner (Appeals)
Central Sales Tax Act, 1956 and Orissa Sales Tax Act	Sales Tax/VAT (including interest and Penalty)	10.33	1990-91, 1995-96 & 2009-11	Additional Commissioner (Appeals)
		78.68	1997-98 & 2005-06	Sales Tax Appellate Tribunal
		10.97	1992-93 & 1996-97	High Court, Orissa

Name of the statute	Nature of the Dues	Amount (Rs in Lacs)	Period to which the amount relates	Forum where dispute is pending
Entry Tax Act, 1999	Entry Tax	171.30	2003-04, 2008-09 & 2009-11	Additional Commissioner
Central Excise Act, 1944	Excise Duty & Service Tax (including interest)	34.56	2010-12	Commissioner Appeals
		686.99	1996-1998 & 2004-2012	Central Excise & Service Tax Appellate Tribunal
		6.80	2005-2007	High Court, Orissa
Orissa Electricity (Duty) Act, 1961	Electricity Duty	6.96	2000-01	High Court, Orissa

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company has not borrowed any funds from financial institutions or debenture holders during the year under audit.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
15. According to information and explanation given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of Clause (xv) of paragraph 4 of the Order are not applicable to the Company.
16. The term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that *funds amounting to Rs. 10,659.46 Lacs raised on short term basis have been used for long-term investments.*
18. During the year the Company has made preferential allotment of convertible warrants to parties covered in the Register maintained under section 301 of the Act. The allotments and pricing of the convertible warrants are in accordance with the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and hence prices at which these convertible warrants have been issued, are not prima facie, prejudicial to the interests of the Company.
19. The Company did not have any outstanding debenture during the year.
20. The Company has not raised any monies by way of public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the year.

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants
Amit Chaturvedi
Partner
Membership No. 103141

Place : Kolkata
Date : May 30, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

(Rs in Lacs)

	Notes	As at 31st March, 2013	As at 31st March, 2012
Shareholders' funds			
a. Share capital	3	**3,366.38**	3,366.38
b. Reserves and surplus	4	**89,053.37**	91,416.93
c. Money Received Against Share Warrants		**264.00**	–
Sub-total - Shareholders' funds		**92,683.75**	94,783.31
Non-current liabilities			
a. Long-term borrowings	5	**20,853.17**	4,322.80
b. Deferred tax liabilties (net)	6	**1,395.27**	1,075.00
c. Long-term provisions	7	**740.47**	470.08
Sub-total - Non-current liabilities		**22,988.91**	5,867.88
Current liabilities			
a. Short-term borrowings	8	**6,470.98**	8,288.02
b. Trade payables	9	**15,727.08**	11,499.34
c. Current Maturities of Long-term borrowings	5	**3,588.80**	2,223.84
d. Other current liabilities	10	**5,671.59**	6,970.94
e. Short-term provisions	7	**2,044.14**	1,436.43
Sub-total - Current liabilities		**33,502.59**	30,418.57
TOTAL - EQUITY AND LIABILITIES		**149,175.25**	131,069.76
ASSETS			
Non-current assets			
a. Fixed assets			
Tangible assets	11	**97,222.16**	102,326.65
Intangible assets	11	**1,548.88**	1,388.04
Capital work-in-progress	11	**5,196.14**	3,520.19
b. Non-current investments	12	**3,831.28**	3,846.24
c. Long-term loans and advances	13	**21,826.46**	1,641.39
d. Other non-current assets	14	**296.00**	149.14
Sub-total - Non-current assets		**129,920.92**	112,871.65
Current assets			
a. Inventories	16	**9,915.37**	10,700.98
b. Trade receivables	15	**719.45**	994.44
c. Cash and bank balances	17	**785.57**	623.45
d. Short-term loans and advances	13	**7,173.65**	5,051.24
e. Other current assets	14	**660.29**	828.00
Sub-total - Current assets		**19,254.33**	18,198.11
TOTAL - ASSETS		**149,175.25**	131,069.76
Summary of significant accounting policies	2		
Notes on Financial Statements	3-45		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Place : Kolkata
Date : 30th May, 2013

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs in Lacs)

	Notes	2012-13	2011-12
INCOME			
Revenue from operations (gross)	18	**71,531.58**	62,765.13
Less: Excise duty		**2,918.67**	3,695.03
Revenue from operations (net)		**68,612.91**	59,070.10
Other income	19	**1,664.20**	705.58
Total revenue (I)		**70,277.11**	59,775.68
EXPENSES			
Cost of raw materials consumed	20	**26,299.71**	22,604.80
(Increase) / decrease in inventories	21	**(1,093.53)**	(136.73)
Power and Fuel		**20,077.18**	16,880.30
Employee benefits expenses	22	**3,379.89**	2,348.16
Other expenses	23	**10,361.37**	6,878.73
Total (II)		**59,024.62**	48,575.26
Profit before finance costs, tax, depreciation & amortization (I) - (II)		**11,252.49**	11,200.42
Depreciation & amortization expenses	24	**1,749.05**	1,657.98
Finance costs	25	**4,430.84**	4,653.37
Profit before taxes (III)		**5,072.60**	4,889.07
Tax expenses			
Current tax		**1,873.89**	1,386.50
Deferred tax charge		**320.26**	295.73
Taxation expenses of earlier years		**–**	13.78
Total tax expenses (IV)		**2,194.15**	1,696.01
Profit for the year [(III) - (IV)]		**2,878.45**	3,193.06
Earnings per equity share [Nominal value of share Rs. 5 (Rs. 5) (Refer Note No 38)]			
Basic EPS (Rs)		**4.48**	4.97
Diluted EPS (Rs)		**4.30**	4.97
Summary of significant accounting policies	2		
Notes on Financial Statements	3-45		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Place : Kolkata
Date : 30th May, 2013

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs in Lacs)

		Notes	As at 31st March, 2013	As at 31st March, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**			
	Profit before tax		**5,072.60**	4,889.07
	Non-cash adjustment to reconcile profit before tax to net cash flows			
	Depreciation/Amortization		**1,749.05**	1,657.98
	Loss on sale/discard of Fixed Assets (Net)		**136.09**	146.02
	Unrealized foreign exchange loss		**(22.83)**	0.26
	Unspent Liabilities no longer required written back		**(183.52)**	(84.20)
	Provision for diminition in value of Investment/(written back)		**14.96**	56.94
	Irrecoverable debts, deposits & Advances written off		**38.33**	165.99
	Provision for doubtful debts/advances		**519.82**	42.66
	Interest Expense		**4,054.40**	4,068.65
	Interest Income		**(297.15)**	(528.70)
	Operating profit before working capital changes			
	Movements in working capital :			
	Increase / (Decrease) in trade payables and other current liabilities		**3,482.81**	(3,437.71)
	Increase / (Decrease) in provisions		**326.76**	(172.26)
	Decrease / (Increase) in trade receivables		**61.34**	1,023.61
	Decrease / (Increase) in inventories		**785.61**	2,335.93
	Decrease / (Increase) loans and advances and other assets		**(2,961.86)**	(23.19)
	Cash generated from / (used in) operations		**12,776.40**	10,141.05
	Direct taxes paid (net of refunds)		**(1,322.55)**	(209.22)
	Net cash flow from operating activities (A)		**11,453.85**	9,931.83
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets, including CWIP and capital advances		**(3,987.84)**	(2,588.22)
	Advance against strategic investment		**(19,875.00)**	–
	Purchase of non-current investments		**–**	(200.58)
	Proceeds from sale of fixed assets		**–**	5.27
	Interest received		**402.77**	401.83
	Net cash flow used in investing activities (B)		**(23,460.07)**	(2,381.70)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Money received against share warrants		**264.00**	–
	Proceeds from long-term borrowings		**19,480.55**	55.11
	Repayment of long-term borrowings		**(1,585.21)**	(1,849.52)
	Dividend paid on equity shares (including dividend distribution tax)		**(373.60)**	(361.24)
	Net Movement in Short-term Borrowings		**(1,612.39)**	(1,333.69)
	Interest paid		**(4,154.66)**	(4,049.31)
	Net cash flow used in financing activities (C)		**12,018.68**	(7,538.65)
	Net increase / (decrease) in cash and cash equivalents (A + B + C)		**12.46**	11.48
	Cash & Cash equivalents as at the beginning of the year		**45.49**	34.01
	Cash & Cash equivalents as at the end of the year		**57.96**	45.49
	Cash & Cash equivalents as at the end of the year includes			
	Cash-on-hand		**25.12**	8.87
	Balances with banks:			
	On current accounts		**4.53**	23.02
	On unpaid dividend account*		**28.30**	13.60
	Cash and cash equivalents at the end of the year		**57.95**	45.49
	Summary of significant accounting policies	2		

Accompany notes are an integral part of Financial Statements.

* The Company can utililize these balance only towards settlement of the respective unpaid dividend.

As per our attached Report of even date

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Place : Kolkata
Date : 30th May, 2013

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2013

1. Corporate information

Balasore Alloys Limited (the Company) is a public company domiciled in India and incorporated in 1984 under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange of India and The Calcutta Stock Exchange Limited. The Company have its registered office and manufacturing facility at Balasore, Odisha

The Company is primarily engaged in raising of Chrome Ore and Manganese Ore from its captive mines located in Odisha and Madhya Pradesh and manufacturing and selling of Ferro Alloys of various grades.

2. Summary of significant accounting policies

(a) **Basis of preparation of Financial Statements**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis, except in respect of interest income on overdue bills and insurance & other claims / refunds, which due to uncertainty in realization, are accounted for on acceptance/actual receipt basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company ascertains its operating cycle for the purpose of current or non-current classification of assets and liabilities.

(b) **Use of estimates**

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

(c) **Tangible fixed assets**

Tangible fixed Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment, if any. The cost of acquisition comprises purchase price inclusive of duties (net of Cenvat), taxes, incidental expenses, erection/commissioning/trial run expenses and interest etc, up to the date the assets are ready for intended use.

In case of revaluation of tangible fixed assets, the original cost as written up by the approved valuers is considered in the accounts and the differential amount is transferred to the revaluation reserve.

Machinery spares which can be used only in connection with an item of tangible fixed assets and whose use, as per technical assessment, is expected to be irregular, are capitalized and depreciated over the residual life of the respective assets.

Assets awaiting disposal are valued at the lower of written down value and net realizable value and disclosed separately under Other Current Assets.

Subsequent expenditure related to an item of tangible fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

(d) **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Expenditure incurred on development of mines are capitalized as intangible assets.

Computer software not being part of the hardware operating system are capitalized as intangible asset.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

(e) **Depreciation/Amortization**

The classification of plant & machinery into continuous and non-continuous process is done as per the technical evaluation and depreciation thereon is provided accordingly.

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956 or at rates determined based on useful lives of the respective assets, as estimated by the management, whichever is higher.

Depreciation on revalued assets is provided at the rates specified in Section 205(2) (b) of The Companies Act, 1956. However in case of fixed assets whose life is determined by the valuer to be less than their useful life under Section 205, depreciation is provided at the higher rate, to ensure the amortization of these assets over their life determined by the valuer.

Addition deprecation arising due to revaluation fixed assets is adjusted against Revaluation reserve.

Leasehold land is amortized on a straight line basis over the period of lease of 90 years.

Mining lease and mines development expenditure are amortized over the balance period of mining leases on straight line basis.

Computer software are amortized over a period of three years on straight line basis.

(f) **Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(g) **Impairment of tangible and intangible assets**

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset

In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(h) **Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

(i) **Inventories**

Raw materials, Stores, spares & consumables are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on moving weighted average basis. Royalty on stock lying at mines is accounted on dispatch of materials.

Work in Progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials, labour cost and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a moving weighted average basis.

Obsolete/damaged stores, saleable dust and saleable scrap are valued at estimated net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The recovery of ferro chrome from slag generated at the plant during the manufacturing operations is accounted for on actual ascertainment of quantity thereof, since it is not feasible to determine the quantum till the re-processing of such slag.

(j) **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized :

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Export Benefits

Export benefits are recognized on accrual basis as per schemes specified in Foreign Trade Policy, as amended from time to time.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

(k) **Foreign currency translation**

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement / or reporting of monetary items, at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognized as income or expenses in the period in which they arises

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Losses on account Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the period.

(v) Derivative Instruments

In terms of the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under Accounting Standard -11 “The Effects of Changes in Foreign Exchange Rates”) is done based on the “marked to market” on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored as a matter of prudence.

(l) **Retirement and other employee benefits**

Retirement benefits in the form of Provident Fund, Superannuation Fund and Employee State Insurance are defined contribution schemes and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year.

Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method made at the end of each financial year.

Actuarial gains/losses are taken to Statement of profit and loss and are not deferred

(m) **Income taxes**

Tax expense comprises of current, deferred and prior year tax expenses, if any (net of MAT credit entitlement).

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier periods are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(n) **Segment reporting**

Identification of segments

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

Allocation of common costs

Common allocable costs are allocated to each segment on case to case basis by applying the ratio, appropriate to each relevant case.

Revenue and expenses which relates to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head “Unallocated - Common”.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

(o) **Earnings Per Share**

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

(p) **Provisions**

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle such obligation, in respect of which a reliable estimate can be made.

Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(q) **Contingent liabilities & Commitments**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Capital commitments' are future liabilities for capital expenditure in respect of Capital Contracts yet to be executed.

'Other commitments' include all future liabilities for Contractual Commitments arising out of non cancellable contracts having penalty disproportionate to the benefits.

(r) **Cash and cash equivalents**

Cash and cash equivalents as indicated in the cash flow statement comprise cash on hand, cash at bank and short-term deposits with an original maturity of three months or less.

(s) **Royalty**

Royalty on mining materials is accounted based on the rates notified by Indian Bureau of Mines for each month in absence of monthly rates, these are accounted on the basis of latest available rates.

(t) **Lease**

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

3. Share capital

(Rs in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Authorized shares		
200,000,000 (200,000,000) equity shares of Rs.5/- each	**10,000.00**	10,000.00
Issued and subscribed shares		
67,334,263 (67,334,263) equity shares of Rs. 5/- each	**3,366.71**	3,366.71
Fully paid-up shares		
64,290,411 (64,290,411) equity shares of Rs. 5/- each	**3,214.52**	3,214.52
Add: Shares forfeited	**151.86**	151.86
Total	**3,366.38**	3,366.38

(a) There is no movement in share capital as compared to previous year

(b) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting year

Equity shares

	As at 31st March, 2013		As at 31st March, 2012	
	No. in lacs	Rs. In lacs	No. in lacs	Rs. In lacs
At the beginning of the year	**642.90**	**3,214.52**	642.90	3,214.52
Issued during the year	–	–	–	–
Outstanding at the end of the year	**642.90**	**3,214.52**	642.90	3,214.52

(c) Terms/ rights attached to equity shares

(i) The company has only one class of equity shares having par value of Rs 5 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(ii) The amount of per share dividend recognized as distributions to equity shareholders is Rs 0.50 per share (31 March, 2012 : Rs 0.50 per share).

