

Metkore Alloys & Industries Limited

(Formerly Cronimet Alloys India Ltd. & GMR Ferro Alloys & Industries Ltd.)

7th Annual Report 2012-2013



GENERAL INFORMATION

Board of Directors

Sri Rajiv Saxena	Chairman
Smt Sarita Boorugu	Vice Chairperson
Sri Prashant Boorugu	Managing Director
Sri S Gajendran	Director
Sri M V Bhaskara Rao IPS (Retd.)	Director
Sri K Mallikarjuna Rao	Director
Sri S Venkataraman	Wholetime Director (Marketing)

Company Secretary

Sri Ramaswamy .K

Statutory Auditors

M/s. S Venkatadri & Company
Chartered Accountants
1408, Babukhan Estate
Basheerbagh
Hyderabad - 500 001

Bankers

State Bank of Travancore

Registered Office

Plot No.18, Sagar Society, Street No. 1
Road No. 2, Banjara Hills
HYDERABAD - 500 034

Plant

Ravivalasa Village - 532 212
Tekkali Mandal, Srikakulam District, A.P.

Registrar & Share Transfer Agents

Karvy Computershare Pvt. Ltd.
Plot # 17-24, Vittal Rao Nagar
Madhapur, Hyderabad - 500 081

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NOTICE

Notice is hereby given that the SEVENTH Annual General Meeting of Metkore Alloys & Industries Limited will be held on Friday, the September 27, 2013 at 11.00 AM at Hotel Sreekrishnaa Grand, Miyapur X Roads, Hyderabad - 500 049 to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2013, the Profit & Loss Account for the year ended as on that date and the reports of the Directors' and the Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in place of Smt Sarita Boorugu, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Sri M V Bhaskara Rao, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s Nekkanti Srinivasu, Chartered Accountants (Membership No.209453) be and are hereby appointed as Auditors of the Company in place of retiring auditor M/s S. Venkatadri & Co., to hold office from the conclusion of this Annual General Meeting to until the conclusion of next Annual General Meeting on remuneration fixed by the Board of Directors.

Special Business:

6. To consider and if thought fit, to pass the following resolution as an ordinary resolution:-

“RESOLVED THAT pursuant to Section 198,269,309 and 310 read with Schedule XIII and other applicable provisions of the Companies Act 1956 (including any modifications or reenactments for the time being in force) the shareholders of the Company do hereby accord their consent and approval for appointing Sri S Venkataraman as Whole time Director of the Company for a period of 3 years with effect from November 12, 2012”.

“RESOLVED FURTHER THAT the appointment of Sri S Venkataraman, the terms of the appointment and all incidental and ancillary things done pursuant to the said appointment and remuneration as detailed below be and are hereby specifically approved and ratified”.

“RESOLVED FURTHER THAT the aggregate amount of managerial remuneration shall not exceed, at any time, 5% of the net profits of the company computed in terms of Sections 198,269,309,310,349 and 350 and other applicable provisions of the Companies Act, 1956”.

“RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof) be and are hereby authorized to do all things, deeds, matters and acts as may be required to give effect to this resolution and all things incidental or ancillary thereto including but not limited to giving authority to the Board of Directors (including any Committee thereof) the power to grant increments, to alter/ revise the terms of appointment and remuneration from time to time within the limits provided for in the Companies Act 1956”.

Basic	: Rs. 1,00,000 p.m.
DA	: Rs. 40,000 p.m.
Perquisites	: Rs. 23,250 p.m.
Allowances	: Rs. 36,750 p.m.
Total	: Rs. 2,00,000 p.m.

By Order of the Board of Directors

Date : August 14, 2013
Place : Bangalore

RAMASWAMY K
COMPANY SECRETARY

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of him and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
2. Members holding physical shares are requested to notify promptly any change in their addresses to our Registrars & Share Transfer Agents, viz., Karvy Computershare Pvt Ltd., Hyderabad and those who have shares in electronic mode to communicate to their depository participants.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16.09.2013 to 27.09.2013 (both days inclusive).
4. Members intending any information about accounts are requested to send their queries at least 7 days in advance of the meeting.
5. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is attached.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT 1956

Item no. 5 : Appointment of Statutory Auditor

M/s S Venkatadri & Co. Chartered Accountants and Statutory Auditors of the Company have expressed their inability to continue as Statutory Auditors of the Company vide their letter dated 17.07.2013, citing personal reasons.

M/s Nekkanti Srinivasu & Co, Chartered Accountants, (Membership No.209453) have expressed their willingness to be appointed as Statutory Auditor for the financial year 2013-14 vide their letter dated 19.07.2013.

Item No.6: Appointment of Sri S Venkataraman as Whole-time Director:

The Company has ambitious plans of expansion and desires professionalizing the Board of the Company by including in its team, persons with proven experience and ability in the Steel and Ferro Alloys industry.

Accordingly, the Board of Directors of the Company at their meeting held on November 12, 2012, subject to approval of the Shareholders at the Annual General Meeting of the Company, appointed Sri S Venkataraman as Whole-time Director of the Company for a period of three years with effect from November 12, 2012 on a remuneration determined by the Remuneration Committee and approved by the Board of Directors.

Sri S Venkataraman is a Graduate in Commerce with a Graduate Diploma in Materials Management. He has 24 years of experience in the Steel and Ferro Alloys industry. The Board is also of the view that the expertise of Sri S Venkataraman with his vast and rich experience in the industry will go a long way in furthering the growth of the Company.

He holds nil shares in the Company.

It is proposed to seek Member's approval for the appointment and remuneration payable to Sri S Venkataraman as Whole time Director (Marketing) of the Company, subject to the provisions in the Companies Act, 1956.

Except Sri S Venkataraman, no other Director is interested or concerned in the appointment of Sri Venkataraman.

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of the Director S/Shri/Smt.	Date of Birth	Date of Appointment	Expertise in Specific functional areas	Qualification	Directorships in other Public Limited Companies	Membership of Committees in other Public Limited Companies	Share-holding in the Company
Sarita Boorugu	05/08/1980	10/08/2010	Over 10 years experience in Top Level Management. Successful Entrepreneur. Floated several companies in the field of Ports, Infrastructure, IT, sugar, textiles etc.	M.B.A. from U.K.	Mynah Industries Limited	Nil	30,00,000 shares
M.V.Bhaskara Rao	13/04/1940	13/05/2011	Retired Director General and Inspector General of Police, Government of Andhra Pradesh and former Principal Secretary to Home Department. Has over 35 years experience in the areas of Administration, Management, and Legal etc. Awardee of Indian Police Medal for meritorious service in 1970.	M.A. (Economics) Diploma in Business Management. IPS	Sujana Towers Limited	Audit and Shareholders' Grievance Committee in Sujana Towers Limited	Nil
S.Venkataraman	13/06/1961	12/11/2012	He is a Commerce graduate with Diploma in Material Management with 24 years experience in various steel plants and is working in the Ferro Alloys unit and handling key portfolios	B.Com, Diploma in Materials Management	Nil	Nil	Nil

DIRECTORS REPORT

To the Members,

Your Directors are pleased to present their Seventh Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS

(₹ In Lakhs)

Particulars	2012-13	2011-12
Total income	22313.26	25067.89
Profit before interest and depreciation	2074.10	2675.07
Interest	639.56	635.39
Depreciation	251.27	260.69
Profit before tax	1183.27	1779.06
Provision for		
- Current Tax	-	-
- Deferred Tax	(0.94)	24.68
Profit after tax	1184.21	1754.38
Balance brought forward from previous year	3179.83	1577.27
Balance available for appropriations	4364.04	3331.65
Preference Dividend	69.21	69.21
Proposed Dividend on equity	70.43	61.43
Corporate Dividend Tax-Preference	11.76	11.23
Corporate Dividend Tax-Equity	11.97	9.96
Balance carried forward to Balance Sheet	4200.68	3179.85

DIVIDEND:

Your Directors are pleased to recommend a dividend of Re. 0.10 per equity share of Rs.2/- each on 7,04,26,475. Equity shares for the year ended March 31, 2013 for your consideration. The Dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the Register of Members of the Company as on the Book Closure date.

REVIEW OF OPERATIONS AND PERFORMANCE:

Demand for Ferro Alloys is driven by steel industry, which consumes about 90 % of Ferro alloys and accordingly the Prospects for Ferro alloys industry is directly linked to the performance of steel industry and its cycles. The emerging Economies like India and China are the prime movers of the demand for steel and in turn for Ferro alloys.

Most Ferro Alloy producers in India are currently passing through a difficult situation due to maximum availability of quality power increase in power cost and declining profitability. Your company is no exception to these phenomena. In view of above the Company could achieve a production of 12424 MT of Ferro Alloys products as against 21572 MT during the previous year, a decrease of 42.40%. In order to meet the gap between demand and supply, the company has chosen to outsource Ferro Alloys from other manufacturers. The total income including sales turnover of Ferro Alloys and steel products was Rs. 22323.26 lakhs during the year under review as compared to Rs.25067.89 lakhs during previous year. Your Company has registered a Net Profit after tax of Rs.1184.21 lakhs against Rs. 1754.38 lakhs during the previous year. As the power situation is improving in the current financial year, the Company is confident of achieving a better performance.

SHIFTING OF REGISTERED OFFICE:

The Company has shifted its registered office from "Vishnu Splendour", D No.8-3-979/123456, Survey No. 41, 42, Flat No. 302, B Block, Yellareddyguda, Hyderabad - 500 073 to Plot No. 18, Street No. 1, Sagar Society, Road No. 2, Banjara Hills, Hyderabad 500 034 with effect from 07.04.2012.

DEPOSITORY SYSTEM:

The company's shares are compulsorily tradable in electronic form. As on 31.03.2013, 83.88% of the company's total paid-up capital representing 7, 04, 26,475 shares are in dematerialized form. In view of the numerous advantages offered by the depository system, Members holding shares in physical mode are advised to avail of the facility of dematerialization on either of the depositories.

LISTING OF SHARES ON CONVERSION:

Approval for listing of 90,00,000 equity shares of Rs. 2/- each issued to Promoters and Public on Preferential Allotment basis have been accorded by both the Bombay and National Stock Exchanges where the Company's equity shares are listed.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE

The Ferro Alloys products manufactured by the Company is not an FMCG product, Ferro Alloys are used to add characteristics of anti-corrosion and deoxidization in Stainless Steel. Hence the prospects of Ferro Alloys Industry is inter twined with the growth of steel industry.

PROSPECTS

As mentioned above, the growth prospect of Ferro Alloys Industry is directly proportional to growth of Steel Industry. Infrastructure, Auto and Heavy Industries are the major consumers of Steel. Hence all developing countries are major customers of all types of steel for their growth. The fortunes for Ferro Alloys Industry seem bright and it is expected that demand for Steel shall be doubled by 2015. According to the world Steel forecast, Steel demand in India is expected to grow @ CAGR of 9-10 % and the growth of Ferro Alloys Industry will also be on the similar lines.

OPPORTUNITIES

The low per capita consumption of Stainless Steel in India which is hovering around 2.1 kg at present as compared to 7.5 kg in China and the world average of 4 Kg constitute a huge opportunity for growth in this sector. Indian Stainless Steel consumption is expected to grow at a compounded annual growth rate of 9.7% in line with the growth of Steel Industry reaching 3.4 Million Tonnes per annum by 2015, surpassing the global consumption growth of 6% which is a welcome sign for the Ferro Alloys Industry as consumption of Ferro Alloys will increase. Further, there are indications that there may be power shortage in South Africa, which may directly impact the production of Ferro alloys to some extent. This factor may help Indian Ferro Alloys Industry to utilize its idle capacity to seize the opportunity of meeting the shortfall by South Africa. However, full utilization of capacity may happen provided raw materials are readily available and the power cost is made internationally comparable with peers like South Africa and CIS countries. South Africa is exporting large quantities of Chrome Ore to China and making China highly competitive to South African Ferro Chrome production. Therefore, Government of South Africa is seriously contemplating to impose export duty on Chrome Ore thereby the landed cost of Chrome Ore in China will be exorbitant resulting in higher cost of production of Ferro Chrome. It will throw open an enormous opportunity for the Indian Ferro Chrome Exporters to be globally competitive and be able to export more and thereby earn more Foreign Exchange for the country

CHALLENGES

The Indian Ferro Alloys Industry is highly cyclical in nature and is beset with the following challenges:

- a) Raw material availability
- b) Power

In order to overcome the above challenges, the Company is in the process of acquiring Chrome Ore Mines in Jajpur and Orissa which will ensure uninterrupted quality ores at cheaper prices. Similarly for overcoming power problems, the Company is contemplating setting up its own Captive Power plant within the existing premises. For meeting the immediate requirements, the Company plans availing power from the private producers after taking up membership with Indian Energy Exchange. The above measures will go a long way in removing all challenges and making our products internationally competitive.

FOREX EARNINGS

During the year under review, your Company made direct exports worth Rs. 2405.16 lakhs and imports worth of Rs. 419.50 lakhs resulting in the net Foreign Exchange earnings of Rs.1986 lakhs. Your Company is very optimistic about increase of exports during the current financial year.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

The Company has put in place a well developed Internal Control System and an Internal Audit System commensurate with its size and activities. The periodical reports are scrutinized by the management and placed before the Audit Committee along with its reply. The weaknesses pointed out in the reports have been rectified and the suggestions for improvement were implemented in letter and spirit.

HUMAN RESOURCE DEVELOPMENT

Effective Human Resource Management plays a key role in a company's performance. Human Resources Department's top priority is to attract and retain dedicated and skilled human resource by offering conducive work environment and career development opportunities in the Company.

Employees are recognized by rewarding them for suggestions. Quality circles etc., have been taken up to involve the employees by according them a platform for giving valuable suggestions for improvement and also accept innovative ideas to solve day to day work related problems. Industrial relations with the Union and the employees continued to be cordial and harmonious. As on March 31, 2013, the number of employees on the rolls of the Company stood at 228.

CAUTIONARY STATEMENT

The Management Discussion and Analysis Report containing your company's objectives, projections, estimates and expectations may constitute certain statements, which are forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statement. Your company's operations may inter alia be affected by the supply and demand situations, input price and availability, changes in the government regulations, tax laws and other factors.

DIRECTORS

Sri A.V.L. Narasimham ceased to be Director w.e.f. 12.11.2012 consequent to his resignation dated 21.09.2012.

Sri S.Venkataraman, was appointed as Director in casual vacancy consequent to the resignation of Sri A V L Narasimham w.e.f. 12.11.2012.