(iii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholder	As at 31 March, 2013		As at 31 March, 2012	
	Numbers	% holding	Numbers	% holding
Goldline Tracom Private Limited	**12,402,346**	**19.29%**	12,402,346	19.29%
Ushaditya Trading Private Limited (Formerly Ushaditya Investments Private Limited)	**7,392,500**	**11.50%**	7,392,500	11.50%
Navoday Exim Private Limited (Formerly Ispat Holdings Private Limited)	**4,888,800**	**7.60%**	4,888,800	7.60%
Hypnos Fund Ltd.	**3,495,369**	**5.44%**	1,796,769	2.80%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(e) Details of equity shares pledged by the promoter or persons forming part of the promoter group ('Promoter Group') of the Company in compliance to Corporate Debt Restructuring Scheme:

Particulars	As at 31st March, 2013	As at 31st March, 2012
Total number of equity shares held by the Promoter Group	**29,935,186**	29,935,186
Total number of equity shares pledged by the Promoter Group	**14,604,790**	14,604,790
Percentage of total shares pledged to total shareholding of the Promoter Group	**48.79%**	48.79%
Percentage of total shares pledged to total outstanding shares of the Company	**22.72%**	22.72%

NOTES TO FINANCIAL STATEMENTS *(contd.)*

4. Reserves and surplus

(Rs in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Capital Reserve		
Capital Investment Subsidy (a)	**41.96**	41.96
Amount arisen on Forfeiture of Equity Warrants (b)	**490.00**	490.00
Revaluation Reserve		
Balance as per the last financial statements	**65,679.24**	71,019.59
Less: Amount transferred to the statement of profit and loss as reduction from depreciation	**(4,868.41)**	(5,067.40)
Less: Adjustment towards discard/sale of fixed assets	**–**	(272.95)
Closing Balance (c)	**60,810.83**	65,679.24
Securities Premium Account (d)	**1,550.00**	1,550.00
General Reserve		
Balance as per the last financial statements	**7,688.36**	7,749.01
Less: Adjustment towards discard/sale of fixed assets	**–**	(60.65)
Closing Balance (e)	**7,688.36**	7,688.36
Surplus in the statement of Profit and Loss Account		
Balance as per last financial statements	**15,967.37**	13,147.91
Profit for the year	**2,878.45**	3,193.06
Less: Appropriations		
Proposed final equity dividend [(amount per share Re 0.50 (Re 0.50)]	**(321.45)**	(321.45)
Tax on proposed equity dividend	**(52.15)**	(52.15)
Total appropriations	**(373.60)**	(373.60)
Net surplus in the statement of Profit and Loss Account (f)	**18,472.22**	15,967.37
Total reserves and surplus (a to f)	**89,053.37**	91,416.93

5. Long-term borrowings

(Rs in Lacs)

	Non Current Position		Current maturities	
	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
A) Secured				
Indian rupee loan from banks				
Term Loans	**1,042.27**	2,608.58	**1,781.20**	1,505.20
Funded Interest Term Loans	**313.79**	1,669.72	**1,438.60**	364.60
	1,356.06	4,278.30	**3,219.80**	1,869.80
Deferred Payment Credits	**92.11**	44.50	**24.00**	9.04
	92.11	44.50	**24.00**	9.04
Total Secured Loan	**1,448.17**	4,322.80	**3,243.80**	1,878.84
B) Unsecured				
Loans from Bodies Corporates	**–**	–	**345.00**	345.00
Advance towards Promoter Contribution	**19,405.00**	–	**–**	–
Total Unsecured Loan	**19,405.00**	–	**345.00**	345.00
Total	**20,853.17**	4,322.80	**3,588.80**	2,223.84

NOTES TO FINANCIAL STATEMENTS *(contd.)*

a) Nature of securities and terms of repayment of each loan (Rs in Lacs)

Name of the Bank	Terms of Repayment	Nature of Securities	Interest Rate	Loan Amount as at 31st March, 2013	Loan Amount as at 31st March, 2012
Term Loans:					
State Bank of India	20 Quarterly installments of Rs 340 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.15%	**2,661.92**	3,870.59
State Bank of Hyderabad	20 Quarterly installments of Rs 16.35 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.00%	**129.95**	196.22
Allahabad Bank	20 Quarterly installments of Rs 3.95 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	11.25%	**31.60**	46.97
Funded Interest Term Loans:					
State Bank of India	20 Quarterly installments of Rs 81 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.15%	**232.00**	491.98
	8 Quarterly installments of Rs 261 Lacs each starting from 30.04.2013 till 31.03.2015	See (i) below	BPLR - 1.15%	**1,087.94**	1,087.94
State Bank of Hyderabad	20 Quarterly installments of Rs 4.20 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.00%	**24.35**	41.15
	8 Quarterly installments of Rs 30.13 Lacs each starting from 30.04.2013 till 31.03.2015	See (i) below	BPLR - 1.00%	**241.00**	241.00
Allahabad Bank	20 Quarterly installments of Rs 1.70 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	11.25%	**12.32**	18.78
	8 Quarterly installments of Rs 19.38 Lacs each starting from 30.04.2013 till 31.03.2015	See (i) below	11.25%	**154.78**	153.47
Deferred Payment Credits:					
BMW Financial Services	59 Monthly installments of Rs 0.84 Lacs each starting from 16.02.2012 till 16.12.2016	See (ii) below	10.70%	**30.51**	37.22
HDFC Bank	60 Monthly installments of Rs 0.37 Lacs each starting from 07.03.2012 till 07.01.2017	See (ii) below	11.37%	**13.64**	16.32
HDFC Bank	60 Monthly installments of Rs 0.28 Lacs each starting from 05.09.2012 till 05.08.2017	See (ii) below	10.50%	**11.66**	–
ICICI Bank	60 Monthly installments of Rs 0.39 Lacs each starting from 01.10.2012 till 01.09.2017	See (ii) below	10.44%	**16.78**	–
HDFC Bank	60 Monthly installments of Rs 0.37 Lacs each starting from 14.12.2012 till 17.11.2017	See (ii) below	11.52%	**15.05**	–
Mahindra & Mahindra Financial Services Ltd.	47 Monthly installments of Rs 0.78 Lacs each starting from 25.02.2013 till 25.12.2016	See (ii) below	12.27%	**28.47**	–
Loans from Body Corporates					
Various Bodies Corporates	Repayable after 30th June 2013	N.A.	N.A.	**345.00**	345.00

(i) Term loans and Funded interest term loans are secured by a first charge over Plant & Machinery and other fixed assets (including factory land and building) and by way of second charge over current assets of the Company. The loans are also secured by pledge of a part of shareholding of the promoter group [including shares held by Mr Pramod Kumar Mittal (a director) and Mr V K Mittal (ceased to be director w.e.f. 28th July, 2010)]. The above loans are further guaranteed by Mr Pramod Kumar Mittal and Mr V K Mittal (ceased to be director w.e.f. 28th July, 2010) and by corporate guarantee of Shakti Chrome Limited & Ispat Minerals Limited. All the mortgages and charges created in favour of the Banks for Term Loan and Working Capital Facilities rank pari passu inter se.

(ii) Deferred Payment Credits are secured against hypothecation of Vehicles purchased against such loans.

Advance towards Promoter Contribution

Amount received from promoter group companies towards participation in equity and/ or quasi debt instruments. Pending finalisation of the terms and pricing, the same has been shown as interest free advance towards promoter contribution.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

6. Deferred tax liabilities (net)

(Rs in Lacs)

		As at 31st March, 2013	As at 31st March, 2012
Deferred tax liabilities			
Timing difference on depreciable assets		**2,810.22**	2,221.88
	(A)	**2,810.22**	2,221.88
Deferred tax assets			
Timing difference due to disallowance under section 43B of the Income Tax Act, 1961		**1,221.27**	1,044.31
Other disallowance under Income Tax Act, 1961		**193.68**	102.57
	(B)	**1,414.95**	1,146.88
Net deferred tax liabilities (A-B)		**1,395.27**	1,075.00

7. Provisions

(Rs in Lacs)

	Non Current Provisions		Current Provisions	
	As at 31st March, 2013	As at 31st March, 2012	**As at 31st March, 2013**	As at 31st March, 2012
Provision for employee benefits:				
Gratuity (Note 29)	**431.87**	243.93	**10.17**	3.64
Superannuation	—	—	**99.16**	57.42
Leave salary (Note 29)	**278.60**	208.15	**8.81**	0.70
	710.47	452.08	**118.14**	61.76
Other provisions for -				
Taxation[(net of advance income taxes/Tax deducted at source Rs 4460.52 lacs (Rs 3018.09 Lacs)]	—	—	**1,552.40**	1,001.07
Site restoration (Refer note below)	**30.00**	18.00	—	—
Proposed equity dividends	—	—	**321.45**	321.45
Provision for tax on proposed equity dividend	—	—	**52.15**	52.15
	30.00	18.00	**1,926.00**	1,374.67
	740.47	470.08	**2,044.14**	1,436.43

As per the requirement of Accounting Standard – 29, the management has estimated future expenses on site restoration at mines on best judgment basis and due provision thereof has been made in the accounts.

(Rs in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
At the beginning of the year	18.00	
Arisen during the year	12.00	—
Utilized during the year	—	—
At the end of the year	**30.00**	18.00
Non-Current Portion	30.00	18.00

NOTES TO FINANCIAL STATEMENTS *(contd.)*

8. Short-term borrowings

(Rs in Lacs)

		As at 31st March 2013	As at 31st March 2012
A) Secured Loans			
Cash credits from banks		**2,539.22**	5,040.17
Pre-shipment Credit in Foreign Currency		**2,383.39**	–
Export Packing credit loan		**1.56**	20.68
	(A)	**4,924.17**	5,060.85
B) Unsecured Loans			
Loans from Body Corporates		**1,546.81**	3,227.17
	(B)	**1,546.81**	3,227.17
Total	**(A+B)**	**6,470.98**	8,288.02

a) Nature of securities and terms of repayment of each loan

(Rs in Lacs)

Particulars of Loan	Name of the Bank	Nature of Securities	Terms of Repayment	Interest Rate	Loan Amount As at 31st March 2013	Loan Amount As at 31st March 2012
Cash credit from banks	State Bank of India	Refer below	Repayable on Demand	BPLR	**1,058.78**	3,066.52
	State Bank of Hyderabad		Repayable on Demand	BPLR	**879.08**	1,298.11
	Allahabad Bank		Repayable on Demand	BPLR	**601.36**	675.54
Pre-shipment Credit in Foreign Currency	State Bank of India		Repayable on Demand	BPLR	**2,010.77**	–
	State Bank of Hyderabad		Repayable on Demand	BPLR	**372.62**	–
Export Packing Credit Loan	State Bank of Hyderabad		Repayable within 180 days from balance sheet date	BPLR-0.50%	**1.56**	20.68
Other loans	Various Body Corporates	Unsecured	Repayable on Demand	12% to 18%	**1,546.81**	3,227.17

Working capital facilities are secured by first charge over current assets and by second charge over fixed assets of the Company. The loans are also secured by pledge of a part of shareholding of the promoter group [including shares held by Mr Pramod Kumar Mittal (a director) and Mr V K Mittal (ceased to be director w.e.f 28th July, 2010)]. The above loans are further guaranteed by Mr Pramod Kumar Mittal and Mr V K Mittal and by corporate guarantee of Shakti Chrome Limited & Ispat Minerals Limited. All the mortgages and charges created in favour of the Banks for Term Loan and Working Capital Facilities rank pari passu inter se.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

9 Trade Payables

(Rs in Lacs)

	Current position	
	As at 31st March, 2013	As at 31st March, 2012
Acceptances	**3,796.06**	3,654.37
Creditors for goods, services etc (including retention money)	**11,931.02**	7,844.97
Total	**15,727.08**	11,499.34

a) Trade payable above includes amount due to Micro & Small Enterprises in terms of Micro, Small and Medium Enterprises Act, 2006 (MSME Act) as under:

(Rs in Lacs)

		As at 31st March, 2013	As at 31st March, 2012
a)	Principal Amount (included in Trade Payable)	**43.62**	66.63
	Interest due on above	**30.06**	24.96
		73.68	91.59
b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**—**	—
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	**5.10**	5.40
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year	**5.10**	5.40
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	**30.06**	24.96

10. Other Current liabilities

(Rs in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Interest accrued but not due on borrowings	**5.60**	0.28
Interest accrued and due on borrowings	**707.71**	608.65
Advance from customers	**536.94**	799.98
Investor Education and Protection Fund:		
Unpaid Dividend (not due)	**28.31**	13.60
Creditors for Fixed Assets (including retention money from contractors / suppliers)	**152.10**	604.54
Statutory Dues	**424.90**	861.97
Temporary Book Overdraft	**41.16**	—
Claims Payable	**583.19**	555.50
Other liabilities*	**3,191.68**	3,526.42
Total	**5,671.59**	6,970.94

* It includes Rs.2845.14 lacs (Rs.3292.53 lacs) payables against arrangement for procurement of raw materials.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

11. FIXED ASSETS

(Rs in Lacs)

	Tangible Assets										Intangible Assets		
	Freehold Land	Leasehold Land	Mining Lease	Buildings	Plant and equipment	Office Equipment (See 2 below)	Computer & Periperhals	Furniture and fixtures	Vehicles	Total	Computer Software	Mines Development (See 3 below)	Total
Gross Block :													
As at 1st April, 2011 (1)	1,144.12	287.77	85,279.23	5,448.40	37,978.84	138.65	265.62	221.16	134.99	130,898.78	—	809.60	809.60
Additions	3.58	—	—	1,468.02	2,794.18	36.46	—	10.27	70.38	4,382.89	17.44	684.49	701.93
Disposals/Discard	—	—	—		(884.54)	—	—	—	(66.85)	(951.39)	—	—	—
As at 31st March, 2012	1,147.70	287.77	85,279.23	6,916.42	39,888.48	175.11	265.62	231.43	138.52	134,330.28	17.44	1,494.09	1,511.53
Additions (4)	94.52	—	—	585.58	500.42	70.43	92.11	35.91	57.81	1,436.78	237.05	—	237.05
Disposals/Discard	—	—	—	—	—	—	—	—	—	—	—	—	—
As at 31st March, 2013	**1,242.22**	**287.77**	**85,279.23**	**7,502.00**	**40,388.90**	**245.54**	**357.73**	**267.34**	**196.33**	**135,767.06**	**254.49**	**1,494.09**	**1,748.58**
Accumulated Depreciation/ Amortization:													
As at 1st April, 2011	—	21.54	7,743.02	1,579.28	15,900.54	75.79	232.36	152.55	81.94	25,787.02	—	81.22	81.22
Charge for the year	—	3.52	4,090.01	176.84	2,371.27	22.06	—	12.73	6.68	6,683.11	4.17	38.10	42.27
Disposals/Discard	—	—	—	—	(410.29)	—	—	—	(56.21)	(466.50)	—	—	—
As at 31st March 2012	—	25.06	11,833.03	1,756.12	17,861.52	97.85	232.36	165.28	32.41	32,003.63	4.17	119.32	123.49
Charge for the year	—	3.49	4,342.85	218.68	1,925.10	20.42	10.30	7.87	12.56	6,541.27	6.27	69.94	76.21
Disposals/Discard	—	—	—	—	—	—	—	—	—	—	—	—	—
As at 31st March, 2013	—	**28.55**	**16,175.88**	**1,974.80**	**19,786.62**	**118.27**	**242.66**	**173.15**	**44.97**	**38,544.90**	**10.44**	**189.26**	**199.70**
Net Block													
As at 31st March, 2012	1,147.70	262.71	73,446.20	5,160.30	22,026.96	77.26	33.26	66.15	106.11	102,326.65	13.27	1,374.77	1,388.04
As at 31st March, 2013	**1,242.22**	**259.22**	**69,103.35**	**5,527.20**	**20,602.28**	**127.27**	**115.07**	**94.19**	**151.36**	**97,222.16**	**244.05**	**1,304.83**	**1,548.88**
Capital work-in-progress													
As at 31st March 2012										3,520.19			
As at 31st March, 2013										**5,196.14**			

(1) Includes Rs 76,337.69 lacs (credited to Revaluation Reserve) and Rs 23,118.34 lacs (credited to General Reserve in terms of High Court Order) capitalised on account of revaluation of land, buildings, mining lease and plant & machinery of the Company as on 31st March, 2010, and as on 31st December, 2004 respectively at net replacement cost basis based on the report of an approved valuer.

(2) Reclasification of Rs 14.66 Lacs from Plant and equipment, Rs 246.44 Lacs from Office equipment and Rs 4.52 Lacs from Furniture & Fixture to Computer & Peripherals

(3) Represents cost of Exploration, Net Present Value of Forest Restoration etc.

(4) Additions during the year include Land Rs 50 Lacs, Buildings Rs 410 Lacs and Plant & equipment Rs 334.21 Lacs purchased from M/s Shakti Chrome Ltd., pending clearance of title.

(5) Capital Work-in-progress include:
- i) Rs 902.01 Lacs (Rs Nil) on account of project development expenditure
- ii) Rs 235.07 Lacs (Rs 235.07 Lacs) on account of cost of construction materials at site.