In accordance with provisions of Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Smt Sarita Boorugu and Sri M V Bhaskara Rao, retire by rotation and being eligible, offers themselves for re-appointment.

The Board places its record of appreciation for the valuable contribution of out going Director and welcomes Sri S Venkataraman to the Board of Directors.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217[2AA] of the Companies Act, 1956 and on the basis of explanations given by the executives of the Company and also subject to the disclosures in the Annual Accounts, your Directors confirm as under:

- i. That in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures.
- ii. That the Directors had selected such accounting policies and applied them consistently and made judgments and that 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 of the Company for that period.
- iii. That the Directors had 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.
- iv. That the Directors had prepared the Annual Accounts for the financial year ended March 31, 2013 on going concern basis.

SOCIAL RESPONSIBILITY

As a Socially Responsible Corporate Citizen, the Company has been providing water supply to the nearby village of Ravivalasa housing 2000 families and provided 5 beds to RIMS Hospital at Srikakulam. On the development of the village infrastructure, your Company has supplied 50 loads of gravel for inner road development at Dharmaneelapuram Village and also helped on formation of irrigation canals around Dharmaneelapuram Village. In addition to that, your Company has undertaken the maintenance of BC hostels at Tekkali and Polavaram Village. To make the environment pollution free and to enhance the efficacy of arresting emission of dust in the plant, the Company has laid pipelines and installed water sprinkling system around the Plant.

FIXED DEPOSITS

During the year under review, your Company neither invited nor accepted any fixed deposits from the public.

CORPORATE GOVERNANCE

Report on Corporate Governance and Certificate of Auditors of the Company for the due Compliance of Code of Corporate Governance pursuant to Clause 49 of the Listing Agreement forms part of this Report.

PERSONNEL RELATIONS

During the year under review, relationship with the employees continued to remain cordial.

CONSERVATION OF ENERGY, TECHNICAL ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The information relating to Conservation of Energy, Technical Absorption, Foreign Exchange Earnings and Outgo pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies [Disclosure of Particulars in the Report of the Board of Directors] Rules, 1988, is forming part of this report.

AUDITORS

The Auditors, M/s. S Venkatadri & Co, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting vide their letter dated 17.07.2013, have expressed their inability to be considered for appointment as Auditors of the Company for the financial year 2013-14. M/s Nekkanti Srinivasu & Co., Chartered Accountants, (Membership No.209453) have expressed their willingness to be considered for appointment as Statutory Auditors.

They have confirmed that if appointed as Statutory Auditors of the Company, such appointment will be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

None of the employees is covered under Section 217 [2A] of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Banks, Central and State Government Authorities, Regulatory Authorities, Customers, Suppliers, Shareholders and Investors at large for their continued support to the Company and look forward to having the same support in the years to come.

Your Directors would like to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year, under review.

On behalf of the Board of Directors

Date : August 14, 2013
Place : Bangalore

PRASHANT BOORUGU
MANAGING DIRECTOR

FORM A
[See Rule 2]

Conservation of Energy

A Power and Fuel Consumption

Sl. No.	Description	Current Year 2012-13	Previous Year 2011-12
1.	Electricity		
	a. Purchased – Units	5,08,20,920	8,32,42,740
	Total amount – ₹	18,87,56,956	23,24,50,671
	Rate per Unit [₹]	3.71	2.80
	b. Own Generation:		
	i. Through Diesel Generator – Units	NIL	NIL
	Units per ltr of diesel – Cost/unit		
	ii. Through steam turbine/generator - Units	NIL	NIL
	Units per ltr of fuel oil/gas – cost/units		
2.	Coal [Specify quality and where used]	NIL	NIL
	Quantity [Tonnes]		
	Total Cost		
	Average rate		
3.	Furnace Oil		
	Quantity [ltr]	1,44,000	2,40,000
	Total Amount – ₹	72,63,402	1,08,61,195
	Average Rate – ₹	50.44	45.25
4.	Others internal generation [please specify]		
	Quantity	NIL	NIL
	Total Cost		
	Rate/Unit		
B	Consumption per unit of production		
1.	Electricity – Units	4,090.43	3,858.83
2.	Furnace Oil – ltr	11.59	11.12
3.	Coal [specify Quantity]	NIL	NIL
4.	Others [specify]	NIL	NIL

FORM B [See Rule 2]

A. Conservation of energy:		
(a)	Energy conservation measures taken:	Installed auto system with solar sensing to control auxiliary lighting
(b)	Additional investments and proposals, if any, being implemented for reduction of consumption of energy:	NIL
(c)	Impact of the measures at (a) above for reduction of energy consumption and consequent impact on the cost of production of goods:	Moderate saving of Power consumption
(d)	Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto	Form A enclosed
B. Technology absorption		
(e)	Efforts made in technology absorption	NIL
C. Foreign exchange earnings and outgo		
(f)	Activities relating to exports: initiatives taken to increase exports, development of new export markets for products and services; and export plans;	
(g)	Total Foreign Exchange used and earned	2012-2013 2011-2012
	Foreign exchange earnings – ₹ in lakhs	₹2405.16 ₹1809.32
	Foreign Exchange outgo – ₹ in lakhs	₹419.50 ₹944.23

Report on Corporate Governance

Company's Philosophy on Corporate Governance

The Company believes that sound Corporate Governance is critical and of paramount importance to enhance and retain investors trust. The philosophy of the Company is founded upon the basic tenets of transparency, integrity, honesty, accountability, upholding its values and beliefs which will reverberate in every action in line with the spirit of the principles of Governance. We recognize that Governance is a conscious and continuous process across the organization, which enables the Company to adopt best practices to retain and enhance the trust of all our stakeholders.

Board of Directors

The Board comprises Directors including a Non-executive Chairman, Managing Director and Non Executive Directors who are independent as defined by Clause 49 of the Listing Agreement. All important strategic policy matters are deliberated at the Board Meetings where the role of Independent Directors is crucial. Independent Directors are Professionals with high credentials who actively contribute to the deliberations of the Board.

Name of the Director Sri/Smt.	Category	Attendance		Membership in Boards of other Public Limited Companies		
		Board Meeting	At last AGM 29.09.2012	As Director	As Committee	
					Chairman	Member
Rajiv Saxena	NEC	-	-	2	-	-
Sarita Boorugu	Vice Chairperson -NE	4	1	1	-	-
Prashant Boorugu	Managing Director	4	1	3	-	-
S Gajendran	NEID	4	1	3	1	-
M V Bhaskara Rao	NEID	4	1	1	-	-
K Mallikarjuna Rao	NEID	4	1	-	-	-
S. Venkataraman#	Whole Time Director	1	1	-	-	-
AVL Narasimham*	NEID	2	0	-	-	-

NEC Non-Executive Chairman NEID Non-Executive Independent Director NE- Non-Executive
*Ceased w.e.f. 12.11.2012 , # Appointed. w.e.f. 12.11.2012

Four Board Meetings held viz:- May 15, August 14, November 12, 2012 and February 14, 2013

The Company did not have any pecuniary relationship or transaction with any Non-Executive Director during the year 2012-13.

The brief particulars of the Directors of the Company, retiring by rotation and proposed to be appointed at the ensuing Annual General Meeting are given in the Annexure to the Notice.

Audit Committee

The Audit Committee comprises 3 members viz., Shri S Gajendran, Chairman, M V Bhaskar Rao and K Mallikarjuna Rao as members. All are Independent Directors and have finance background.

The Auditors, Internal Auditors and other senior management personnel are permanent invitees.

Meeting and attendance during the year

Four Meetings were held during the year 2012-13 viz., on May 15, August 14, November 12, 2012 and February 14, 2013. The attendance of the Committee members is as follows:

Sl.No.	Name of the Member	No. of Meetings	
		Held	Attended
1	Sri S Gajendran	4	4
2	Sri K Mallikarjuna Rao	4	4
3	Sri M V Bhaskara Rao	4	4

The terms of reference are as prescribed under provisions of the Companies Act, 1956.

REMUNERATION COMMITTEE

The Remuneration Committee meets to consider matters pertaining to the remuneration payable including any revision to Managing Director/ Executive Directors / Non Executive Directors.

A. Composition of the Remuneration Committee

The Remuneration Committee comprises three members i.e. Shri S Gajendran as Chairman and M V Bhaskara Rao and K Mallikarjuna Rao as Members.

The Committee met once on November 12, 2012 and all the members were present.

B. Terms of Reference

The Remuneration Committee, inter alia, shall:

- Determine and recommend to the Board, the remuneration payable including any revision in remuneration payable to Managing Directors/ Executive Directors/ Non-Executive Directors.
- Take into consideration and ensure compliance of provisions under Schedule XIII of the Companies Act, while determining the remuneration.
- To consider such other matters as the Board may advise.

C. REMUNERATION POLICY

i) Remuneration to Executive Directors

Remuneration to the Executive Directors comprises Salary, Allowances, Perquisites and Performance Incentive. The Committee shall take into account the financial position of the Company, prevailing trend in the industry, qualification, experience and past performance of the persons. The incentive is determined on performance parameters as set out in the Company's Policy and is also based on certain pre-agreed performance.

Details of remuneration paid during the financial year 2012-13 is as follows :

- a) Sri S Venkataraman - Rs 10 Lac

D. Remuneration to Non-Executive Directors

The Non-Executive Directors are paid sitting fee for attending each meeting of the Board and / or Committee thereof. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meeting. The details of sitting fee paid to the Non-Executive Directors for the financial year 2012-13 are as under:

Name of the Director	Sitting Fees ₹
Sri Rajiv Saxena	---
Smt Sarita Boorugu	40,000
Sri S Gajendran	40,000
Sri M V Bhaskara Rao	40,000
Sri K Mallikarjuna Rao	40,000
Sri AVL Narasimham	20,000
Total	1,80,000

4. Shareholders/Investors Grievance Committee

A. Composition of the Shareholder's/Investor's Grievance Committee

The Shareholder's/Investor's Grievance Committee consists of Sri S Gajendran as Chairman, Sri. K Mallikarjuna Rao and Sri. S Venkataraman as members.

The functions of the Committee include (i) dealing with the investors complaints viz., delay in transfer of shares, non-receipt of Annual Report, dividends / share certificates, dematerialization of shares, replacement of lost/ stolen/ mutilated share certificates, etc, (ii) investigating into investor complaints and taking necessary steps for redressal thereof

B. Meetings of the Shareholder's/Investor's Grievance Committee

During the financial year 2012-13, the Committee met four times i.e. May 15, August 14, November 12,2012 and February 14,2013

C. Attendance of Shareholder's/Investor's Grievance Committee Members were as under:

Sl.No.	Name of the Member	No. of Meetings	
		Held	Attended
1	Sri S Gajendran	4	4
2	Sri K Mallikarjuna Rao	4	4
3	Sri AVL Narasimham*	3	1
4	Sri S Venkatraman@	2	1

* upto 12.11.2012 @ from 12.11.2012

D. The following details of complaints were received and resolved during the financial year 2012-13

Sl. No.	Particulars	No. of complaints		
		Received	Resolved	Pending
1	Complaints relating to transfer of shares	-	-	-
2	Non receipt of dividend warrants	21	21	-
3	Non-receipt of securities	37	37	-
4	Non-receipt of Annual Report	03	03	-
5	Non-receipt of duplicate/transmission/deletion of SCs	-	-	-
6	Non receipt of securities after transfer	-	-	-
7	Non-receipt of stickers	01	01	-
TOTAL		62	62	-

5. General Body Meetings

(a) Annual General Meetings

Details of last three Annual General Meetings held are furnished as under:

Year	Date & Time	Venue	Special Resolutions passed
2009-10	29.09.2010 11.00 AM	Ravivalasa Village-532 217 Tekkali Mandal Srikakulam Dist. A.P.	YES
2010-11	29.09.2011 11.00 AM	Hocks Gate Inn Pearls #1-58/A/8, Madinaguda Miyapur, HYDERABAD-050.	YES
2011-12	29.09.2012 11.00 AM	Hotel Sreekrishna Grand, Miyapur X Road, HYDERABAD - 500 049.	YES

Postal Ballot

During the Financial Year 2012-13 there was no postal ballot.

The Company has constituted a committee called Project Management Committee headed by Sri. S Gajendran with Sri. Prashant Boorugu and Sri.K Mallikarjuna Rao for overseeing the expansion/diversification activity undertaken by the Company and meets once in a quarter to get apprised.

6. Disclosures

(i) Disclosure on materially significant related party transactions that may have potential conflict with the interests of Company at large:

There were no such transactions which may have potential conflicts with the interests of the Company at large.

(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years Hence, no penalties or strictures have been imposed by the stock exchanges or SEBI or any statutory authority.

(iii) Whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee.

With a view to maintain high level of legal, ethical and moral standards and to provide a platform for the employees to voice their concern on any Malpractices, Impropriety, Abuse or Wrongdoing, the Company has formulated a whistle blower policy. The employees can raise his/her concern to the designated person and necessary action will be taken. This mechanism has been communicated to the employees. During the year, under review, the Company has not received any complaint or concern.

(iv) Details of compliance with mandatory requirements and adoption of the non mandatory requirements of this clause.

The Company has complied with all the mandatory requirements on Corporate Governance as specified in Clause 49 of the Listing Agreement with the Stock Exchanges.

So far as the adoption of non-mandatory requirements are concerned, the Company has constituted a Remuneration Committee of the Board of Directors and the whistle blower policy.

(v) Code of Conduct

Company has adopted the Code of Conduct for all Board Members and Senior Management, as required under Clause 49 of the Listing Agreement. The Code is posted on the Company's website www.metkore.com The Board members and Senior Management personnel have affirmed compliance with the Code on an annual basis. A declaration to this effect signed by the Director forms part of this Report.

(vi) Corporate Identity Number (CIN)

The Corporate Identity Number of the Company allotted by the Ministry of Corporate Affairs, Government of India is: L27101AP2006PLC049591

(vii) Compliance Certificate of the auditors

Certificate from the Auditors of the Company M/s. S. Venkatadri & Co., Chartered Accountants confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this Report.

(viii) Entrepreneur Risk Management

The Company has risk management systems commensurate with the size of the Company.

(ix) Secretarial Audit

A qualified Practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total Issued and Paid up Share Capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares. This audit is carried out every quarter and report thereon is submitted to the Stock Exchanges and is placed before the Shareholders/Investors Grievance Committee as well as Board of Directors.