(6) Project Development Expenditure (in respect of projects upto 31.03.2013, included under capital work in progress)

(Rs in lacs)

		2012-2013		2011-2012
Opening Balance		**—**		—
Add:				—
Employee Benefit Expenses	**403.98**		—	
Excavation Charges	**297.16**		—	
Legal And Professional Fees	**268.52**		—	
Travelling And Conveyance	**44.19**		—	
Rates And Taxes	**12.75**		—	
Miscellaneous Expenses	**10.02**		—	
Rent	**1.58**		—	
Communication Costs	**1.22**		—	
		1,039.42		—
Less: Project Development Expenses capitalised during the year		**-137.41**		—
Closing Balance		**902.01**		—

NOTES TO FINANCIAL STATEMENTS *(contd.)*

12. Non-current investments

(Rs in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares		
Investment in subsidiary (See (e) below)		
47,351 (47,351) Equity Shares of USD 100 each fully paid-up in Milton Holdings Limited	**2,194.83**	2,194.83
1 (1) Equity Shares of USD 1 each fully paid-up in Balasore Metals Pte Limited [Full figure Rs 54 (Rs 54)]	**—**	—
Investment in associate		
17,000 (17,000) Equity Shares of Rs 10 each fully paid-up in Balasore Energy Limited	**1.70**	1.70
Investment in government securities		
6 years National Savings Certificates (Deposited with Government Departments)	**0.95**	0.95
Non-trade investments (valued at cost unless otherwise stated)		
Unquoted equity shares		
3,00,000 (3,00,000) equity shares of Rs 10 each fully paid-up in Elephanta Gases Limited.	**30.00**	30.00
116 (116) equity shares of Rs 10 each fully paid-up in Navoday Management Services Limited (Formerly Ispat Finance Limited)	**0.10**	0.10
Unquoted mutual funds		
1,65,000 (1,65,000) Magnum units of Rs 10 each fully paid-up in SBI Mutual Fund	**10.00**	10.00
Unqouted debentures		
6,90,000 (6,90,000) 12% Unsecured redeemable non-convertible debentures of Rs 100 each fully paid-up in Shakti Chrome Limited	**690.00**	690.00
8,50,000 (8,50,000) 12% Unsecured redeemable non-convertible debentures of Rs 100 each fully paid-up in Krish Trexim Private Limited	**850.00**	850.00
Quoted equity shares		
4,53,000 (4,53,000) equity shares of Rs 10 each fully paid-up in JSW ISPAT Steel Limited (Net of provision for dimunition Rs 253.37 lacs (Rs 236.12 lacs))	**39.78**	57.03
39,950 (39,950) equity shares of Rs 10 each fully paid-up in Ispat Profiles India Limited (Net of provision for dimunition Rs 7.99 lacs (Rs 7.99 lacs))	**—**	—
Quoted preference shares		
3,02,000 (3,02,000) 0.01% Cumulative Redeemable Preference Shares of Rs 10 each fully paid-up in JSW ISPAT Steel Limited (Net of provision for dimunition Rs 181.51 lacs (Rs 183.80 lacs))	**13.92**	11.63
Total	**3,831.28**	3,846.24
a) Aggregate amount of quoted investments		
Cost	**496.57**	496.57
Less: Provision for Dimunition	**442.87**	427.91
	53.70	68.66
b) Aggregate amount of unquoted investments (At cost)	**3,777.58**	3,777.58
c) Market Value of quoted investment	**53.70**	68.66
d) Valued at exchange rate prevailing on the date of transaction		

NOTES TO FINANCIAL STATEMENTS *(contd.)*

13. Loans and advances (Unsecured, considered good unless stated otherwise) (Rs in Lacs)

		Non Current		Current	
		As at 31st March, 2013	As at 31st March, 2012	**As at 31st March, 2013**	As at 31st March, 2012
Capital advances [including doubtful Rs 78.80 Lacs (Rs Nil)]		**338.62**	289.07	**—**	—
Provision for doubtful advances		**(78.80)**	—	**—**	—
	(A)	**259.82**	289.07	**—**	—
Advances recoverable in cash or kind					
Considered good - Related Parties (Refer Note no 37)		**—**	—	**6.25**	441.71
Advance against strategic investment		**19,875.00**	—		
Considered good - Others		**—**	—	**3,109.23**	1,839.69
Doubtful		**251.09**	120.55	**—**	—
		20,126.09	120.55	**3,115.48**	2,281.40
Provision for doubtful advances		**(251.09)**	(120.55)	**—**	—
	(B)	**19,875.00**	—	**3,115.48**	2,281.40
Loans					
Body Corporates		**—**	—	**1,036.00**	1,083.10
Employees		**—**	—	**98.17**	25.65
	(C)			**1,134.17**	1,108.75
Security Deposits	(D)	**1,691.64**	1,352.32	**57.35**	57.35
Advance towards Recompense Amount	(E)	**—**	—	**—**	252.00
Others (Considered Good)					
Balances with statutory / government authorities		**—**	—	**1,584.18**	884.63
Export benefits receivables		**—**	—	**1,197.22**	383.56
Prepaid expenses		**—**	—	**85.25**	83.55
	(F)	**—**	—	**2,866.65**	1,351.74
Total	(A to F)	**21,826.46**	1,641.39	**7,173.65**	5,051.24

14. Other Assets (Unsecured, considered good unless stated otherwise) (Rs in Lacs)

	Non Current		Current	
	As at 31st March, 2013	As at 31st March, 2012	**As at 31st March, 2013**	As at 31st March, 2012
Non-current bank balances (Note No 17)	**296.00**	149.14	**—**	—
	296.00	149.14	**—**	—
Others				
Assets held for Disposal	**—**	—	**36.00**	36.00
Interest Receivable on				
Bank Deposits	**—**	—	**25.06**	17.79
Long-term investments	**—**	—	**190.36**	165.22
Loans, Other Deposits - considered good	**—**	—	**408.50**	608.99
Doubtful	**104.75**	42.66	**—**	—
Others	**—**	—	**0.37**	—
	104.75	42.66	**624.29**	792.00
Provision for doubtful interest receivables	**(104.75)**	(42.66)	**—**	—
Total	**296.00**	149.14	**660.29**	828.00

NOTES TO FINANCIAL STATEMENTS *(contd.)*

15. Trade receivables (Unsecured) (Rs in Lacs)

	Non Current		Current	
	As at 31st March, 2013	As at 31st March, 2012	**As at 31st March, 2013**	As at 31st March, 2012
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good				
Considered good	**—**	—	—	157.88
Doubtful	**173.22**	27.83	**—**	—
	173.22	27.83	—	157.88
Provision for doubtful receivables	**(173.22)**	(27.83)	**—**	—
(A)	**—**	—	—	157.88
Other receivables (considered good) - other	**—**	—	**700.60**	836.56
Other receivables (considered good) - related parties	**—**	—	**18.85**	—
(B)	**—**	—	**719.45**	836.56
Total (A+B)	**—**	—	**719.45**	994.44

16. Inventories (valued at lower of cost and net realizable value) (Rs in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Raw materials and components [includes in transit and pledged Rs 774.57 Lacs (Rs 1203.20 Lacs)]	**6,873.69**	9,405.83
Stores, Spares & Consumables	**1,173.62**	532.94
Finished goods	**1,272.70**	390.00
Stock under process	**337.30**	141.83
<u>At estimated net realisable value</u>		
Saleable Scraps	**258.06**	230.38
Total	**9,915.37**	10,700.98
Details of inventory		
Raw materials		
Chrome Ore (including own generation)	**5,516.53**	7,610.15
Coal and Coke etc.	**1,138.52**	1,604.21
Carbon Paste	**38.13**	26.06
Quartz	**80.79**	6.07
Magnesite	**28.75**	29.33
Dolomite	**5.17**	16.71
Others	**65.80**	113.30
	6,873.69	9,405.83
Finished goods		
Ferro Alloys	**1,272.70**	390.00
Goods under process		
Ferro Alloys	**337.30**	141.83
Saleable Scraps		
Saleable Scraps	**258.06**	230.38

NOTES TO FINANCIAL STATEMENTS *(contd.)*

17. Cash and bank balances

(Rs in Lacs)

	Non Current		Current	
	As at 31st March, 2013	As at 31st March, 2012	**As at 31st March, 2013**	As at 31st March, 2012
Cash and cash equivalents				
Balances with banks:				
On current accounts	**—**	—	**4.53**	23.02
On unpaid dividend account	**—**	—	**28.30**	13.60
Cash on hand	**—**	—	**25.12**	8.87
	—	—	**57.95**	45.49
Other bank balances				
Margin money deposit #	**296.00**	149.14	**727.62**	577.96
	296.00	149.14	**727.62**	577.96
Amount disclosed under non-current assets (Note No. 14)	**(296.00)**	(149.14)	**—**	—
	—	—	**785.57**	623.45

Receipts lying with Banks as security against guarantees / letters of credit issued by them

18. Revenue from operations

(Rs in Lacs)

	2012-13	2011-12
Revenue from operations		
Sale of products		
Finished goods	**68,747.57**	61,476.69
Saleable Scraps	**113.09**	160.67
Export Benefits	**2,528.91**	912.23
Other operating revenue		
Scrap sales	**142.01**	215.54
Revenue from operations (gross)	**71,531.58**	62,765.13
Less: Excise duty	**2,918.67**	3,695.03
Total Revenue from operations (net)	**68,612.91**	59,070.10

19. Other income

(Rs in Lacs)

	2012-13	2011-12
Interest income on		
Bank deposits	**40.64**	101.18
Long-term investments	**184.80**	184.80
Loan, advances, deposits etc	**46.48**	96.52
Others	**25.23**	70.19
Insurance Claims	**30.22**	0.80
Unspent liabilities no longer required written back	**183.52**	84.20
Gain on Foreign Exchange Fluctuation (net)	**1,115.63**	115.45
Dividend	**5.28**	3.63
Others	**32.39**	48.81
Total	**1,664.20**	705.58

NOTES TO FINANCIAL STATEMENTS *(contd.)*

(Rs in Lacs)

		2012-13	2011-12
20	**Cost of raw materials consumed**		
	Inventory at the beginning of the year	**9,405.83**	11,884.49
	Add: Purchases (including cost of raw materials extracted and briquetted by the Company)	**23,767.57**	20,126.14
		33,173.40	32,010.63
	Less: Inventory at the end of the year	**6,873.69**	9,405.83
	Total	**26,299.71**	22,604.80
a)	**Details of raw materials consumed**		
	Chrome Ore (including own generation/briquetted)	**10,715.83**	8,783.70
	Coal and Coke etc.	**13,529.62**	12,050.10
	Carbon Paste	**459.23**	428.84
	Quartz	**384.27**	292.79
	Magnesite	**290.05**	259.39
	Dolomite	**271.25**	256.29
	Others (Including handling charges)	**649.46**	533.69
		26,299.71	22,604.80
b)	**Breakup of cost of raw materials extracted and briquetted by the Company and included in purchase above:**		
	Nature of Expenses		
	Salaries, Wages, Bonus etc.	**276.29**	239.06
	Contribution to provident and other funds	**14.19**	9.94
	Excavation Cost	**849.00**	1,299.48
	Consumption of stores and spares	**0.11**	0.60
	Process Charge	**33.27**	508.06
	Freight inward	**1,426.18**	1,829.03
	Material handling expenses	**111.59**	136.15
	Royalty and Cess	**1,508.50**	2,108.54
	Power & Fuel	**68.15**	67.93
	Repair & Maintenance - Plant and Machinery	**24.63**	49.90
	Rates & Taxes	**0.58**	0.86
	Rent & Hire Charges	**61.88**	188.64
	Insurance Charges	**0.04**	0.06
	Bank Charges	**0.03**	0.02
	Traveling Expenses	**12.08**	11.53
	Miscellaneous expenses	**226.99**	125.30
		4,613.51	6,575.10

NOTES TO FINANCIAL STATEMENTS *(contd.)*

21. (Increase) / decrease in inventories

(Rs in Lacs)

	2012-13	2011-12
Inventories at the end of the period:		
Stock under process	**337.30**	141.83
Finished goods	**1,272.70**	390.00
Saleable Scraps	**258.06**	230.38
	1,868.06	762.21
Inventories at the beginning of the period:		
Stock under process	**141.83**	129.39
Finished goods	**390.00**	245.74
Saleable Scraps	**230.38**	240.31
	762.21	615.44
Less: (Increase) / decrease of excise duty on inventories	**(12.33)**	(10.04)
Total	**(1,093.53)**	(136.73)

a) Excise Duty & Cess on inventories represents differential excise duty and cess on opening and closing stock of Finished Goods and processable scrap.

22. Employee benefits expense

(Rs in Lacs)

	2012-13	2011-12
Salaries, wages and bonus	**2,661.34**	2,021.29
Contribution to provident and other funds	**237.16**	159.11
Gratuity expense	**237.48**	31.56
Staff welfare expenses	**243.91**	136.20
Total	**3,379.89**	2,348.16

NOTES TO FINANCIAL STATEMENTS *(contd.)*

23. Other Expenses

(Rs in Lacs)

	2012-13	2011-12
Consumption of stores and spares	**893.59**	894.26
Contract Labour Charges	**576.32**	341.26
Packing and Carriage charges	**2,063.85**	1,186.16
Rent	**170.31**	129.72
Rates and taxes	**56.71**	52.08
Insurance	**55.42**	43.74
Repairs and maintenance		
Plant and machinery	**960.01**	498.48
Buildings	**133.48**	82.86
Others	**54.54**	73.46
Commission on Sales (other than sole selling agent)	**577.17**	135.43
Travelling and conveyance	**991.36**	602.82
Charity and Donations	**11.30**	13.07
Communication costs	**115.58**	71.13
Legal and professional fees	**1,867.48**	824.16
Directors' sitting fees	**12.60**	12.60
Auditors' Remuneration as auditor:		
Audit fee	**25.00**	25.00
Limited review fee	**16.50**	14.75
Tax audit fee	**6.50**	6.50
In Other Capacity for Certification (etc)	**9.00**	9.00
Reimbursement of Expenses to auditor	**2.20**	0.67
Items pertaining to Previous Years (net)	**2.57**	12.96
Provision for dimmunition in value of investments	**14.96**	56.94
CSR and Site Development Expenses	**112.24**	125.34
Bad debts / advances written off [(Net of adjustment of Rs 27.83 lacs (Rs 14.80 lacs) against provision)]	**38.33**	165.99
Claim Expenses	**—**	488.29
Provision for doubtful debts and advances	**519.82**	42.66
Loss on sale/Discard of fixed assets (net)	**136.09**	146.02
Loss on Sale of raw material	**5.05**	—
Miscellaneous expenses	**933.39**	823.38
Total	**10,361.37**	6,878.73

24. Depreciation & amortization expense

	2012-13	2011-12
Depreciation of tangible assets	**6,541.28**	6,683.11
Amortization of intangible assets	**76.18**	42.27
	6,617.46	6,725.38
Less: Recoupment from Revaluation Reserve [refer note 4(c)]	**(4,868.41)**	(5,067.40)
	1,749.05	1,657.98

25. Finance costs

	2012-13	2011-12
Interest		
–- To Banks [Net of recoveries Rs 469.31 lacs (Rs 595.33 lacs)]	**1,457.49**	1,692.52
–- To Others	**2,596.91**	2,565.19
Other borrowing cost	**271.41**	333.56
Exchange difference to the extent considered as an adjustment to borrowing costs	**105.03**	62.10
	4,430.84	4,653.37

NOTES TO FINANCIAL STATEMENTS *(contd.)*

26. Contingent liabilities not provided for in respect of : (Rs in Lacs)

	Particulars	As at 31st March, 2013	As at 31st March, 2012
a)	Sales tax matters under appeal {Amount paid under appeal Rs 106.71 lacs (Rs. 103.94 lacs)}*	**108.94**	98.06
b)	Entry tax matters {Amount paid under appeal Rs 29.38 lacs (Rs. 14.67 lacs)}*	**200.68**	114.11
c)	Excise / Service tax matters {Amount paid under appeal Rs 2.30 lacs (Rs. 2.30 lacs)}	**1384.42**	1,221.31
d)	Un-expired Bank Guarantees and Letters of Credit	**968.59**	751.97
e)	Bills discounted with Banks	**5,049.71**	5,523.54
f)	Guarantee given by way of pledge of certain Investments as security	**—**	57.03
g)	Liabilities on account of dues under Orissa Rural Infrastructure and Socio Economic Development Act, 2004	Amount Unascertainable	

* In respect of above cases based on favorable decisions in similar cases/legal opinions taken by the Company/discussions with the solicitors etc., the management is of the opinion that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in the financial statements.

27. Capital and other commitment:

Estimated amount of Capital commitments (net of advances) Rs 1573.46 lacs (Rs 4,598.79 lacs).

28. The income tax assessment of the company have been completed up to Assessment year 2011-12. The disputed demand outstanding up to the said Assessment year is Rs. 3,498.78 lacs. Based on the decisions of the appellate authorities and the interpretations of other relevant provisions, the company has been advised that the demand is likely to be either quashed or substantially reduced and accordingly no provision has been made.

29. Gratuity and other post retirement benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with Life Insurance Corporation of India in form of qualifying insurance policy.

The Company also extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment. This is an unfunded plan.

The following tables summaries the components of net expense recognised in the statement of profit and loss and balance sheet for the respective plans.

(a) Expenses recognized in the statement of profit and loss for respective years are as follows:

(Rs in Lacs)

Particulars	Gratuity		Leave	
	2012-13	2011-12	**2012-13**	2011-12
Current service cost	**52.69**	36.83	**29.94**	25.45
Interest cost on benefit obligation	**39.10**	40.96	**17.99**	21.41
Expected return on plan assets	**(19.30)**	(18.34)	**—**	—
Net actuarial (Gain)/losses	**164.99**	(27.89)	**37.24**	(42.70)
Net benefit expense	**237.48**	**31.56**	**85.17**	**4.16**
Actual return on plan assets	**15.98**	20.74	**—**	—

(b) Net Liability recognized in the balance sheet as at respective dates are as follows:-

(Rs in Lacs)

Particulars	Gratuity		Leave	
	31st March, 2013	31st March, 2012	**31st March, 2013**	31st March, 2012
Defined benefit obligation	**621.74**	525.51	**287.41**	208.85
Fair value of plan assets	**179.18**	277.94	**—**	—
Net liability	**442.56**	247.57	**287.41**	208.85

NOTES TO FINANCIAL STATEMENTS *(contd.)*

(c) Changes in the present value of the defined benefit obligation during respective years are as follows:

(Rs in Lacs)

Particulars	Gratuity		Leave	
	2012-13	2011-12	**2012-13**	2011-12
Opening defined benefit obligation	**525.51**	507.97	**208.85**	308.01
Interest cost	**39.10**	40.96	**17.99**	21.41
Current service cost	**52.69**	36.83	**29.94**	25.45
Benefit paid	**(157.23)**	(34.76)	**(6.61)**	(103.32)
Actuarial (Gain) / losses	**161.67**	(25.49)	**37.24**	(42.70)
Closing defined benefit obligation	**621.74**	525.51	**287.41**	208.85

(d) Changes in the fair value of plan assets during respective years are as follows:

(Rs in Lacs)

Particulars	Gratuity	
	2012-13	2011-12
Opening fair value of plan assets	**277.94**	181.98
Expected return on plan assets	**19.30**	18.34
Contribution by the Company	**42.49**	109.98
Benefits paid	**(157.23)**	(34.76)
Actuarial losses	**(3.32)**	2.40
Closing fair value of plan assets	**179.18**	277.94

(e) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity plan assets as at	
	31st March, 2013	31st March, 2012
Investments with insurer	**100 %**	100 %

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

(f) The principal assumptions used in determining gratuity and leave liability are as shown below:

Particulars	Gratuity		Leave	
	2012-13	2011-12	**2012-13**	2011-12
Discount rate	**8.25%**	8.75%	**8.25%**	8.75%
Rate of increase in salary	**10.00%**	10.00%	**10.00%**	10.00%
Expected average remaining working live of the employees	**15.82**	16.30	**15.52**	15.92
Return on Plan Assets (Gratuity Scheme)	**9.25%**	9.25%	Not Applicable	
Mortality Table	Standard Table Indian Assured Lives Mortality (2006-08) ultimate.			