7. Means of Communication

The Notice, Annual Report and other communication have been sent to shareholders by post. The quarterly/ annual financial results of the Company as per Clause 41 of the Listing Agreement with Stock Exchanges are published in "MINT" (national daily) and "Andhra Prabha" (regional daily). The quarterly /annual financial results, shareholding pattern and other updates of the Company have been posted on the Company's website: www.metkore.com as also Corpfiling, NEAPS (NSE Electronic Application Processing System) maintained by NSE and www.listing.bseindia.com maintained by BSE Besides, the Company also submits, inter-alia, to the Stock Exchanges, the Annual Report; quarterly/ half yearly/ yearly unaudited/ audited financial results ; shareholding pattern; secretarial audit report; disclosure as per SEBI (SAST) Regulations and SEBI (Prohibition of Insider Trading) Regulations; Limited Review Reports of Auditors; details of appointment/ resignation of Directors and Company Secretary and such other reports as may be specified.

Green Initiative

Pursuant to 'Green Initiatives' proposed by the Ministry of Corporate Affairs (MCA) vide its Circular dated 21.04.2011, in response to the suggestions made by many shareholders in the past and to contribute towards improved environment, the Company has already taken action for sending communication/Annual Report and other documents through electronic mode to shareholders. It is hoped that with wide acceptance of the Green Initiative by the shareholders, the Company would be able to successfully implement the same, thereby contributing its mite to a greener environment.

8. General Shareholder information

Annual General Meeting

Date :: September 27, 2013

Time :: 11.00 AM

Venue :: Hotel Sreekrishna Grand, Miyapur X Road
Hyderabad - 500 049.

Financial Calendar

:: Financial Year : April 1 2013, to March 31, 2014

	Financial Calendar	Declaration of Unaudited Financial Results
Quarter 1	April to June 30, 2013	Before 2nd week of August 2013
Quarter 2	July to September 30, 2013	Before 2nd week of November 2013
Quarter 3	October to December 31, 2013	Before 2nd week of February, 2014
Quarter 4	January to March 31, 2014	Before 4th week of May 2014

Annual General Meeting for 2012-13 :: Before September 30, 2013
Date of Book Closure :: 16.09.2013 to 27.09.2013, [both days inclusive]
Dividend Payment Rate :: Dividend recommended 5% on Equity Shares

Listing on Stock Exchanges**The Bombay Stock Exchange Limited**

Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI – 400 001
Tel Nos. : 022-2272 1233 / 34
Fax No. : 022-2272 3121

Stock Code : 532990

National Stock Exchange of India Limited

Exchange Plaze, 5th Floor, Plot No. C/1
G Block, Bandra-Kurla Complex
Bandra [E], MUMBAI – 400 051
Tel Nos.: 022-2659 8100 - 14
Fax No. : 022-2659 8237/38

Stock Code: METKORE

Bombay Stock Exchange			
Month	High Price	Low Price	SENSEX
Apr 12	18.00	12.55	17319
May	16.00	11.05	16218
Jun	15.80	12.50	17430
Jul	14.87	12.30	17236
Aug	17.80	11.57	17430
Sep	14.90	11.02	18763
Oct	17.35	12.60	18505
Nov	14.78	11.70	19340
Dec	14.50	11.40	19427
Jan 13	16.15	10.90	19895
Feb	11.96	09.05	18862
Mar	10.40	07.25	18836

National Stock Exchange			
Month	High Price	Low Price	NIFTY
Apr 12	19.40	12.60	5248
May	16.40	11.20	4924
Jun	14.50	12.10	5279
Jul	14.65	12.10	5229
Aug	17.20	11.65	5258
Sep	14.45	11.10	5703
Oct	16.00	12.70	5620
Nov	14.95	11.80	5880
Dec	14.30	11.25	5905
Jan 13	16.20	10.80	6035
Feb	11.90	09.25	5693
Mar	10.20	07.25	5683

Note : Shares are subdivided from ₹10/- each to ₹2/- each on November 04, 2011

VIII Registrar and Transfer Agents:

Karvy Computershare Pvt. Ltd.
Unit: Metkore Alloys & Industries Limited
Plot No. 17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad 500 081
Phone: (040) 23420819 to 24
Fax: (040) 23420814
E-mail ID: einward.ris@karvy.com

IX. Share Transfer System

83.88% of the shares of the Company are in electronic form. Regarding transfer of shares held in physical form, the transfer documents can be lodged with Karvy Computershare Pvt. Ltd. or at the Registered Office of the Company and the same are processed within a period of 30 days from the date of receipt subject to the documents being valid and complete in all respects. The Board of Directors of the Company has delegated the powers of approving transfers, transmission, issue of duplicate share certificates etc., to the Share Allotment and Transfer Committee. The minutes of the Committee meetings are placed before the Board. The Company obtains half yearly certificate from a Company Secretary in practice on compliance regarding share transfer formalities and submits a copy thereof to the Stock Exchanges in terms of Clause 47(c) of the Listing Agreement.

X. Distribution of shareholding of equity shares as on March 31, 2013

Sl. No.	Category [Shares]	Holders	Shares	% to total shares
1	1 – 5000	16368	6157319	8.74
2	5001 – 10000	103	745668	1.06
3	10001 – 20000	74	1071235	1.52
4	20001 – 30000	16	405188	0.58
5	30001 – 40000	12	422634	0.60
6	40001 – 50000	10	465066	0.66
7	50001 – 100000	13	965254	1.37
8	100001 and above	22	60194111	85.47
	TOTAL	16618	70426475	100

XI. Shareholding pattern of Equity Shares as at March 31, 2013

Sl. No.	Category	No.	No of Shares	% to total equity shares
1	Promoters			
	i. Bodies Corporate	3	46194275	65.59
	ii. Individuals / HUF	2	6000000	8.52
2	Financial Institutions / Banks	3	1188085	1.69
3	Clearing Members	18	47217	0.07
4	HUF	175	239918	0.34
5	Bodies Corporate	258	3852668	5.47
6	Non Resident Indians	129	1192580	1.69
7	Overseas Bodies Corporate	1	760	0.00
8	Individuals	16026	11708312	16.62
9	FIs	0	0	0.00
10	Mutual Funds	3	2660	0.01
	TOTAL	16618	70426475	100.00

XII. Dematerialisation of shares and liquidity

The shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the Depositories in India viz., National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL). The Company's shares are regularly traded on the National Stock Exchange of India Ltd., and the Bombay Stock Exchange Ltd.,

The Certificate issued by Statutory Auditors of the Company for the issue of convertible warrants in compliance with Regulation 72(1), (2) read with Regulation 72(3) of the SEBI (Issue of Capital and Disclosure Requirement) 2009 is placed before the members. The effective date for the issue of convertible warrants was October 26th 2010.

XIII. Mode of Equity Shares held

The Company has registered with NSDL and CDSL and the ISIN to the equity shares of the Company is: INE592101011.

The mode of holding of the Company's equity shares as on 31st March, 2013 is as under:

Description	No. of Shareholders	No. of shares	% to equity shares
PHYSICAL	7287	11351965	16.12
NSDL	6804	53550074	76.04
CDSL	2527	5524436	7.84
TOTAL	16618	70426475	100.00

XIV. The Company has not issued any GDRs or ADRs or Warrants or Convertible instruments.**XV. Prohibition of Insider Trading**

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations 1992, the Company has instituted a Comprehensive Code of Conduct for prohibition of Insider Trading in the Company's shares.

XVI. Plant Location

Ravivalasa Village 532 212, Tekkali Mandal Srikakulam Andhra Pradesh.

XVII. Address for correspondence

Registrar & Share Transfer Agents:

Karvy Computershare Pvt. Ltd.
(Unit: Metkore Alloys & Industries Limited)
Plot Nos. 17 to 24, Vittal Rao Nagar, Madhapur
HYDERABAD-500 081.
Phone: (040) 23420815 to 824
Fax: (040) 23420814
E-mail: svraju@karvy.com

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT BY THE CEO UNDER CLAUSE 49(1)(D)(ii) OF THE LISTING AGREEMENT TO THE MEMBERS OF METKORE ALLOYS & INDUSTRIES LIMITED

I, Prashant Boorugu, Managing Director of Metkore Alloys & Industries Limited to the best of my knowledge and belief, declare that all the members of the Board and Senior Management personnel have affirmed compliances to the Code of Conduct of the Company in respect of the Financial Year ended March 31, 2013.

Place : Bangalore
Date : 28.05.2013

Prashant Boorugu
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

The Members of Metkore Alloys & Industries Limited,

We have examined the compliance of conditions of Corporate Governance of Metkore Alloys & Industries Limited for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The Compliance conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the above mentioned Listing Agreement.

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

For S Venkatadri & Co
Chartered Accountants
Firm Regn No. 004614S

Place : Hyderabad
Dated: 28.05.2013

K Srinivasa Rao
Partner
Membership No. 201470

AUDITOR'S REPORT

To.,

The Members,
Metkore Alloys & Industries Limited.,

We have audited the accompanying financial statements of Metkore Alloys & Industries Limited ["the Company"] which comprise the Balance Sheet as at March 31, 2013, the statement of Profit and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements:

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

Auditor's Responsibility:

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material mis-statement of the financial statements, whether due to fraud or error in making those risk assessments, auditor considers internal control relevant to companies 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 the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion:

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

- a. In the case of balance sheet of the statement of affairs of the Company as at March 31, 2013.
- b. In the case of the Statement of Profit and Loss, of the Profit of the year ended on that date; and
- c. In the case of cash flow statement, of the cash flows of the year ended on that date.

Report on other legal and regulatory requirements:

1. As required by the Companies [Auditor's Report] Order, 2003 ["the Order"] 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 of 4 & 5 of the Order.
2. As required by Section 227 (3) of the Act, we report that
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet and Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with books of accounts.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub section (3C) of Section 211 of the Act.
 - e. On the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Boards of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Act,.

For S Venkatadri & Co
Chartered Accountants
Firm Regn No. 004614S

K Srinivasa Rao
Partner
Membership No. 201470

Place : Hyderabad
Dated : 28.05.2013

Annexure to the Auditor's Report

The Annexure referred to in our report to the members of Metkore Alloys & Industries Limited ["the Company"] for the year ended March 31, 2013, we report that:

- I
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As explained to us, the fixed assets have been physically verified by the Management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancy was noticed on such verification.
 - c. During the year, the Company has not disposed off any substantial part of its fixed assets, affecting the going concern status of the Company.
- II
 - a. The inventory has been physically verified during the year by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable and adequate.
 - b. The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

- III a. The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provision of Clause (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- b. The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause (iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- IV 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 sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- V a. According to the information and explanations provided by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- b. In respect of the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, in the absence of any comparable quotes, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- VI The Company has not accepted any deposits from the public governed by Section 58A and 58AA of the Act for the year under reference. As per the information and explanations given to us no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- VII In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII As per information and explanation given by the Management, maintenance of cost records that has been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- K According to the information and explanations given to us and the records of the Company examined by us, in our opinion except for Provident Fund contributions, which were not remitted for the entire year 2012-2013, and remains unpaid as on 31.03.2013, the Company is regular in depositing undisputed statutory dues, including income tax, sales tax, wealth tax, custom duty, excise duty, cess, service tax and other material statutory dues as applicable, with the appropriate authorities. Investor Education and Protection Fund and Employees State insurance scheme are not applicable to the Company for the current year.
- b. According to the information and explanations given to us, except for Provident Fund amounting to Rs.57.00 lakhs representing Employee's and Employer's contribution for the year 2012-13, remains unpaid as on 31.03.2013 (which were remitted subsequently on 24.5.2013). No undisputed amounts payable in respect of employees state insurance, investor education and protection fund, income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears, as at 31.03.2013 for a period of more than six months from the date they became payable.
- c. Accordingly to the information and explanations given to us, the disputed statutory dues aggregating to Rs.9.76 lakhs that have not been deposited on account of matters pending before appropriate authorities are as under:

Sl. No.	Nature of the Dues	Forum where Dispute is pending	Amount (₹ in lakhs)
1.	Sales Tax	S.T.A.T High Court	6.51
			6.25
		TOTAL	12.76

- X The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- XI In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- XII In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- XIII In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a Nidhi / Mutual Benefit Fund / Society. Therefore, the provisions of Clause (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIV In our opinion, the Company is not dealing in or trading in Shares, Securities, Debentures and Other Investments. Accordingly, the provisions of Clause (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XV The Company has not given guarantees for loans taken by others from Banks or Financial Institutions.
- XVI In our opinion and according to the information and explanations given to us, the term loans have been applied for the proposals for which the loans were obtained.
- XVII According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- XVIII According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year, and the rate at which shares are allotted is not prima facie prejudicial to the interests of the Company.
- XIX According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.
- XX The Company has not raised any money by way of public issue during the year.
- XXI In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For S Venkatadri & Co
Chartered Accountants
Firm Regn No. 004614S
K Srinivasa Rao
Partner
Membership No. 201470

Place : Hyderabad
Dated : 28.05.2013

BALANCE SHEET AS AT 31 ST MARCH 2013

(in ₹)

Sl. No.	Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I.	Equity and Liabilities			
	1. Shareholders' Funds			
	a) Share Capital	2	227,364,650	209,364,650
	b) Reserves & Surplus	3	831,306,999	477,221,988
	c) Money received against share warrants			135,000,000
			1,058,671,649	821,586,638
	2. Non-Current Liabilities			
	(a) Long Term Borrowings	4	1,838,606	7,136,998
	(b) Deferred Tax Liability (Net)		40,412,695	40,507,000
			42,251,301	47,643,998
	3. Current Liabilities			
	(a) Short Term Borrowings	5	299,633,000	299,365,736
	(b) Trade Payables	6	64,008,650	84,429,903
	(c) Other Current Liabilities	7	62,490,428	100,825,482
	(d) Short Term Provisions	8	93,613,905	85,083,830
			519,745,982	569,704,951
	TOTAL		1,620,668,932	1,438,935,587
II.	Assets			
	1. Non-Current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets	9	196,413,887	218,289,794
	(ii) Intangible Assets			
	(iii) Capital Work in Progress		93,348,624	71,433,208
	(b) Non Current Investments	10	161,000	155,000
	(c) Long Term Loans & Advances	11	304,996,426	178,482,426
			594,919,937	468,360,428
	2. Current Assets			
	(a) Current Investments		-	-
	(b) Inventories	12	227,432,291	344,920,666
	(c) Trade Receivables	13	379,436,733	333,410,122
	(d) Cash and Cash Equivalents	14	25,958,618	17,834,927
	(e) Short Term Loans & Advances	15	366,929,088	265,468,755
	(f) Other Current Assets	16	25,992,264	8,940,689
			1,025,748,995	970,575,159
	TOTAL		1,620,668,932	1,438,935,587
	Significant Accounting Policies & Notes to Accounts forming an integral part of financial statements	1		