NOTES TO FINANCIAL STATEMENTS *(contd.)*

(g) Amounts of gratuity and leave for current and previous years are as follows:-

(Rs in Lacs)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Gratuity					
Defined benefit obligation	**621.74**	525.51	507.97	451.69	352.01
Fair value of plan assets	**179.18**	277.94	181.98	152.10	145.27
Deficit	**442.56**	247.57	325.99	299.59	206.74
Experience adjustments on plan liabilities - (gains)/losses	**129.13**	(1.49)	0.83	81.42	2.36
Experience adjustments on plan assets - (gains)/losses	**(3.32)**	2.40	2.52	2.19	(2.74)
Leave					
Defined benefit obligation	**287.41**	208.85	308.01	269.85	198.68
Deficit	**287.41**	208.85	308.01	269.85	198.68
Experience adjustments on plan liabilities - (gains)/losses	**21.39**	(32.48)	1.39	65.04	7.90

(h) The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

(i) The Company expects to contribute Rs. 100 lacs (Rs 100 lacs) to gratuity fund in the year 2013-2014.

(j) The amounts provided for defined contribution plans are as follows:

(Rs in Lacs)

Particulars	(2012-13)	(2011-12)
Provident Fund	**128.23**	83.90
Employees' State Insurance	**21.64**	18.55
Superannuation Fund	**87.29**	56.66
Total	**237.16**	159.11

30. North Eastern Electricity Supply Company of Orissa Limited (NESCO) has revoked the waiver of dues granted under a settlement in an earlier year and disputed on take or pay benefit claimed during the year and raised total claim for Rs 18,927.66 lacs (including delayed payment surcharge). The Company is under discussion with NESCO and has also referred the matter to Honourable High Court of Orissa & Appellate Tribunal, New Delhi. The Company has paid & provided Rs 3,400 lacs towards such claims and also continues to receive un-interrupted power supply from NESCO. Pending outcome of the court case/discussion and based on discussion with Company's legal counsel, no provision has been made towards above demand.

31. During the previous year 2011-12, the lender's have exercised their right to recompense under CDR Scheme sanctioned in earlier years and demanded Rs 3,219.95 lacs for the sacrifice made up to 31st March, 2007 towards which Rs 452 lacs was paid & provided. Further, the recompense amount for the period from 1st April, 2007 to till date has not been worked out and presently it is unascertainable. The management has approached its lenders to determine the final liability towards such recompense amount including liabilities for the period from 1st April, 2007 to till date, which is unascertainable, pending which no liability has been provided for.

NOTES TO FINANCIAL STATEMENTS *(contd.)*

32. Segment Information

(a) Primary Segments:

Based on the synergies, risks and return associated with business operations and in terms of Accounting Standard-17, the Company is mainly engaged in the Manufacturing/Mining of Ferro alloys. All activity of the company revolves around this main business. As such, there are no separate reportable segments as per the Accounting Standard 17 (Segment Reporting) notified by Companies (Accounting Standard) Rules, 2006.

(b) Secondary Geographical Segments

(Rs in Lacs)

Sales Revenue :-	2012-13	2011-12
Domestic Revenues (Net of Excise Duty)	**23,825.76**	35,855.55
Overseas Revenues (Including Export Benefits)	**44,787.15**	23,095.14
Total	**68,612.91**	58,950.69

The Company has common fixed assets in India for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished. The year-end balance of overseas trade receivables is Rs 242.35 lacs (Rs 77.09 lacs).

33. Confirmation certificates in respect of loans given aggregating to Rs 500 Lacs (Rs. 962.00 Lacs) to certain parties as well as interest receivable thereon amounting to Rs 366.98 Lacs (Rs. 543.13 Lacs) are still awaited from the respective parties. Based on present status of negotiation, all these loans and interest receivable are considered good of recovery by the management.

34. Details of remuneration paid to the managing director and whole time directors: (Rs in Lacs)

	Particulars	2012-13	2011-12
i)	Salary	**227.31**	101.52
ii)	Contribution to Provident and other funds	**22.03**	25.42
iii)	Perquisites* (including leave encashment Rs. Nil (Rs.78.20 lacs)	**21.68**	218.93
		271.02	345.87

* As the year end liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to directors is not ascertainable and therefore not included in above.

35. Derivative Instruments & Unhedged foreign currency Exposure :

(i) For Hedging of Foreign Trade Receivable :

Nominal amounts of Forward contract entered into by the company and outstanding as on 31st March 2013 amounting to Rs. 14,176.01 lacs (Rs. Nil)

(ii) Foreign currency exposure that are not hedged by derivative instruments are as under : -

(Rs in Lacs)

Sr. No.	Particulars	As at 31st March, 2013	As at 31st March, 2012
(i)	Loans and advances	**40.60**	53.95
(ii)	Trade Receivables	**—**	73.09
(iii)	Trade Payables	**230.65**	54.28
(iv)	Short-term borrowings	**2,383.39**	—
(v)	Other current liabilities	**605.33**	1,281.95
(vi)	Cash and Bank Balances (*Rs. 471/-)	**—***	0.44
(vii)	Investments in Subsidiary Company	**2,194.83**	2,194.83

NOTES TO FINANCIAL STATEMENTS *(contd.)*

36. During the year, the company has migrated to new ERP system i.e SAP, for which the Company has changed the method of valuation of inventory from Weighted Average to Real time Moving weighted average. Had such change not been made the value of the inventory as at the year end and the profit for the year would be higher by Rs. 77.74 Lacs.

37. Related Party Disclosures

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Subsidiary Company	: Milton Holdings Limited Balasore Metals Pte. Limited
Associate Company	: Balasore Energy Limited
Key Management Personnel and their relative	: Mr. Pramod Kumar Mittal (Chairman) Mr. V K Mittal (Brother of Chairman) Mr. Anil Sureka (Managing Director) (w.e.f. 17th April, 2012) Mr B N Panda (Whole-time Director) (Ceased w.e.f. 6th April, 2013) Mr R K Parakh (Whole-time Director)
Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence*	: JSW ISPAT Steel Limited (formerly Ispat Industries Limited) Navoday Consultant Limited Navdisha Real Estate Private Limited Shakti Chrome Limited Gontermann-Peipers (India) Limited Dankuni Investment Limited Navodaya Consultants Limited Sri Mahalaxmi Solar Energy Pvt. Ltd Jaltarang Vanijya Pvt Ltd

* The parties stated above are related parties in the broader sense of the term and are included for making the financial statements more transparent.

Transactions during the year with related parties : (Rs. in lacs)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Subsidiaries	Key Managerial Personnel and their Relatives	Enterprises over which Key Managerial personnel and their Relatives are able to exercise significant influence	Total
1	Purchase of Fixed Assets	— —	— —	**800.50** —	**800.50** —
2	Money received against Share Warrants	— —	— —	**264.00** —	**264.00** —
3	Long Term Borrowings-Advances towards Promoter Contribution	— —	— —	**19,405.00** —	**19,405.00** —
4	Sale of Finished Goods	— —	— —	**84.96** —	**84.96** —
5	Interest Received on investment in debentures & interest bearing advances	— —	— —	**82.80** (237.00)	**82.80** (237.00)
6	Raw material purchased	— —	— —	**405.61** —	**405.61** —
7	Inventory Purchase	— —	— —	**102.15** —	**102.15** —

NOTES TO FINANCIAL STATEMENTS *(contd.)*

(Rs in lacs)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Subsidiaries	Key Managerial Personnel and their Relatives	Enterprises over which Key Managerial personnel and their Relatives are able to exercise significant influence	Total
8	Processing Charges paid	— —	— —	**33.17** (508.06)	**33.17** (508.06)
9	Lease Rent Paid	— —	— —	**8.20** —	**8.20** —
10	Rent	— —	— —	**80.90** (76.33)	**80.90** (76.33)
11	Miscellaneous Expenses (Service charges)	— —	— —	— (8.00)	— (8.00)
12	Managerial Remuneration	— —	**271.02** (32.00)	— —	**271.02** (32.00)
13	Guarantees given	— —	— —	— (57.03)	— (57.03)
14	Guarantees obtained	— —	**19,000.08** (22,417.90)	— —	**19,000.08** (22,417.90)
Balance as at 31st March, 2013					
15	Investments	**2,194.83** (2,194.83)	— —	**690.00** (690.00)	**2,884.83** (2,884.83)
16	Trade Receivables	— —	— —	**18.85** —	**18.85** —
17	Advance including interest receivable	— —	— —	**105.90** (448.10)	**105.90** (448.10)
18	Long term borrowings - Advances towards promoter contribution	— —	— —	**19,405.00** —	**19,405.00** —
19	Deposits	— —	— —	**285.00** (50.00)	**285.00** (50.00)
20	Managerial Remuneration & other payables	— —	**8.31** (4.21)	— —	**8.31** (4.21)
21	Money received against share Warrants	— —	— —	**264.00** —	**264.00** —
22	Creditors for Fixed Assets	— —	— —	**215.20** —	**215.20** —
23	Guarantees Obtained	— —	**19,000.08** (22,417.90)	— —	**19,000.08** (22,417.90)

Disclosure in Respect of Material Related Party Transactions during the year:

1. Purchase of Fixed Assets from Shakti Chrome Limited - Rs 850 lacs (Previous Year Rs Nil).
2. Money Received against Share Warrants include Dankuni Investment Limited - Rs 132 lacs (Previous Year Rs Nil) and Navodya Consultants Limited - Rs 132 Lacs (Previous Year Rs Nil).
3. Long Term Borrowings - Advances towards Promoter Contribution include Sri Mahalaxmi Solar Energy Pvt. Ltd. - Rs 10,169 lacs (Previous Year Rs. Nil) and Jaltarang Vanijya Pvt Ltd. - Rs 9,236 lacs (Previous Year Rs Nil).

NOTES TO FINANCIAL STATEMENTS *(contd.)*

4. Sale of Finished Goods Include sales made to Gontermann-Peipers (India) Limited - Rs 84.96 lacs (Previous Year Rs Nil).
5. Interest received on Investments in debentures & interest bearing advances include Shakti Chrome Limited - Rs 82.80 lacs (Previous Year Rs 237 lacs).
6. Raw Material purchase include Shakti Chrome Limited - Rs 405.61 lacs (Previous Year Rs Nil).
7. Inventory Purchase include Shakti Chrome Limited - Rs 102.15 lacs (Previous Year Rs Nil).
8. Processing Charges paid include Shakti Chrome Limited - Rs 33.17 lacs (Previous Year Rs 508.06 lacs).
9. Lease Rent Paid include Shakti Chrome Limited - Rs 8.20 lacs (Previous Year Rs Nil).
10. Rent include Navdisha Real Estate Private Limited - Rs 80.90 Lacs (Previous Year Rs 76.33).
11. Miscellaneous Expenses (Service Charges) include - Rs Nil (Previous Year Rs 8 lacs).
12. Managerial Remuneration include to Mr. Anil Sureka - Rs 171.10 lacs (Previous Year Rs Nil), Mr. B N Panda - Rs 57.01 lacs (Previous Year Rs 18.83 lacs) and Mr. R K Parakh - Rs 42.91 lacs (Previous Year Rs 13.17 lacs).
13. Guarantees Given Include JSW Ispat Steel Limited (formerly known as Ispat Industries Limited) - Rs Nil (Previous Year Rs 57.03 lacs).
14. Guarantees Obtained include Mr. Pramod Kumar Mittal - Rs 9,500.04 lacs (Previous Year Rs 11,208.95 lacs) and Mr. V K Mittal - Rs 9,500.04 (Previous Year Rs 11,208.95 lacs).
15. Investments include Milton Holdings Limited - Rs 2,194.83 lacs (Previous Year Rs 2,194.83 lacs), and Shakti Chrome Limited - Rs. 690 lacs (Previous Year Rs 690 lacs)
16. Trade Receivables include Gontermann-Peipers (India) Limited - Rs 18.85 lacs (Previous Year Rs Nil).
17. Advance including (Interest Receivable) - Rs 99.65 lacs (Previous Year Rs 441.85 lacs) and Gontermann-Peipers (India) Limited - Rs 6.25 lacs (Previous Year Rs 6.25 lacs).
18. Long Term Borrowings - Advances towards Promoter Contribution include Sri Mahalaxmi Solar Energy Pvt. Limited - Rs10,169 lacs (Previous Year Rs Nil) and Jaltarang Vanijya Pvt Limited - Rs 9,236 lacs (Previous Year Rs Nil).
19. Deposits include Navdisha Real Estate Private Limited - Rs 285 lacs (Previous Year Rs 50 lacs).
20. Trade & other Payables include Mr. Anil Sureka - Rs 5.07 lacs (Previous Year Rs Nil), Mr B N Panda - Rs 0.27 lacs (Previous Year Rs 2.50 lacs) and Mr R K Parakh - Rs 2.97 lacs (Previous Year Rs 1.71 lacs).
21. Money Received against Share Warrants include Dankuni Investment Limited - Rs 132 lacs (Previous Year Rs Nil) and Navodya Consultants Limited - Rs 132 Lacs (Previous Year Rs Nil).
22. Creditors for Fixed Assets include Shakti Chrome Limited - Rs 215.20 lacs (Previous Year Rs Nil).
23. Guarantees Obtained include Mr. Pramod Kumar Mittal - Rs 9,500.04 lacs (Previous Year Rs 11,208.95 lacs) and Mr. V K Mittal - Rs 9,500.04 lacs (Previous Year Rs 11,208.95 lacs).

38. Basis for calculation of Basic and Diluted Earnings per Share is as follows:

Particulars	**2012-13**	**2011-12**
Present Weighted Average Equity Shares (In Numbers)	64,290,411	64,290,411
Equivalent Weighted Average Equity Shares to be allotted against share warrant (In Numbers)	2,603,836	—
Potential weighted Average Equity Shares (In Numbers)	66,894,247	64,290,411
Net Profit after Taxes (Rs in Lacs)	2,878.45	3,193.06
Nominal Value of each Shares (in Rs)	5/-	5/-
Basic Earnings Per Share (in Rs)	4.48	4.97
Diluted Earnings Per Share (in Rs)	4.30	4.97

NOTES TO FINANCIAL STATEMENTS *(contd.)*

39. CIF Value of Imports (Rs in Lacs)

Particulars	2012-13	2011-12
Raw Materials	2,038.27	1,257.76

40. Expenditure in foreign currency (accrual basis) (Rs in Lacs)

Particulars	2012-13	2011-12
Travelling and conveyance	30.42	5.83
Rent & Hire Charges	35.36	20.67
Insurance	6.06	—
Employee Benefit	50.29	19.26
Claim Expenses & Interest thereon	20.34	444.05
Legal & Professional Fee	15.53	—
Commission on Sales (other than sole selling agent)	562.50	117.27
Finance costs	106.46	61.76
Others	80.99	70.19

41. Earning in foreign currency (on accrual basis) (Rs in Lacs)

Particulars	2012-13	2011-12
FOB Value of Exports	41,037.06	21,714.34

42. Break-up of consumption of raw materials, stores & spares etc. (including items debited to other heads of expenses, unserviceable and / or damaged / obsolete items written down and / or written off)

Particulars	Raw Materials		Stores & Spares Consumed*	
	Rs. in Lacs	%	Rs. in Lacs	%
Indigenous	24,826.88 (17,347.95)	94.40 (76.74)	1989.68 (1,671.71)	100 (99.85)
Imported	1,472.83 (5,256.85)	5.60 (23.26)	— (2.47)	— (0.15)
Total	**26,299.71 (22,604.80)**	**100.00 (100.00)**	**1989.68 (1,674.18)**	**100.00 (100.00)**

* Includes Rs 1096.10 lacs (Rs 779.92 lacs) charged to other heads of expenses excluding discarded fixed assets

43. Remittances (Net of Tax) in Foreign Currency on account of Dividend:

	As at 31st March, 2013	As at 31st March, 2012
a) No. of non-resident shareholders	1,282	1,297
b) No. of Equity Shares Held	8,51,700	871,648
c) Amount remitted as dividend	Nil	Nil
d) Period to which dividend relates	2011-12	2010-11

NOTES TO FINANCIAL STATEMENTS *(contd.)*

44. Tangible fixed Assets include Vehicles and Plant & Equipments acquired under hire purchase scheme [(Gross Block Rs 147.59 Lacs (Rs 60.25 Lacs), Net Block Rs 140.23 Lacs (Rs 59.83 Lacs)] and the year wise break-up of future obligations, inclusive of finance charges of Rs 43.96 Lacs (Rs 15.39) is given below:

(Rs in Lacs)

Lease Obligations		**Not later than 1 year**		**Later than 1 year and not later than 5 years**	
Total Minimum Lease payments at the year end	Present Value of Minimum Lease Payments	Minimum Lease Payment	Present Value as on 31st March, 2013	Minimum Lease Payment	Present Value as on 31st March, 2013
160.07 (68.93)	116.11 (53.54)	35.98 (14.43)	24.00 (9.04)	124.09 (54.50)	92.11 (44.50)

45. Previous year's figures including those given in brackets have been regrouped / rearranged where necessary to conform to this year's classification.

As per our attached Report of even date

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Place : Kolkata
Date : 30th May, 2013

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies

(Rs in Lacs)

1.	**Name of the Subsidiary Company**	**Milton Holdings Ltd.**	**Balasore Metals Pte Ltd.***
2.	The Financial year of the Subsidiary Company ended on	31st March, 2013	31st March, 2013
3	Holding Company's Interest	100% of the paid up Equity Share Capital	100% of the paid up Equity Share Capital
4	Equity Share Capital (Issued, Subscribed & Paid Up)	2,194.83	–**
5	Reserves & Surplus (incl. debit balance in Profit & Loss Account)	342.62	(5.86)
6	Total Assets	2,539.23	5.39
7	Total Liabilities	1.78	11.25
8	Investments	–	–
9	Turnover	–	–
10	Total Income	–	–
11	Profit/(Loss) Before Tax	(3.10)	(4.22)
12	Provision for Taxation (including Deferred Tax)	–	–
13	Profit/(Loss) After Tax	(3.10)	(4.22)
14	Proposed Dividend	–	–
15.	The net aggregate of Profit/ (Loss) of the Subsidiary Company so far as it concerns the members of Balasore Alloys Limited		
	(a) Not dealt with in the accounts of Balasore Alloys Limited for the year ended 31st March, 2013		
	(i) For the Subsidiary Financial Year (Rs in Lacs)	(3.10)	(4.22)
	(ii) For the previous Financial Years of the Subsidiary, since it became the Holding Company's Subsidiary (Rs in Lacs)	(12.67)	(1.46)
	(b) Dealt with in the accounts of Balasore Alloys Limited for the year ended 31st March, 2013	NIL	NIL
	(i) For the Subsidiary Financial Year (Rs in Lacs)		
	(ii) For the previous Financial Years of the Subsidiary, since it became the Holding Company's Subsidiary (Rs in Lacs)	NIL	NIL

* Subject to audit as per the laws of Singapore

** The Holding Company helds the entire Equity Share Capital of 1 Ordinary, fully paid share having Face value of USD 1.00 amounting to USD 1.00.

Exchange Rate for conversion:

1 USD - Rs 53.9600 as on 31st March, 2013 (for assets and liabilities)

1 USD - Rs 53.9164 daily average of Financial year 2012-13 (for income and expenses)

INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS BALASORE ALLOYS LIMITED

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **BALASORE ALLOYS LIMITED** ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

2. Management's responsibility for the Consolidated Financial Statements

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

3. Auditor's responsibility

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

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

4. Emphasis of Matter

We invite attention to the following notes: -

a) Note No. 30 regarding North Eastern Electricity Supply Company of Orissa Limited (NESCO) who has revoked the waiver of dues granted under a settlement in an earlier year and disputed on take or pay benefit claimed during the year, raised total claim for Rs. 15,527.66 Lacs as at 31st March, 2013 (Rs. 16,418.28 Lacs as at 31st March, 2012) (including delayed payment surcharge). As represented to us by the management, the Company is under discussion with NESCO and has also referred the matter to Hon'ble High Court of Orissa & Appellate Tribunal, New Delhi. However, pending outcome of the court case/ discussion, we are unable to comment upon the matter and its consequential impact on the Company's profits.

b) Note No. 31 regarding :

(i) Lender's right to recompense under Corporate Debt Restructuring Scheme sanctioned in earlier years and demand of Rs. 2,767.95 lacs for the sacrifice made upto 31st March, 2007, which has not been provided for.

(ii) Further, the recompense amount for the period from 1st April, 2007 to till date has not been worked out and presently unascertainable. The management has approached its lenders to determine the final liability towards such recompense amount till date, which is unascertainable and therefore we are unable to opine on the matter.

c) Note No. 33 regarding loans of Rs. 500 Lacs and interest receivable of Rs. 366.98 Lacs thereon which are overdue and pending confirmation but based on the current status of negotiation with these parties, the management is hopeful to recover the amount in full. We are unable to opine on the recoverability of these loans and interest receivable and thus its consequential impact, if any, on the Company's profit.

Our opinion is not qualified in respect of these matters.

5. Opinion

In our opinion and to the best of our information and according to the explanations given to us *except for the effects/possible effects of our observations in Para 4 above* , as the case may be and based on the consideration of the reports of the other auditors on the financial statement of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31 2013;

(ii). in the case of the consolidated Statement of Profit and Loss , of the profit of the Group for the year ended on that date; and

(iii) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

6. Other Matters

1. We did not audit the financial statement of a subsidiary, whose financial statement reflect total assets of Rs. 2,539.23 lacs as at 31st March, 2013, total revenue of Rs. (3.10) lacs and net cash outflows amounting to Rs. 0.09 lacs for the year then ended and financial statements of an associate in which the share of loss of the Group is Rs. 0.09 lacs. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

2. We have relied on the unaudited financial statement of a subsidiary, who's financial statement reflect total assets of Rs. 5.39 lacs as at 31st march, 2013, total revenue of Rs. (4.22) lacs and net cash outflows amounting to Rs. 0.72 lacs for the year then ended. This unaudited financial statement as approved by the Board of Directors have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of the subsidiary is based solely on such approved unaudited financial statement.

3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, as notified by the Companies (Accounting Standards) Rules, 2006, (as amended).

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants
Amit Chaturvedi
Partner
Membership No. 103141

Place : Kolkata
Date : May 30, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

(Rs in Lacs)

	Notes	As at 31st March, 2013	As at 31st March, 2012
Equity and Liabilities			
Shareholders' funds			
a. Share capital	3	**3,366.38**	3,366.38
b. Reserves and surplus	4	**89,388.89**	91,660.69
c. Money Received Against Share Warrants		**264.00**	—
Sub-total Shareholders' funds		**93,019.27**	95,027.07
Non-current liabilities			
a. Long-term borrowings	5	**20,853.17**	4,322.80
b. Deferred tax liabilties (net)	6	**1,395.27**	1,075.00
c. Long-term provisions	7	**740.47**	470.08
Sub-total Non-current liabilities		**22,988.91**	5,867.88
Current liabilities			
a. Short-term borrowings	8	**6,470.98**	8,288.02
b. Trade payables	9	**15,730.06**	11,510.58
c. Current Maturities of Long-term borrowings	5	**3,588.80**	2,223.84
d. Other current liabilities	10	**5,681.64**	6,969.70
e. Short-term provisions	7	**2,044.14**	1,436.43
Sub-total Current liabilities		**33,515.62**	30,428.57
TOTAL - EQUITY AND LIABILITIES		**149,523.80**	131,323.52
ASSETS			
Non-current assets			
a. Fixed assets			
Tangible assets	11	**97,222.16**	102,326.65
Intangible assets	11	**1,548.88**	1,388.04
Capital work-in-progress	11	**5,196.14**	3,520.19
b. Non-current investments	12	**1,635.21**	1,650.25
c. Long-term loans and advances	13	**24,221.88**	3,943.23
d. Other non-current assets	14	**296.00**	149.14
Sub-total - Non-current assets		**130,120.27**	112,977.50
Current assets			
a. Inventories	16	**9,915.37**	10,700.98
b. Trade receivables	15	**719.45**	994.44
c. Cash and bank balances	17	**790.48**	629.17
d. Short-term loans and advances	13	**7,317.94**	5,193.43
e. Other current assets	14	**660.29**	828.00
Sub-total - Current assets		**19,403.53**	18,346.02
TOTAL - ASSETS		**149,523.80**	131,323.52
Summary of significant accounting policies	2		
Notes on Financial Statements	3-38		

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Place : Kolkata
Date : 30th May, 2013

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs in Lacs)

	Notes	2012-13	2011-12
INCOME			
Revenue from operations (gross)	18	**71,531.58**	62,765.13
Less: Excise duty		**2,918.67**	3,695.03
Revenue from operations (net)		**68,612.91**	59,070.10
Other income	19	**1,664.20**	705.58
Total revenue (I)		**70,277.11**	59,775.68
EXPENSES			
Cost of raw materials consumed	20	**26,299.71**	22,604.80
(Increase)/ decrease in inventories	21	**(1,093.53)**	(136.73)
Power and Fuel		**20,077.18**	16,880.30
Employee benefits expenses	22	**3,379.89**	2,348.16
Other expenses	23	**10,368.51**	6,882.91
Total (II)		**59,031.76**	48,579.44
Profit before finance costs, tax, depreciation & amortization (I) - (II)		**11,245.35**	11,196.24
Depreciation & amortization expenses	24	**1,749.06**	1,657.98
Finance costs	25	**4,431.02**	4,729.56
Profit before taxes (III)		**5,065.28**	4,808.70
Tax expenses			
Current tax		**1,873.89**	1,386.50
Deferred tax charge		**320.26**	295.73
Taxation expenses of earlier years		**—**	13.78
Total tax expenses (IV)		**2,194.15**	1,696.01
Profit for the year [(III) - (IV)]		**2,871.13**	3,112.69
Less: Share of loss of Associate Company		**0.09**	0.09
Net Profit for the year		**2,871.04**	**3,112.60**
Earnings per equity share [nominal value of share Rs. 5 (Rs. 5) (Refer Note No 38)			
Basic EPS (Rs)		**4.47**	4.97
Diluted EPS (Rs)		**4.29**	4.97
Summary of significant accounting policies	2		
Notes on Financial Statements	3-38		

The accompanying notes are an integral part of the financial statements

As per our Report of even date

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Place : Kolkata
Date : 30th May, 2013

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs in Lacs)

		Notes	As at 31st March, 2013	As at 31st March, 2012
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**			
	Profit before tax		**5,065.28**	4,884.71
	Non-cash adjustment to reconcile profit before tax to net cash flows			
	Depreciation/Amortization		**1,749.06**	1,657.98
	Loss on sale/discard of Fixed Assets (Net)		**136.09**	146.02
	Unrealized foreign exchange loss		**(22.83)**	0.26
	Unspent Liabilities no longer required written back		**(183.52)**	(84.20)
	Provision for diminition in value of Investment/(written back)		**14.96**	56.94
	Irrecoverable debts, deposits & Advances written off		**38.33**	165.99
	Provision for doubtful debts/advances		**519.82**	42.66
	Interest Expense		**4,054.40**	4,068.65
	Interest Income		**(297.15)**	(528.70)
	Operating profit before working capital changes			
	Movements in working capital :			
	Increase/ (Decrease) in trade payables and other current liabilities		**3,485.84**	(3,430.55)
	Increase/ (decrease) in provisions		**326.76**	(172.26)
	Decrease / (increase) in trade receivables		**61.34**	1,023.61
	Decrease / (increase) in inventories		**785.61**	2,335.93
	Decrease / (Increase) loans and advances and other assets		**(2,963.96)**	(165.38)
	Cash generated from /(used in) operations		**12,770.02**	10,001.66
	Direct taxes paid (net of refunds)		**(1,322.55)**	(209.22)
	Net cash flow from operating activities (A)		**11,447.46**	9,792.44
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets, including CWIP and capital advances		**(4,081.43)**	(2,877.31)
	Advance against investment		**(19,875.00)**	—
	Proceeds from sale of fixed assets		**—**	5.27
	Interest received		**402.77**	401.83
	Net cash flow used in investing activities (B)		**(23,553.66)**	(2,470.21)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Money received against share warrants		**264.00**	—
	Proceeds from long-term borrowings		**19,480.55**	55.11
	Repayment of long-term borrowings		**(1,585.21)**	(1,849.52)
	Dividend paid on equity shares (including dividend distribution tax)		**(373.60)**	(361.24)
	Net Movement in Short-term Borrowings		**(1,612.39)**	(1,376.22)
	Interest paid		**(4,154.66)**	(4,049.31)
	Net cash flow used in financing activities (C)		**12,018.68**	(7,581.18)
D.	**Exchange Differences on translation of foreign subsidiaries**		**99.17**	276.10
	Net increase/(decrease) in cash and cash equivalents (A + B + C+D)		**11.66**	17.15
	Cash & Cash equivalents as at the beginning of the year		**51.21**	34.06
	Cash & Cash equivalents as at the end of the year		**62.87**	51.21
	Cash & Cash equivalents as at the end of the year includes			
	Cash-on-hand		**25.17**	8.92
	Balances with banks:			
	On current accounts		**9.39**	28.69
	On unpaid dividend account *		**28.30**	13.60
	Cash and cash equivalents at the end of the year		**62.86**	51.21
	Summary of significant accounting policies	2		
	The accompanying notes are an integral part of Financial Statements			

* The Company can utililize these balance only towards settlement of the respective unpaid dividend

As per our attached Report of even date

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Place : Kolkata
Date : 30th May, 2013

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2013

1. Corporate information

Balasore Alloys Limited ("the Company") and its wholly owned subsidiaries Milton Holdings Limited & Balasore Metals Pte Limited (collectively referred as "the Group"), is engaged in mining of Chrome Ore, Iron Ore and Manganese Ore and manufacturing and selling of Ferro Alloys of various grades. The Group is also engaged in trading business of various allied products like Coke, Chrome Ore Lumpy etc. The associate company of the Group "Balasore Energy Limited" is in the process of setting up power plant at Balasore, Odisha.

2. Summary of significant accounting policies

(a) Principles of Consolidation

(i) The Consolidated Financial Statements present the consolidated Accounts of Balasore Alloys Limited and its following Subsidiaries:

Name of the Subsidiaries	Country of Incorporation	Proportion of Ownership / Interest	
		31st March, 2013	31st March, 2012
Milton Holding Limited (MHL)	Mauritius	**100%**	**100%**
Balasore Metals Pte. Limited (BMPL)	Singapore	**100%**	**100%**

In terms of Accounting Standard 21 notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended), no minority interest exists. MHL is into the business of mining and has not yet commenced commercial operations. BMPL is into the business of trading of ferro alloys.

(ii) The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and any unrealized profits.

(iii) In terms of Accounting Standard 23 "Accounting for investment in Associates in Consolidated Financial Statements", Balasore Energy Limited (BEL), incorporated in India, in which the Company holds 34% (34%) shares, is an associate company, and the proportionate share of BEL's net profit/loss has been duly considered in these accounts.

(iv) The financial statements of Milton Holding Limited have been prepared in accordance with International Financial Reporting Standards which has been converted using the accounting policies of the company by the management and considered for consolidation.

(v) The financial statements of Balasore Metals Pte Limited have been prepared in accordance with Singapore Financial Reporting Standards which has been converted using the accounting policies of the company by the management and considered for consolidation.

(vi) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviation in accounting policies, if any, to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Company's separate financial statements.

(vii) In translating the financial statements of the non-integral foreign Subsidiaries for incorporation in the consolidated financial statements, the assets and liabilities, both monetary and non-monetary are translated at the closing rate; income and expense items are translated at average exchange rate; and all resulting exchange differences are accumulated in foreign currency translation reserve.

(viii) The Consolidated Financial Statements are based on the audited financial statements of MHL and unaudited financial statements of BMPL, which are certified by the management.

(b) Basis of preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis, except in respect of interest income on overdue bills and insurance & other claims / refunds, which due to uncertainty in realization, are accounted for on acceptance/actual receipt basis.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group ascertains its operating cycle for the purpose of current or non- current classification of assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

(c) Use of estimates

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

(d) Tangible fixed assets

Tangible fixed Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment, if any. The cost of acquisition comprises purchase price inclusive of duties (net of Cenvat), taxes, incidental expenses, erection/commissioning/trial run expenses and interest etc, up to the date the assets are ready for intended use.

In case of revaluation of tangible fixed assets, the original cost as written up by the approved valuers is considered in the accounts and the differential amount is transferred to the revaluation reserve.

Machinery spares which can be used only in connection with an item of tangible fixed assets and whose use, as per technical assessment, is expected to be irregular, are capitalized and depreciated over the residual life of the respective assets.

Assets awaiting disposal are valued at the lower of written down value and net realizable value and disclosed separately under Other Current Assets.

Subsequent expenditure related to an item of tangible fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Expenditure incurred on development of mines are capitalized as intangible assets.

Computer software not being part of the hardware operating system are capitalised as intangible asset.

(f) Depreciation/Amortization

The classification of plant & machinery into continuous and non-continuous process is done as per the technical evaluation and depreciation thereon is provided accordingly.

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956 or at rates determined based on useful lives of the respective assets, as estimated by the management, whichever is higher.

Depreciation on revalued assets is provided at the rates specified in Section 205(2) (b) of The Companies Act, 1956. However in case of fixed assets whose life is determined by the valuer to be less than their useful life under Section 205, depreciation is provided at the higher rate, to ensure the amortization of these assets over their life determined by the valuer.

Additional depreciation arising due to revaluation of fixed assets is adjusted against Revaluation Reserve.

Leasehold land is amortized on a straight line basis over the period of lease of 90 years.

Mining lease and mines development expenditure are amortized over the balance period of mining leases on straight line basis.

Computer software are amortized over a period of three years on straight line basis.