As per our report of even date attached

For S Venkatadri & Co

Chartered Accountants
Firm Regn. No.004614S

For and on behalf of the Board

(K SRINIVASA RAO)
PARTNER
M.No. 201470

Prashant Boorugu
Managing Director

S Gajendran
Director

Place : Bangalore
Date : 28th May, 2013

K. Ramaswamy
Company Secretary

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

(in ₹)

Sl. No.	Particulars	Note No.	Year ended 31.03.2013	Year ended 31.03.2012
I.	Revenue from Operations	17	2,230,191,277	2,500,147,051
II.	Other Income	18	1,135,563	6,642,785
III.	Total Revenue (I+II)		2,231,326,840	2,506,789,836
IV.	Expenses			
	Cost of Materials Consumed	19	524,047,584	885,491,159
	Purchases of Traded Goods	20	1,133,474,051	983,928,468
	(Increase)/Decrease in Inventories	21	15,122,796	(28,946,863)
	Employee benefit expenses	22	53,371,170	52,891,070
	Finance costs	23	63,956,007	63,539,105
	Depreciation and amortisation expenses		25,127,685	26,068,742
	Other expenses	24	297,900,145	345,911,498
	Total Expenses		2,112,999,439	2,328,883,179
V.	Profit before exceptional and extraordinary items and tax (III-IV)		118,327,401	177,906,657
VI.	Exceptional items : Prior Period Income		-	-
VII.	Profit before extraordinary items and tax (V-VI)		118,327,401	177,906,657
VIII.	Extraordinary items		-	-
IX.	Profit before tax		118,327,401	177,906,657
X.	Tax Expenses			
	Current Income Tax			
	Deferred income Tax		(94,305)	2,468,360
	Total		(94,305)	2,468,360
XI.	Profit for the year from continuing operations (IX-X)		118,421,705	175,438,297
XII.	Earning Per Equity Share			
	(1) Basic		1.64	2.73
	(2) Diluted		1.64	2.73

As per our report of even date attached

For S Venkatadri & Co
Chartered Accountants
Firm Regn. No.004614S

For and on behalf of the Board

(K SRINIVASA RAO)
PARTNER
M.No. 201470

Prashant Boorugu
Managing Director

S Gajendran
Director

Place : Bangalore
Date : 28th May, 2013

K. Ramaswamy
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lakhs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
A. Net Profit Before Tax and Extraordinary Items	1,183.27	1,779.07
Adjustments for:		
Depreciation	251.28	260.69
Interest and Financial charges	639.56	635.39
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,074.11	2,675.15
Adjustments for:		
(Increase)/Decrease in Trade Receivables	(460.27)	(787.67)
(Increase)/Decrease in Loans & Advances	(1,185.12)	435.81
(Increase)/Decrease in Inventories	1,174.88	240.62
Increase/(Decrease) in Trade and other Payables	(502.26)	218.39
Cash generated from operations	1,101.35	2,782.30
Direct Tax paid		
Net Cash from Operation Activities	1,101.35	2,782.30
B. Cash flow from investing activities		
Purchase of Fixed assets including Capital Work in Progress/Long term advances	(1,516.81)	(714.91)
(Purchase)/Sale of Investments	(0.06)	(643.34)
	(1,516.87)	(1,358.25)
C. Cash flow from financing activities		
Increase/(Decrease) in Short Term Borrowings	2.67	(657.86)
Increase/(Decrease) in Long Term Borrowings	(52.98)	71.37
Proceeds from share warrants	1,350.00	-
Interest Paid	(639.56)	(635.39)
Dividend and Tax thereon	(163.37)	(151.83)
	496.76	(1,373.71)
D. Net increase in cash & cash equivalents (A+B+C)	81.24	50.34
Cash & Cash equivalents (Opening Balance)	178.35	128.01
Cash & Cash equivalents (Closing Balance)	259.59	178.35

As per our report of even date attached

For S Venkatadri & Co

Chartered Accountants
Firm Regn. No.004614S

For and on behalf of the Board

(K SRINIVASA RAO)

PARTNER
M.No. 201470

Prashant Boorugu
Managing Director

S Gajendran
Director

Place : Bangalore
Date : 28th May, 2013

K. Ramaswamy
Company Secretary

NOTE No.1

Statement on Significant Accounting Policies and Notes to the Accounts

I. Significant Accounting Policies

1. a) Basis of Financial Statements:

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the generally accepted Accounting Principles in India under the historical cost convention and on accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.

b) Change in accounting policy: Presentation and disclosure of financial statements:

During the year ended 31st March, 2013, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain 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.

2. a) Fixed Assets

i) Fixed assets are stated at cost Net of CENVAT wherever applicable, less accumulated depreciation, amortisation and impairment losses, if any. Cost comprises the purchase price and other attributable costs to bring the asset to its working condition for its intended use.

ii) Direct overhead expenditure incurred on projects under implementation is treated as unallocated capital expenditure pending allocation to the assets and are included under Capital work-in-progress.

iii) Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

b) Depreciation

i) Depreciation on the Fixed Assets of the Company is provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

ii) Fixed Assets costing rupees five thousand or less are fully depreciated in the year of acquisition.

3. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Non Current Investments. Current investments are carried 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 of each long term investment is made to recognise a decline other than temporary in nature.

4. Inventories

a). Raw materials are valued at cost on FIFO Basis, Stores and Spares are valued at cost on weighted Average Basis.

b). Finished Goods are valued at lower of cost of production or realisable Value and Work in Process is valued at cost of Production. The cost of production includes value of material, stores, direct and indirect expenses.

5. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically the following basis is adopted:

a). Sale of Goods:

Revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with delivery. Sales are inclusive of excise duty and value added tax/sales tax and is net of sales returns and discounts. Revenue from export sales is recognised on the date of bill of lading.

b). Interest :

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

- c). Export Benefits:
Export Entitlements in the form of Duty Drawback and Duty Entitlement Pass Book (DEPB) / Focus Point Schemes on accrual basis.
- d). Other Sundry incomes
Insurance claims are accounted for on realisation.
- 6. Foreign Exchange Transactions:**
- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.
- b) Monetary Items denominated in Foreign Currency not covered by Forward Contracts and remaining unsettled at the end of the year are translated at year end rates.
- c) Monetary Items denominated in Foreign Currency covered by Forward Cover are recorded at the Forward Cover contract rate.
- 7. Employee Benefits :**
- a) Defined Contribution Plans**
Contributions paid/payable to defined contribution plan comprises provident fund and is charged on accrual basis to the Profit and Loss Account Each Year.
- b) Defined Benefit Plans**
Gratuity for employees is covered under a scheme of Life Insurance Corporation of India and contributions in respect of such scheme are recognised in the Statement of Profit and Loss. The liability as at the Balance Sheet date is provided for based on the actuarial valuation in accordance with the requirements of revised Accounting Standard (revised 2005) on “ Employees Benefits” notified under Section 211 (3C) of the Act (‘revised AS 15’) as at the end of the year.
- c) Other Long term employee benefits**
Other Long term employee benefits comprise of leave encashment which is provided for based on the actuarial valuation carried out in accordance with revised AS15 at the end of the year
- 8. Borrowing Costs :**
Borrowing costs that are directly attributable to the acquisition, construction or production of Fixed Assets, which take substantial period of time to get ready for their intended use, are capitalised. Other Borrowing costs are recognised as an expense in the year in which they are incurred.
- 9. Contingent Liabilities :**
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.
- 10. Provision for Current and Deferred Tax :**
Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from “timing difference” between book and taxable profit is accounted by using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.
- 11. Earnings Per Share**
The earnings considered in ascertaining the Company’s Earning Per Share (EPS) comprise of the net profit after tax less dividend (including dividend distribution tax) on preference shares. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year.
- 12. Impairment :**
- a). The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset’s net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- b). Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset are no longer exist or have decreased.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