(g) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(h) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(i) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(j) Inventories

Raw materials, Stores, spares & consumables are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis. Royalty on stock lying at mines is accounted on dispatch of materials.

Work in Progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials, labour cost and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Obsolete/damaged stores, saleable dust and saleable scrap are valued at estimated net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The recovery of ferro chrome from slag generated at the plant during the manufacturing operations is accounted for on actual ascertainment of quantity thereof, since it is not feasible to determine the quantum till the re-processing of such slag.

(k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Export Benefits

Export benefits are recognized on accrual basis as per schemes specified in Foreign Trade Policy, as amended from time to time.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head “other income” in the statement of profit and loss.

(l) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement / or reporting of monetary items, at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognized as income or expenses in the period in which they arises

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Losses on account of Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the period.

(v) Derivative Instruments

In terms of the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under Accounting Standard -11 “The Effects of Changes in Foreign Exchange Rates”) is done based on the “marked to market” on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored as a matter of prudence.

(m) Retirement and other employee benefits

Retirement benefits in the form of Provident Fund, Superannuation Fund and Employee State Insurance are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year.

Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method made at the end of each financial year.

Actuarial gains/losses are taken to profit and loss account and are not deferred.

(n) Income taxes

Tax expense comprises of current, deferred and prior year tax expenses, if any (net of MAT credit entitlement).

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty backed by convincing evidence that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier periods are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(o) Segment reporting

Identification of segments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

Allocation of common costs

Common allocable costs are allocated to each segment on case to case basis by applying the ratio, appropriate to each relevant case.

Revenue and expenses which relates to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under the head "Unallocated – Common"

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole

(p) Earnings Per Share

Basic Earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

(q) Provisions

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle such obligation, in respect of which a reliable estimate can be made.

Provisions made in terms of Accounting Standard 29 are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(r) Contingent liabilities & Commitments

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Capital commitments' are future liabilities for capital expenditure in respect of capital contracts yet to be executed.

'Other commitments' include all future liabilities for contractual commitments arising out of non cancellable contracts having penalty disproportionate to the benefits.

(s) Cash and cash equivalents

Cash and cash equivalents as indicated in the cash flow statement comprise cash on hand, cash at bank and short-term deposits with an original maturity of three months or less.

(t) Royalty

Royalty on mining materials is accounted based on the rates notified by Indian Bureau of Mines for each month in absence of monthly rates, these are accounted on the basis of latest available rates.

(u) Lease

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

3. Share capital

(Rs in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Authorized shares		
200,000,000 (200,000,000) equity shares of Rs.5/- each	**10,000.00**	10,000.00
Issued and subscribed shares		
67,334,263 (67,334,263) equity shares of Rs. 5/- each	**3,366.71**	3,366.71
Fully paid-up shares		
64,290,411 (64,290,411) equity shares of Rs. 5/- each	**3,214.52**	3,214.52
Add: Shares forfeited	**151.86**	151.86
Total	**3,366.38**	3,366.38

(a) There is no movement in share capital as compared to previous year

(b) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting year

Equity shares

	As at 31st March, 2013		As at 31st March, 2012	
	No. in lacs	**Rs. In lacs**	No. in lacs	Rs. In lacs
At the beginning of the year	**642.90**	**3,214.52**	642.90	3,214.52
Issued during the year	–	–	–	–
Outstanding at the end of the year	**642.90**	**3,214.52**	642.90	3,214.52

(c) Terms/ rights attached to equity shares

(i) The company has only one class of equity shares having par value of Rs 5 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(ii) The amount of per share dividend recognized as distributions to equity shareholders is Rs 0.50 per share (31 March 2012: Rs 0.50 per share).

(iii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholder	As at 31 March, 2013		As at 31 March, 2012	
	Numbers	**% holding**	Numbers	% holding
Goldline Tracom Private Limited	**12,402,346**	**19.29%**	12,402,346	19.29%
Ushaditya Trading Private Limited (Formerly Ushaditya Investments Private Limited)	**7,392,500**	**11.50%**	7,392,500	11.50%
Navoday Exim Private Limited (Formerly Ispat Holdings Private Limited)	**4,888,800**	**7.60%**	4,888,800	7.60%
Hypnos Fund Ltd.	**3,495,369**	**5.44%**	1,796,769	2.80%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(e) Details of equity shares pledged by the promoter or persons forming part of the promoter group ('Promoter Group') of the Company in compliance to Corporate Debt Restructuring Scheme:

Particulars	As at 31st March, 2013	As at 31st March, 2012
Total number of equity shares held by the Promoter Group	**29,935,186**	29,935,186
Total number of equity shares pledged by the Promoter Group	**14,604,790**	14,604,790
Percentage of total shares pledged to total shareholding of the Promoter Group	**48.79%**	48.79%
Percentage of total shares pledged to total outstanding shares of the Company	**22.72%**	22.72%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

4. Reserves and surplus

(Rs in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Capital Reserve		
Capital Investment Subsidy (a)	**41.96**	41.96
Amount arisen on Forfeiture of Equity Warrants (b)	**490.00**	490.00
Revaluation Reserve		
Balance as per the last financial statements	**65,679.24**	71,019.59
Less: Amount transferred to the statement of profit and loss as reduction from depreciation	**(4,868.41)**	(5,067.40)
Less: Adjustment towards discard/sale of fixed assets	**–**	(272.95)
Closing Balance (c)	**60,810.83**	65,679.24
Securities Premium Account (d)	**1,550.00**	1,550.00
Foreign Currency Translation Reserve		
Balance as per the last financial statements	**259.04**	(17.06)
Addition/Deduction for the year	**99.17**	276.10
Closing Balance (e)	**358.21**	259.04
General Reserve		
Balance as per the last financial statements	**7,688.36**	7,749.01
Less: Adjustment towards discard/sale of fixed assets	**–**	(60.65)
Closing Balance (f)	**7,688.36**	7,688.36
Surplus in the profit and loss account		
Balance as per last financial statements	**15,952.09**	13,137.08
Profit for the year	**2,871.04**	3,188.61
Less: Appropriations		
Proposed final equity dividend [(amount per share Re 0.50 (Re 0.50)]	**(321.45)**	(321.45)
Tax on proposed equity dividend	**(52.15)**	(52.15)
Total appropriations	**(373.60)**	(373.60)
Net surplus in the profit and loss account (g)	**18,449.53**	15,952.09
Total reserves and surplus (a to g)	**89,388.89**	91,660.69

5. Long-term borrowings

(Rs in Lacs)

	Non Current Position		Current maturities	
	As at 31st March, 2013	As at 31st March, 2012	**As at 31st March, 2013**	As at 31st March, 2012
A) Secured				
Indian rupee loan from banks				
Term Loans	**1,042.27**	2,608.58	**1,781.20**	1,505.20
Funded Interest Term Loans	**313.79**	1,669.72	**1,438.60**	364.60
	1,356.06	4,278.30	**3,219.80**	1,869.80
Deferred Payment Credits	**92.11**	44.50	**24.00**	9.04
	92.11	44.50	**24.00**	9.04
Total Secured Loan	**1,448.17**	4,322.80	**3,243.80**	1,878.84
B) Unsecured				
Loans from Bodies Corporates	**–**	–	**345.00**	345.00
Advance towards Promoter Contribution	**19,405.00**	–	**–**	–
Total Unsecured Loan	**19,405.00**	–	**345.00**	345.00
Total	**20,853.17**	4,322.80	**3,588.80**	2,223.84

NOTES TO FINANCIAL STATEMENTS *(contd.)*

a) Nature of securities and terms of repayment of each loan (Rs in Lacs)

Name of the Bank	Terms of Repayment	Nature of Securities	Interest Rate	Loan Amount as at 31st March, 2013	Loan Amount as at 31st March, 2012
Term Loans:					
State Bank of India	20 Quarterly installments of Rs 340 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.15%	**2,661.92**	3,870.59
State Bank of Hyderabad	20 Quarterly installments of Rs 16.35 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.00%	**129.95**	196.22
Allahabad Bank	20 Quarterly installments of Rs 3.95 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	11.25%	**31.60**	46.97
Funded Interest Term Loans:					
State Bank of India	20 Quarterly installments of Rs 81 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.15%	**232.00**	491.98
	8 Quarterly installments of Rs 261 Lacs each starting from 30.04.2013 till 31.03.2015	See (i) below	BPLR - 1.15%	**1,087.94**	1,087.94
State Bank of Hyderabad	20 Quarterly installments of Rs 4.20 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	BPLR - 1.00%	**24.35**	41.15
	8 Quarterly installments of Rs 30.13 Lacs each starting from 30.04.2013 till 31.03.2015	See (i) below	BPLR - 1.00%	**241.00**	241.00
Allahabad Bank	20 Quarterly installments of Rs 1.70 Lacs each starting from 30.04.2010 till 31.03.2015	See (i) below	11.25%	**12.32**	18.78
	8 Quarterly installments of Rs 19.38 Lacs each starting from 30.04.2013 till 31.03.2015	See (i) below	11.25%	**154.78**	153.47
Deferred Payment Credits:					
BMW Financial Services	59 Monthly installments of Rs 0.84 Lacs each starting from 16.02.2012 till 16.12.2016	See (ii) below	10.70%	**30.51**	37.22
HDFC Bank	60 Monthly installments of Rs 0.37 Lacs each starting from 07.03.2012 till 07.01.2017	See (ii) below	11.37%	**13.64**	16.32
HDFC Bank	60 Monthly installments of Rs 0.28 Lacs each starting from 05.09.2012 till 05.08.2017	See (ii) below	10.50%	**11.66**	–
ICICI Bank	60 Monthly installments of Rs 0.39 Lacs each starting from 01.10.2012 till 01.09.2017	See (ii) below	10.44%	**16.78**	–
HDFC Bank	60 Monthly installments of Rs 0.37 Lacs each starting from 14.12.2012 till 17.11.2017	See (ii) below	11.52%	**15.05**	–
Mahindra & Mahindra Financial Services Ltd.	47 Monthly installments of Rs 0.78 Lacs each starting from 25.02.2013 till 25.12.2016	See (ii) below	12.27%	**28.47**	–
Loans from Body Corporates					
Various Bodies Corporates	Repayable after 30th June 2013	N.A.	N.A.	**345.00**	345.00

(i) Term loans and Funded interest term loans are secured by a first charge over Plant & Machinery and other fixed assets (including factory land and building) and by way of second charge over current assets of the Company. The loans are also secured by pledge of a part of shareholding of the promoter group [including shares held by Mr Pramod Kumar Mittal (a director) and Mr V K Mittal (ceased to be director w.e.f 28th July, 2010)]. The above loans are further guaranteed by Mr Pramod Kumar Mittal and Mr V K Mittal (ceased to be director w.e.f 28th July, 2010) and by corporate guarantee of Shakti Chrome Limited & Ispat Minerals Limited. All the mortgages and charges created in favour of the Banks for Term Loan and Working Capital Facilities rank pari passu inter se.

(ii) Deferred Payment Credits are secured against hypothecation of Vehicles purchased against such loans.

Advance towards Promoter Contribution

Amount received from promoter group companies towards participation in equity and/ or quasi debt instruments. Pending finalisation of the terms and pricing, the same has been shown as interest free advance towards promoter contribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

6. Deferred tax liabilities (net)

(Rs in Lacs)

		As at 31st March, 2013	As at 31st March, 2012
Deferred tax liabilities			
Timing difference on depreciable assets		**2,682.48**	2,221.88
	(A)	**2,682.48**	2,221.88
Deferred tax assets			
Timing difference due to disallowance under section 43B of the Income Tax Act, 1961		**1,165.76**	1,044.31
Other disallowance under Income Tax Act, 1961		**121.45**	102.57
	(B)	**1,287.21**	1,146.88
Net deferred tax liabilities (A-B)		**1,395.27**	1,075.00

7. Provisions

(Rs in Lacs)

	Non Current Provisions		Current Provisions	
	As at 31st March, 2013	As at 31st March, 2012	**As at 31st March, 2013**	As at 31st March, 2012
Provision for employee benefits:				
Gratuity	**431.87**	243.93	**10.17**	3.64
Superannuation	—	—	**99.16**	57.42
Leave salary	**278.60**	208.15	**8.81**	0.70
	710.47	452.08	**118.14**	61.76
Other provisions for -				
Taxation[(net of advance income taxes/Tax deducted at source Rs 4460.52 lacs (Rs 3018.09 Lacs)]	—	—	**1,552.40**	1,001.07
Site restoration (Refer note below)	**30.00**	18.00	**—**	**—**
Proposed equity dividends	—	—	**321.45**	321.45
Provision for tax on proposed equity dividend	—	—	**52.15**	52.15
	30.00	18.00	**1,926.00**	1,374.67
	740.47	470.08	**2,044.14**	1,436.43

As per the requirement of Accounting Standard – 29, the management has estimated future expenses on site restoration at mines on best judgment basis and due provision thereof has been made in the accounts.

(Rs in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
At the beginning of the year	18.00	
Arisen during the year	12.00	—
Utilized during the year	—	—
At the end of the year	**30.00**	18.00
Non-Current Portion	30.00	18.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

8. Short-term borrowings

(Rs in Lacs)

		As at 31st March, 2013	As at 31st March, 2012
A) Secured Loans			
Cash credits from banks		**2,539.22**	5,040.17
Pre-shipment Credit in Foreign Currency		**2,383.39**	–
Export Packing credit loan		**1.56**	20.68
	(A)	**4,924.17**	5,060.85
B) Unsecured Loans			
Loans from Body Corporates		**1,546.81**	3,227.17
	(B)	**1,546.81**	3,227.17
Total	**(A+B)**	**6,470.98**	8,288.02

a) Nature of securities and terms of repayment of each loan

(Rs in Lacs)

Particulars of Loan	Name of the Bank	Nature of Securities	Terms of Repayment	Interest Rate	Loan Amount As at 31st March, 2013	Loan Amount As at 31st March, 2012
Cash credit from banks	State Bank of India	Refer below	Repayable on Demand	BPLR	**1,058.78**	3,066.52
	State Bank of Hyderabad		Repayable on Demand	BPLR	**879.08**	1,298.11
	Allahabad Bank		Repayable on Demand	BPLR	**601.36**	675.54
Pre-shipment Credit in Foreign Currency	State Bank of India		Repayable on Demand	BPLR	**2,010.77**	–
	State Bank of Hyderabad		Repayable on Demand	BPLR	**372.62**	–
Export Packing Credit Loan	State Bank of Hyderabad		Repayable within 180 days from balance sheet date	BPLR-0.50%	**1.56**	20.68
Other loans	Various Body Corporates	Unsecured	Repayable on Demand	12% to 18%	**1,546.81**	3,227.17

Working capital facilities are secured by first charge over current assets and by second charge over fixed assets of the Company. The loans are also secured by pledge of a part of shareholding of the promoter group [including shares held by Mr Pramod Kumar Mittal (a director) and Mr V K Mittal (ceased to be director w.e.f 28th July, 2010)]. The above loans are further guaranteed by Mr Pramod Kumar Mittal and Mr V K Mittal and by corporate guarantee of Shakti Chrome Limited & Ispat Minerals Limited. All the mortgages and charges created in favour of the Banks for Term Loan and Working Capital Facilities rank pari passu inter se.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

9 Trade Payables

(Rs in Lacs)

	Current position	
	As at 31st March, 2013	As at 31st March, 2012
Acceptances	**3,796.06**	3,654.37
Creditors for goods, services etc (including retention money)	**11,934.00**	7,856.21
Total	**15,730.06**	11,510.58

a) Trade payable above includes amount due to Micro & Small Enterprises in terms of Micro, Small and Medium Enterprises Act, 2006 (MSME Act) as under:

(Rs in Lacs)

		As at 31st March, 2013	As at 31st March, 2012
a)	Principal Amount (included in Trade Payable)	**43.62**	66.63
	Interest due on above	**30.06**	24.96
		73.68	91.59
b)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**—**	—
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	**5.10**	5.40
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year	**5.10**	5.40
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	**30.06**	24.96

10. Other Current liabilities

(Rs in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Interest accrued but not due on borrowings	**5.60**	0.28
Interest accrued and due on borrowings	**707.71**	608.65
Advance from customers	**536.94**	799.98
Investor Education and Protection Fund:		
Unpaid Dividend (not due)	**28.31**	13.60
Creditors for Fixed Assets (including retention money from contractors / suppliers)	**152.10**	604.54
Statutory Dues	**424.90**	861.97
Temporary Book Overdraft	**41.16**	—
Claims Payable	**583.19**	555.50
Other liabilities*	**3,201.73**	3,525.18
Total	**5,681.64**	6,969.70

* It includes Rs.2845.14 lacs (Rs.3292.53 lacs) payables against arrangement for procurement of raw materials.

11. FIXED ASSETS

(Rs.in Lacs)

	Tangible Assets										Intangible Assets		
	Freehold Land	Leasehold Land	Mining Lease	Buildings	Plant and equipment	Office Equipment	Computer & Periperhals (See 2 below)	Furniture and fixtures	Vehicles	Total	Computer Software	Mines Development (See 3 below)	Total
Gross Block :													
As at 1st April, 2011 (1)	1,144.12	287.77	85,279.23	5,448.40	37,978.84	138.65	265.62	221.16	134.99	130,898.78	—	809.60	809.60
Additions	3.58	—	—	1,468.02	2,794.18	36.46	—	10.27	70.38	4,382.89	17.44	684.49	701.93
Disposals/Discard	—	—	—		(884.54)	—	—	—	(66.85)	(951.39)	—	—	—
As at 31st March 2012	1,147.70	287.77	85,279.23	6,916.42	39,888.48	175.11	265.62	231.43	138.52	134,330.28	17.44	1,494.09	1,511.53
Additions (4)	94.52	—	—	585.58	500.42	70.43	92.11	35.91	57.81	1,436.78	237.05	—	237.05
Disposals/Discard	—	—	—	—	—	—	—	—	—	—	—	—	—
As at 31st Mar 2013	**1,242.22**	**287.77**	**85,279.23**	**7,502.00**	**40,388.90**	**245.54**	**357.73**	**267.34**	**196.33**	**135,767.06**	**254.49**	**1,494.09**	**1,748.58**
Accumulated Depreciation/ Amortization:													
As at 1st April, 2011	—	21.54	7,743.02	1,579.28	15,900.54	75.79	232.36	152.55	81.94	25,787.02	—	81.22	81.22
Charge for the year	—	3.52	4,090.01	176.84	2,371.27	22.06	—	12.73	6.68	6,683.11	4.17	38.10	42.27
Disposals/Discard	—	—	—	—	(410.29)	—	—	—	(56.21)	(466.50)	—	—	—
As at 31st March 2012	—	25.06	11,833.03	1,756.12	17,861.52	97.85	232.36	165.28	32.41	32,003.63	4.17	119.32	123.49
Charge for the year	—	3.49	4,342.85	218.68	1,925.10	20.42	10.30	7.87	12.56	6,541.27	6.27	69.94	76.21
Disposals/Discard	—	—	—	—	—	—	—	—	—	—	—	—	—
As at 31st Mar 2013	—	**28.55**	**16,175.88**	**1,974.80**	**19,786.62**	**118.27**	**242.66**	**173.15**	**44.97**	**38,544.90**	**10.44**	**189.26**	**199.70**
Net Block													
As at 31st March 2012	1,147.70	262.71	73,446.20	5,160.30	22,026.96	77.26	33.26	66.15	106.11	102,326.65	13.27	1,374.77	1,388.04
As at 31st Mar 2013	**1,242.22**	**259.22**	**69,103.35**	**5,527.20**	**20,602.28**	**127.27**	**115.07**	**94.19**	**151.36**	**97,222.16**	**244.05**	**1,304.83**	**1,548.88**
Capital work-in-progress													
As at 31st March 2012										3,520.19			
As at 31st Mar 2013										**5,196.14**			

(1) Includes Rs 76,337.69 lacs (credited to Revaluation Reserve) and Rs 23,118.34 lacs (credited to General Reserve in terms of High Court Order) capitalised on account of revaluation of land, buildings, mining lease and plant & machinery of the Company as on 31st March, 2010, and as on 31st December, 2004 respectively at net replacement cost basis based on the report of an approved valuer.

(2) Reclasification of Rs 14.66 Lacs from Plant and equipment, Rs 246.44 Lacs from Office equipment and Rs 4.52 Lacs from Furniture & Fixture to Computer & Peripherals

(3) Represents cost of Exploration, Net Present Value of Forest Restoration etc.

(4) Additions during the year include Land Rs 50 Lacs, Buildings Rs 410 Lacs and Plant & equipment Rs 334.21 Lacs purchased from M/s Shakti Chrome Ltd., pending clearance of title

(5) Capital Work-in-progress include:
 i) Rs 902.01 Lacs (Rs Nil) on account of project development expenditure
 ii) Rs 235.07 Lacs (Rs 235.07 Lacs) on account of cost of construction materials at site.

(6) Project Development Expenditure (in respect of projects upto 31.03.2013, included under capital work in progress)

(Rs in lacs)

		2012-2013		2011-2012
Opening Balance		**—**		—
Add:				—
Employee Benefit Expenses	**403.98**		—	
Excavation Charges	**297.16**		—	
Legal And Professional Fees	**268.52**		—	
Travelling And Conveyance	**44.19**		—	
Rates And Taxes	**12.75**		—	
Miscellaneous Expenses	**10.02**		—	
Rent	**1.58**		—	
Communication Costs	**1.22**		—	
		1,039.42		—
Less: Project Development Expenses capitalised during the year		**-137.41**		—
Closing Balance		**902.01**		—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

12. Non-current investments

(Rs in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares		
Investment in associate		
17000 (17000) Equity Shares of Rs 10 each fully paid-up in Balasore Energy Limited	**0.46**	0.54
Investment in government securities		
6 years National Savings Certificates (Deposited with Government Departments)	**0.95**	0.95
Non-trade investments (valued at cost unless otherwise stated)		
Unquoted equity shares		
300000 (300000) equity shares of Rs 10 each fully paid-up in Elephanta Gases Limited.	**30.00**	30.00
116 (116) equity shares of Rs 10 each fully paid-up in Navoday Management Services Limited (Formerly Ispat Finance Limited)	**0.10**	0.10
Unquoted mutual funds		
165000 (165000) Magnum units of Rs 10 each fully paid-up in SBI Mutual Fund	**10.00**	10.00
Unqouted debentures		
690000 (690000) 12% Unsecured redeemable non-convertible debentures of Rs 100 each fully paid-up in Shakti Chrome Limited.	**690.00**	690.00
850000 (850000) 12% Unsecured redeemable non-convertible debentures of Rs 100 each fully paid-up in Krish Trexim Private Limited	**850.00**	850.00
Quoted equity shares		
453000 (453000) equity shares of Rs 10 each fully paid-up in JSW ISPAT Steel Limited (Net of provision for dimunition Rs 253.38 lacs (Rs 236.12 lacs))	**39.78**	57.03
39950 (39950) equity shares of Rs 10 each fully paid-up in Ispat Profiles India Limited (Net of provision for dimunition Rs 7.99 lacs (Rs 7.99 lacs))	**—**	—
Quoted preference shares		
302000 (302000) 0.01% Cumulative Redeemable Preference Shares of Rs 10 each fully paid-up in JSW ISPAT Steel Limited (Net of provision for dimunition Rs 181.51 lacs (Rs 183.80 lacs))	**13.92**	11.63
	1,635.21	1,650.25
a) Aggregate amount of quoted investments		
Cost	**496.57**	496.57
Less: Provision for Dimunition	**442.87**	427.91
	53.70	68.66
b) Aggregate amount of unquoted investments (At cost)	**1,581.51**	1,581.59
c) Market Value of quoted investment	**53.70**	68.66
d) Valued at exchange rate prevailing on the date of transaction		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

13. Loans and advances (Unsecured, considered good unless stated otherwise) (Rs in Lacs)

		Non Current		Current	
		As at 31st March, 2013	As at 31st March, 2012	**As at 31st March, 2013**	As at 31st March, 2012
Capital advances [including doubtful Rs 78.80 Lacs (Rs Nil)]		**2,734.04**	2,590.91	**—**	—
Provision for doubtful advances		**(78.80)**	—	**—**	—
	(A)	**2,655.24**	2,590.91	**—**	—
Advances recoverable in cash or kind					
Considered good - Related Parties (Refer Note No 36)		**—**	—	**6.25**	441.71
Advance against strategic investment		**19,875.00**	—		
Considered good - Others		**—**	—	**3,253.52**	1,981.88
Doubtful		**251.09**	120.55	**—**	—
		20,126.09	120.55	**3,259.77**	2,423.59
Provision for doubtful advances		**(251.09)**	(120.55)	**—**	—
	(B)	**19,875.00**	—	**3,259.77**	2,423.59
Loans					
Body Corporates		**—**	—	**1,036.00**	1,083.10
Employees		**—**	—	**98.17**	25.65
	(C)			**1,134.17**	1,108.75
Security Deposits	(D)	**1,691.64**	1,352.32	**57.35**	57.35
Advance towards Recompense Amount	(E)	**—**	—	**—**	252.00
Others (Considered Good)					
Balances with statutory / government authorities		**—**	—	**1,584.18**	884.63
Export benefits receivables		**—**	—	**1,197.22**	383.56
Prepaid expenses		**—**	—	**85.25**	83.55
	(F)	**—**	—	**2,866.65**	1,351.74
Total	(A to F)	**24,221.88**	3,943.23	**7,317.94**	5,193.43

14. Other Assets (Unsecured, considered good unless stated otherwise) (Rs in Lacs)

	Non Current		Current	
	As at 31st March, 2013	As at 31st March, 2012	**As at 31st March, 2013**	As at 31st March, 2012
Non-current bank balances (Note No 17)	**296.00**	149.14	**—**	—
Assets held for Disposal	**—**	—	**36.00**	36.00
Interest Receivable on				
Bank Deposits	**—**	—	**25.06**	17.79
Long-term investments	**—**	—	**190.36**	165.22
Loans, Other Deposits - considered good	**—**	—	**408.50**	608.99
Doubtful	**104.75**	42.66	**—**	—
Others	**—**	—	**0.37**	—
	104.75	42.66	**624.29**	792.00
Provision for doubtful interest receivables	**(104.75)**	(42.66)	**—**	—
Total	**296.00**	149.14	**660.29**	828.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

15. Trade receivables (Unsecured) (Rs in Lacs)

		Non Current		Current	
		As at 31st March, 2013	As at 31st March, 2012	**As at 31st March, 2013**	As at 31st March, 2012
Outstanding for a period exceeding six months from the date they are due for payment					
Considered good		**—**	—	—	157.88
Doubtful		**173.22**	27.83	**—**	—
		173.22	27.83	—	157.88
Provision for doubtful receivables		**(173.22)**	(27.83)	**—**	—
	(A)	**—**	—	—	157.88
Other receivables (considered good) - other		**—**	—	**700.60**	836.56
Other receivables (considered good) - related parties		**—**	—	**18.85**	—
	(B)	**—**	—	**719.45**	836.56
Total	**(A+B)**	**—**	—	**719.45**	994.44

16. Inventories (valued at lower of cost and net realizable value) (Rs in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Raw materials and components [includes in transit and pledged Rs 774.57 Lacs (Rs 1203.20 Lacs)]	**6,873.69**	9,405.83
Stores, Spares & Consumables	**1,173.62**	532.94
Finished goods	**1,272.70**	390.00
Stock under process	**337.30**	141.83
At estimated net realisable value		
Saleable Scraps	**258.06**	230.38
Total	**9,915.37**	10,700.98
Details of inventory		
Raw materials		
Chrome Ore (including own generation)	**5,516.53**	7,610.15
Coal and Coke etc.	**1,138.52**	1,604.21
Carbon Paste	**38.13**	26.06
Quartz	**80.79**	6.07
Magnesite	**28.75**	—
Dolomite	**5.17**	—
Others	**65.80**	159.34
	6,873.69	9,405.83
Finished goods		
Ferro Alloys	**1,272.70**	390.00
Stock under process		
Ferro Alloys	**337.30**	141.83
Saleable Scraps		
Saleable Scraps	**258.06**	230.38

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

17. Cash and bank balances

(Rs in Lacs)

	Non Current		Current	
	As at 31st March 2013	As at 31st March 2012	**As at 31st March 2013**	As at 31st March 2012
Cash and cash equivalents				
Balances with banks:				
On current accounts	**—**	—	**9.39**	28.69
On unpaid dividend account	**—**	—	**28.30**	13.60
Cash on hand	**—**	—	**25.17**	8.92
	—	—	**62.86**	51.21
Other bank balances				
Margin money deposit #	**296.00**	149.14	**727.62**	577.96
	296.00	149.14	**727.62**	577.96
Amount disclosed under non-current assets (Note no. 14)	**(296.00)**	(149.14)	**—**	—
	—	—	**790.48**	629.17

Receipts lying with Banks as security against guarantees / letters of credit issued by them

18. Revenue from operations

(Rs in Lacs)

	2012-13	2011-12
Revenue from operations		
Sale of products		
Finished goods	**68,747.57**	61,476.69
Saleable Scraps	**113.09**	160.67
Export Benefits	**2,528.91**	912.23
Other operating revenue		
Scrap sales	**142.01**	215.54
Revenue from operations (gross)	**71,531.58**	62,765.13
Less: Excise duty	**2,918.67**	3,695.03
Total Revenue from operations (net)	**68,612.91**	59,070.10

19. Other income

(Rs in Lacs)

	2012-13	2011-12
Interest income on		
Bank deposits	**40.64**	101.18
Long-term investments	**184.80**	184.80
Loan, advances, deposits etc	**46.48**	96.52
Others	**25.23**	70.19
Insurance Claims	**30.22**	0.80
Unspent liabilities no longer required written back	**183.52**	84.20
Gain on Foreign Exchange Fluctuation (net)	**1,115.63**	115.45
Dividend	**5.28**	3.63
Others	**32.39**	48.81
Total	**1,664.20**	705.58

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

(Rs in Lacs)

		2012-13	2011-12
20	**Cost of raw materials consumed**		
	Inventory at the beginning of the year	**9,405.83**	11,884.49
	Add: Purchases (including cost of raw materials extracted and briquetted by the Company)	**23,767.57**	20,126.14
		33,173.40	32,010.63
	Less: Inventory at the end of the year	**6,873.69**	9,405.83
	Cost of raw materials consumed **Total**	**26,299.71**	22,604.80
a)	**Details of raw materials consumed**		
	Chrome Ore (including own generation/briquetted)	**10,715.83**	8,783.70
	Coal and Coke etc.	**13,529.62**	12,050.10
	Carbon Paste	**459.23**	428.84
	Quartz	**384.27**	292.79
	Magnesite	**290.05**	259.39
	Dolomite	**271.25**	256.29
	Others (Including handling charges)	**649.46**	533.69
		26,299.71	22,604.80
b)	**Breakup of cost of raw materials extracted and briquetted by the Company and included in purchase above:**		
	Nature of Expenses		
	Salaries, Wages, Bonus etc.	**276.29**	239.06
	Contribution to provident and other funds	**14.19**	9.94
	Excavation Cost	**849.00**	1,299.48
	Consumption of stores and spares	**0.11**	0.60
	Process Charge	**33.27**	508.06
	Freight inward	**1,426.18**	1,829.03
	Material handling expenses	**111.59**	136.15
	Royalty and Cess	**1,508.50**	2,108.54
	Power & Fuel	**68.15**	67.93
	Repair & Maintenance - Plant and Machinery	**24.63**	49.90
	Rates & Taxes	**0.58**	0.86
	Rent & Hire Charges	**61.88**	188.64
	Insurance Charges	**0.04**	0.06
	Bank Charges	**0.03**	0.02
	Traveling Expenses	**12.08**	11.53
	Miscellaneous expenses	**226.99**	125.30
		4,613.51	6,575.10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

21. (Increase)/ decrease in inventories

(Rs in Lacs)

	2012-13	2011-12
Inventories at the end of the period:		
Stock under process	**337.30**	141.83
Finished goods	**1,272.70**	390.00
Saleable Scraps	**258.06**	230.38
	1,868.06	762.21
Inventories at the beginning of the period:		
Stock under process	**141.83**	129.39
Finished goods	**390.00**	245.74
Saleable Scraps	**230.38**	240.31
	762.21	615.44
Less: (Increase)/decrease of excise duty on inventories	**(12.33)**	(10.04)
Total	**(1,093.53)**	(136.73)

a) Excise Duty & Cess on inventories represents differential excise duty and cess on opening and closing stock of Finished Goods and processable scrap.

22. Employee benefits expense

	2012-13	2011-12
Salaries, wages and bonus	**2,661.34**	2,021.29
Contribution to provident and other funds	**237.16**	159.11
Gratuity expense	**237.48**	31.56
Staff welfare expenses	**243.91**	136.20
Total	**3,379.89**	2,348.16

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

23. Other Expenses

(Rs in Lacs)

	2012-13	2011-12
Consumption of stores and spares	**893.59**	894.26
Contract Labour Charges	**576.32**	341.26
Packing and Carriage charges	**2,063.85**	1,186.16
Rent	**170.31**	129.72
Rates and taxes	**56.71**	52.08
Insurance	**55.42**	43.74
Repairs and maintenance		
Plant and machinery	**960.01**	498.48
Buildings	**133.48**	82.86
Others	**54.54**	73.46
Commission on Sales (other than sole selling agent)	**577.17**	135.43
Travelling and conveyance	**991.36**	602.82
Charity and Donations	**11.30**	13.07
Communication costs	**115.58**	71.13
Legal and professional fees	**1,869.99**	826.18
Directors' sitting fees	**13.90**	12.80
Auditors' Remuneration as auditor:		
Audit fee	**25.00**	25.00
Limited review fee	**16.50**	14.75
Tax audit fee	**6.50**	6.50
In Other Capacity for Certification (etc)	**9.00**	9.00
Reimbursement of Expenses to auditor	**2.20**	0.67
Items pertaining to Previous Years (net)	**2.57**	12.96
Provision for dimmunition in value of investments	**14.96**	56.94
CSR and Site Development Expenses	**112.24**	125.34
Bad debts / advances written off [(Net of adjustment of Rs 27.83 lacs (Rs 14.80 lacs) against provision)]	**38.33**	165.99
Claim Expenses	**—**	488.29
Provision for doubtful debts and advances	**519.82**	42.66
Loss on sale/Discard of fixed assets (net)	**136.09**	146.02
Loss on Sale of raw material	**5.05**	—
Miscellaneous expenses	**936.73**	825.34
Total	**10,368.51**	6,882.91

24. Depreciation & amortization expense

	2012-13	2011-12
Depreciation of tangible assets	**6,541.28**	6,683.11
Amortization of intangible assets	**76.18**	42.27
	6,617.47	6,725.38
Less: Recoupment from Revaluation Reserve [refer note 4(c)]	**(4,868.41)**	(5,067.40)
	1,749.06	1,657.98

25. Finance costs

	2012-13	2011-12
Interest		
–- To Banks [Net of recoveries Rs 469.31 lacs (Rs 595.33 lacs)]	**1,457.49**	1,692.52
–- To Others	**2,596.91**	2,641.20
Other borrowing cost	**271.58**	333.74
Exchange difference to the extent considered as an adjustment to borrowing costs	**105.03**	62.10
	4,431.02	4,729.56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

26. Contingent liabilities not provided for in respect of : (Rs.in Lacs)

	Particulars	**As at 31st March, 2013**	As at 31st March, 2012
a)	Sales tax matters under appeal {Amount paid under appeal Rs 106.71 lacs (Rs. 103.94 lacs)}*	**108.94**	98.06
b)	Entry tax matters {Amount paid under appeal Rs 29.38 lacs (Rs. 14.67 lacs)}*	**200.68**	114.11
c)	Excise / Service tax matters {Amount paid under appeal Rs 2.30 lacs (Rs. 2.30 lacs)}	**1384.42**	1,221.31
d)	Un-expired Bank Guarantees and Letters of Credit	**968.59**	751.97
e)	Bills discounted with Banks	**5,049.71**	5,523.54
f)	Guarantee given by way of pledge of certain Investments as security.	**—**	57.03
g)	Liabilities on account of dues under Orissa Rural Infrastructure and Socio Economic Development Act, 2004	Amount Unascertainable	

* In respect of above cases based on favorable decisions in similar cases/legal opinions taken by the Company/discussions with the solicitors etc., the management is of the opinion that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in the financial statements.

27. Capital and other commitment:

Estimated amount of Capital commitments (net of advances) Rs 1573.46 lacs (Rs 4,735.03 lacs)

28. The income tax assessment of the company has been completed up to Assessment year 2011-12. The disputed demand outstanding up to the said Assessment year is Rs. 3,498.78 lacs. Based on the decisions of the appellate authorities and the interpretations of other relevant provisions, the company has been advised that the demand is likely to be either quashed or substantially reduced and accordingly no provision has been made.

29. North Eastern Electricity Supply Company of Orissa Limited (NESCO) has revoked the waiver of dues granted under a settlement in an earlier year and disputed on take or pay benefit claimed during the year and raised total claim for Rs 18,927.66 lacs (including delayed payment surcharge). The Company is under discussion with NESCO and has also referred the matter to Honorable High Court of Orissa & Appellate Tribunal, New Delhi . The Company has paid & provided Rs 3,400 lacs towards such claims and also continues to receive un-interrupted power supply from NESCO. Pending outcome of the court case/discussion and based on discussion with Company's legal counsel, no provision has been made towards above demand.

30. During the previous year 2011-12, the lender's have exercised their right to recompense under CDR Scheme sanctioned in earlier years and demanded Rs 3,219.95 lacs for the sacrifice made up to 31st March, 2007 towards which Rs 452 lacs was paid & provided. Further, the recompense amount for the period from 1st April, 2007 to till date has not been worked out and presently it is unascertainable. The management has approached its lenders to determine the final liability towards such recompense amount including liabilities for the period from 1st April, 2007 to till date, which is unascertainable, pending which no liability has been provided for.

31. Segment Information

(a) Primary Segments:

Based on the synergies, risks and return associated with business operations and in terms of Accounting Standard-17, the Group is mainly engaged in the Manufacturing/Mining of Ferro alloys. All activity of the company revolves around this main business. As such, there are no separate reportable segments as per the Accounting Standard 17 (Segment Reporting) notified by Companies (Accounting Standard) Rules, 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

(b) Secondary Geographical Segments

(Rs in Lacs)

Sales Revenue :-	**(2012-13)**	(2011-12)
Domestic Revenues (Net of Excise Duty)	**23,825.76**	35,855.55
Overseas Revenues (Including Export Benefits)	**44,787.15**	23,095.14
Total	**68,612.91**	58,950.69

The Group has common fixed assets in India for producing goods for domestic and overseas markets. Hence, separate figures for fixed assets / additions to fixed assets cannot be furnished. The year-end balance of overseas trade receivables is Rs 242.35 lacs (Rs 77.09 lacs).

32. Confirmation certificates in respect of loans given aggregating to Rs 500 Lacs (Rs. 962.00 Lacs) to certain parties as well as interest receivable thereon amounting to Rs 366.98 Lacs (Rs. 543.13 Lacs) are still awaited from the respective parties. Based on present status of negotiation, all these loans and interest receivable are considered good of recovery by the management.

33. Details of remuneration paid to the managing director and whole time directors: (Rs in Lacs)

	Particulars	**2012-13**	**2011-12**
i)	Salary	**227.31**	101.52
ii)	Contribution to Provident and other funds	**22.03**	25.42
iii)	Perquisites* (including leave encashment Rs. Nil (Rs.78.20 lacs)	**21.68**	218.93
		271.02	345.87

* As the year end liability for gratuity and leave encashment is provided on actuarial basis for the Group as a whole, the amount pertaining to directors is not ascertainable and therefore not included in above.

34. Derivative Instruments & Un hedged foreign currency Exposure :

(i) For Hedging of Foreign Trade Receivable :

Nominal amounts of Forward contract entered into by the Group and outstanding as on 31st March 2013 amounting to Rs. 14,176.01 lacs (Rs. Nil)

(ii) Foreign currency exposure that are not hedged by derivative instruments are as under : -

(Rs in Lacs)

Sr. No.	**Particulars**	**As at 31st March, 2013**	**As at 31st March, 2012**
(i)	Loans and advances	**40.60**	53.95
(ii)	Trade Receivables	**—**	73.09
(iii)	Trade Payables	**230.65**	54.28
(iv)	Short-term borrowings	**2,383.39**	—
(v)	Other current liabilities	**605.33**	1,281.95
(vi)	Cash and Bank Balances (*Rs. 471/-)	**—***	0.44
(vii)	Investments in Subsidiary Company	**2,194.83**	2,194.83

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

35. During the year, the company has migrated to new ERP system i.e SAP, for which the Company has changed the method of valuation of inventory from Weighted Average to Moving Weighted Average. Had such change not been made the value of the inventory as at the year end and the profit for the year would be higher by Rs. 77.74Lacs.

36. Related Party Disclosures

(a) Names of the related parties :

Associate Company	:	Balasore Energy Limited
Key Management Personnel and their relative	:	Mr. Pramod Kumar Mittal (Chairman) Mr. V K Mittal (Brother of Chairman) Mr. Anil Sureka (Managing Director) (w.e.f. 17th April, 2012) Mr B N Panda (Whole-time Director) (Ceased w.e.f. 6th April, 2013) Mr R K Parakh (Whole-time Director)
Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence*	:	JSW ISPAT Steel Limited (formerly Ispat Industries Limited) Navoday Consultant Limited Navdisha Real Estate Private Limited Shakti Chrome Limited Gontermann-Peipers (India) Limited Dankuni Investment Limited Navodaya Consultants Limited Sri Mahalaxmi Solar Energy Pvt. Ltd Jaltarang Vanijya Pvt Ltd

* The parties stated above are related parties in the broader sense of the term and are included for making the financial statements more transparent.

(b) Related Party Disclosures: (Rs. in lacs)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Key Managerial Personnel and their Relatives	Enterprises over which Key Managerial personnel and their Relatives are able to exercise significant influence	Total
1	Purchase of Fixed Assets	**—** —	**800.50** —	**800.50** —
2	Money received against Share Warrants	**—** —	**264.00** —	**264.00** —
3	Long Term Borrowings-Advances towards Promoter Contribution	**—** —	**19,405.00** —	**19,405.00** —
4	Sale of Finished Goods	**—** —	**84.96** —	**84.96** —
5	Interest Received on investment in debentures & interest bearing advances	**—** —	**82.80** (237.00)	**82.80** (237.00)
6	Raw material purchased	**—** —	**405.61** —	**405.61** —
7	Stores and Spares Purchase	**—** —	**102.15** —	**102.15** —

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

(Rs. in lacs)

Sr. No.	Nature of Transactions (Excluding reimbursements)	Key Managerial Personnel and their Relatives	Enterprises over which Key Managerial personnel and their Relatives are able to exercise significant influence	Total
8	Processing Charges paid	**—** —	**33.17** (508.06)	**33.17** (508.06)
9	Lease Rent Paid	**—** —	**8.20** —	**8.20** —
10	Rent	**—** —	**80.90** (76.33)	**80.90** (76.33)
11	Miscellaneous Expenses (Service charges)	**—** —	**—** (8.00)	**—** (8.00)
12	Managerial Remuneration	**271.02** (32.00)	**—** —	**271.02** (32.00)
13	Guarantees given	**—** —	**—** (57.03)	**—** (57.03)
14	Guarantees obtained	**19,000.08** (22,417.90)	**—** —	**19,000.08** (22,417.90)
Balance as at 31st March, 2013				
15	Investments	**—** —	**690.00** (690.00)	**690.00** (690.00)
16	Trade Receivables	**—** —	**18.85** —	**18.85** —
17	Advance including(interest receivable)	**—** —	**105.90** (448.10)	**105.90** (448.10)
18	Long term borrowings - Advances towards promoter contribution	**—** —	**19,405.00** —	**19,405.00** —
19	Deposits	**—** —	**285.00** (50.00)	**285.00** (50.00)
20	Trade and other payable	**8.31** (4.21)	**—** —	**8.31** (4.21)
21	Money received against share Warrants	**—** —	**264.00** —	**264.00** —
22	Creditors for Fixed Assets	**—** —	**215.20** —	**215.20** —
23	Guarantees Obtained	**19,000.08** (22,417.90)	**—** —	**19,000.08** (22,417.90)

Disclosure in Respect of Material Related Party Transactions during the year:

1. Purchase of Fixed Assets include from Shakti Chrome Limited - Rs 850 lacs (Previous Year Rs Nil).
2. Money Received against Share Warrants include Dankuni Investment Limited - Rs 132 lacs (Previous Year Rs Nil) and Navodya Consultants Limited - Rs 132 lacs (Previous Year Rs Nil).
3. Long Term Borrowings- Advances towards Promoter Contribution include Sri Mahalaxmi Solar Energy Pvt. Ltd. - Rs10,169 lacs (Previous Year Rs Nil) and Jaltarang Vanijya Pvt Ltd. - Rs 9,236 lacs (Previous Year Rs Nil).
4. Sale of Finished Goods Include sales made to Gontermann-Peipers (India) Limited - Rs 84.96 lacs (Previous Year Rs Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(contd.)*

5. Interest received on Investments in debentures & interest bearing advances include Shakti Chrome Limited - Rs 82.80 lacs (Previous Year Rs 237 lacs).
6. Raw Material purchased include Shakti Chrome Limited - Rs 405.61 lacs (Previous Year Rs Nil).
7. Stores & Spares purchased include Shakti Chrome Limited - Rs 102.15 lacs (Previous Year Rs Nil).
8. Processing Charges paid include Shakti Chrome Limited - Rs 33.17 lacs (Previous Year Rs 508.06 lacs).
9. Lease Rent Paid include Shakti Chrome Limited - Rs 8.20 lacs (Previous Year Rs Nil).
10. Rent include Navdisha Real Estate Private Limited - Rs 80.90 lacs (Previous Year Rs 76.33).
11. Miscellaneous Expenses (Service Charges) include - Rs Nil (Previous Year Rs 8 lacs).
12. Managerial Remuneration include Mr. Anil Sureka - Rs 171.10 lacs (Previous Year Rs Nil), Mr. B N Panda - Rs 57.01 lacs (Previous Year Rs 18.83 lacs) and Mr. R K Parakh - Rs 42.91 lacs (Previous Year Rs 13.17 lacs).
13. Guarantees Given Include JSW Ispat Steel Limited (formerly known as Ispat Industries Limited) - Rs Nil (Previous Year Rs 57.03 lacs).
14. Guarantees Obtained include Mr. Pramod Kumar Mittal - Rs 9,500.04 lacs (Previous Year Rs 11,208.95 lacs) and Mr. V K Mittal - Rs 9,500.04 (Previous Year Rs 11,208.95 lacs).
15. Investments include Shakti Chrome Limited - Rs 690 lacs(Previous Year Rs 690 lacs)
16. Trade Receivables include Gontermann-Peipers (India) Limited - Rs 18.85 lacs (Previous Year Rs Nil).
17. Advance including (Interest Receivable) - Rs 99.65 lacs (Previous Year Rs 441.85 lacs) and Gontermann-Peipers (India) Limited - Rs 6.25 lacs (Previous Year Rs 6.25 lacs).
18. Long Term Borrowings - Advances towards Promoter Contribution include Sri Mahalaxmi Solar Energy Pvt. Limited - Rs 10,169 lacs (Previous Year Rs Nil) and Jaltarang Vanijya Pvt Limited - Rs. 9,236 lacs (Previous Year Rs Nil).
19. Deposits include Navdisha Real Estate Private Limited - Rs 285 lacs (Previous Year Rs 50 lacs).
20. Trade & other Payables include Mr. Anil Sureka - Rs 5.07 lacs (Previous Year Rs Nil), Mr. B N Panda - Rs 0.27 lacs (Previous Year Rs 2.50 lacs) and Mr. R K Parakh - Rs 2.97 lacs (Previous Year Rs 1.71 lacs).
21. Money Received against Share Warrants include Dankuni Investment Limited - Rs 132 lacs (Previous Year Rs Nil) and Navodya Consultants Limited - Rs 132 Lacs (Previous Year Rs Nil).
22. Creditors for Fixed Assets include Shakti Chrome Limited - Rs 215.20 lacs (Previous Year Rs Nil).
23. Guarantees Obtained include Mr. Pramod Kumar Mittal Rs 9,500.04 lacs (Previous Year Rs 11,208.95 lacs) and Mr. V K Mittal - Rs 9,500.04 lacs (Previous Year Rs 11,208.95 lacs).

37. Basis for calculation of Basic and Diluted Earnings per Share is as follows:

Particulars	**2012-13**	**2011-12**
Present Weighted Average Equity Shares (In Numbers)	64,290,411	64,290,411
Equivalent Weighted Average Equity Shares to be allotted against share warrant (In Numbers)	2,603,836	—
Potential weighted Average Equity Shares (In Numbers)	66,894,247	64,290,411
Net Profit after Taxes (Rs in Lacs)	2,871.04	3,188.61
Nominal Value of each Shares (In Rs)	5/-	5/-
Basic Earnings Per Share (In Rs)	4.47	4.97
Diluted Earnings Per Share (In Rs)	4.29	4.97

38. Previous year's figures including those given in brackets have been regrouped / rearranged where necessary to conform to this year's classification.

As per our attached Report of even date

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants

Amit Chaturvedi
Partner
Membership No. 103141

Place : Kolkata
Date : 30th May, 2013

For and on behalf of Board of Directors

Anil Sureka
Managing Director

R K Parakh
Director - Finance

Trilochan Sharma
Company Secretary

NOTES

NOTES

ATTENDANCE SLIP

BALASORE ALLOYS LIMITED

REGD. OFFICE : BALGOPALPUR - 756 020, DIST. BALASORE, ODISHA

TWENTY-FIFTH ANNUAL GENERAL MEETING

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP. Id*	
Client Id*	

Master Folio No.	

NAME AND ADDRESS OF THE SHAREHOLDER(S)

No. of Share(s) held :

I/We hereby record my/our presence at the **TWENTY-FIFTH ANNUAL GENERAL MEETING** of the Company held at Balgopalpur - 756 020, Dist. Balasore, Odisha, on Wednesday, the 18th day of September, 2013 at 9.30 A.M.

Signature of the Shareholder(s) or proxy

* Applicable for investors holding shares in dematerialized form.

PROXY FORM

BALASORE ALLOYS LIMITED

REGD. OFFICE : BALGOPALPUR - 756 020, DIST. BALASORE, ODISHA

DP. Id*	
Client Id*	

Master Folio No.	

I/We .... of
.... being a member/members of Balasore Alloys Limited
hereby appoint .... of
.... or failing him
.... of ....
as my/our proxy to vote for me/us and on my/our behalf at the TWENTY-FIFTH ANNUAL GENERAL MEETING to be held on Wednesday, the 18th day of September, 2013 at 9.30 A.M. or at any adjournment thereof.

Signed this .... day of .... 2013.

Affix revenue stamp

* Applicable for investors holding shares in dematerialized form.

Note : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

Cleaning Tourism Programme at Chandipur Sea Beach. Balasore

Plantation Programme at Nizampur

Relief distribution to cyclone effect villagers
of Saud, Bahanaga, Balasore

Blanket distribution to poor needy villagers of Nuapardhi, Remuna

BOOK POST

If undelivered, please return to :

MCS LIMITED
(Unit : Balasore Alloys Ltd.)
77/2A, Hazra Road, Kolkata - 700029