II. NOTES TO ACCOUNTS

	For the Year Ended 31.03.2013		For the Year Ended 31.03.2012	
	Percentage	Amount ₹ In Lakhs	Percentage	Amount ₹ In Lakhs
1 Value of Raw Material Consumed				
i) Indigenous	92.00	4,820.98	91.70	8,120.05
ii) Imported	8.00	419.50	8.30	734.86
	100.00	5,240.48	100.00	8,854.91
2 Stores & Spares Consumed				
i) Indigenous	100.00	182.13	100.00	295.26
ii) Imported	-	-	-	-
	100.00	182.13	100.00	295.26
3 Foreign exchange Earnings / Out Go				
a) FOB Value of Exports		1,654.15		1,809.32
b) CIF Value of Imports(material)		419.50		944.23
c) Expenditure in Foreign Currency on account of Foreign Travel		2.21		-
d) Distribution of Dividend on Equity Shares		43.29		45.25
e) Advance for Purchase of shares		29.05		658.88
4. CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)			2011-12	2010-11
a) Bank Guarantees			13.60	13.60
b) Claims made by Govt Departments against the company not acknowledged as debts			45.73	45.73
5 Interest is shown net of interest received.				
6 The Details of Related Party transactions in terms of Accounting Standard (AS 18) are as follows				
Related Party Disclosure	Name of the Person	Nature of Transaction	Amt. Rs. Lakhs	
a) Key Management Personal	Prashant Boorugu S. Venktraman	Managerial Remuneration	0.00	10.00
b) Relatives of Individuals having significant influence -NIL				
c) Mynah Industries Limited	Ultimate Holding company Sales - Previous year	Sales - Current year	291.48	1202.18
7 Segment Report	The Company operates in only one segment of manufacturing / trading of metal alloys.			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

8. Employees Benefits

The Following table sets forth the status of gratuity plan of the Company and the amount recognized in the balance sheet and profit and loss account

(₹ in Lakhs)

Change in Projected benefit obligation	2012-13	2011-12
Obligations at period beginning	8.95	98.16
Service Cost	15.61	8.64
Interest cost	8.86	8.19
Benefits settled	(5.51)	(3.48)
Actuarial (gain)/loss	(1.04)	(2.38)
Obligations at period end	128.06	110.14
Change in plan assets		
Plans assets as on 01-04-2012, at fair value	92.61	80.22
Expected return on plan assets (estimated)	7.56	6.61
Actuarial gain/(loss)	1.09	0.99
Contributions (less risk prem. etc.)	9.36	8.26
Benefits settled	(5.51)	(3.48)
Plans assets as on 31-03-2013, at fair value	105.11	92.61
Funded status of the plan	22.95	17.53
Gratuity cost		
Service cost	15.61	8.64
Interest cost	8.86	8.19
Expected return on plan assets	(7.56)	(6.60)
Actuarial (gain)/loss	(2.13)	(2.38)
Net gratuity cost	14.78	7.85
Assumptions		
Discount rate	8.25%	8.50%
Expected return on assets	8.00%	8.00%
Rate of compensation increase	6.00%	6.00%
Attrition Rate	5.00%	5.00%
Retirement expectancy	58	60
9 Earnings Per Equity Share	2012-13	2011-12
a) Net Profit after Tax	1,184.22	1754.39
b) Preference Dividend Accrued for the year (including Income Tax on Pref. Dividend)	80.97	80.44
c) Net Profit After Tax available for Equity Shareholders (a-b)	1,103.25	1673.95
d) Weighted average No. of Equity Shares of Rs. 2/- each (Previous Year Rs.10/-each) outstanding during the year (No. of Equity shares)	67,426,475	61,426,475
e) Basic/Diluted Earnings per Equity Share - ₹	1.64	2.73
10 As on 31.03.2013, the timing difference has resulted in deferred tax liability/assets amounting to Rs. 404.13 Lakhs The break up of deferred tax assets/liabilities is as follows; Deferred Tax Liability on account of timing difference in Depreciation : ₹ 404.13 Laks Deferred Tax Asset on account of Section 43B of IT Act : ₹ NIL		
11 Balance with Central Excise Department includes unavailed Modvat credit of Rs. 49.94 lakhs of which there is no dispute by the Central Excise Department		
12 Provision for Income Tax is not made, in view of set off available from the Ferro Division of Sri VASAVI Industries Ltd, with whom ongoing amalgamation proceedings are pending before the Hon'ble High Court of A.P.		
13 In the opinion of the management, the Current Assets, Loans and Advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.		
14 Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the company regarding the status of the suppliers as defined under the " Micro, Small and Medium Enterprises Development Act'2006". Amount overdue on account of principal amount together with interest as on 31st March'2013 to Micro, Small and Medium Enterprises is Rs. Nil (previous year Rs.Nil.)		
15 Previous Year figures have been Re grouped and/or Reclassified where ever necessary to make them comparable with those of Current Year.		

As per our report of even date attached

For S Venkatadri & Co

Chartered Accountants
Firm Regn. No.004614S

For and on behalf of the Board

(K SRINIVASA RAO)

PARTNER
M.No. 201470

Place : Bangalore

Date : 28th May, 2013

Prashant Boorugu

Managing Director

S Gajendran

Director

K. Ramaswamy
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 2. Share Capital

(in ₹)

	As at March 31, 2013		As at March 31, 2012	
	No.	Amount	No.	Amount
Authorised				
Equity Shares of Rs.2/- each	191,000,000	382,000,000	191,000,000	382,000,000
Cumulative Redeemable Preference Shares of Rs.11/- each	8,000,000	88,000,000	8,000,000	88,000,000
		470,000,000		470,000,000
Issued, Subscribed and Paid Up				
Equity Shares of Rs.2/- each	70,426,475	140,852,950	61,426,475	122,852,950
Out of the above 4,32,92,205 Shares of Rs.2/- each are held by the Holding Company, Cronimet Mercon Invest Limited, Dubai. *18 lakhs share warrants of Rs 10 /- each converted into 90,00,000 equity shares of Rs 2/- each on 14.8.2012				
Cumulative Redeemable Preference Shares of Rs.11/- each	7,864,700	86,511,700	7,864,700	86,511,700
Entire Preference Shares are held by Pentacle Infrastructure & Towers Pvt Ltd, and are to be redeemed by 14.08.2015				
Total		227,364,650		209,364,650

(a) Reconciliation of the Shares outstanding at the beginning and at the end of the Year are as follows :

Particulars	Equity Shares		Preference Shares	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Shares outstanding at the beginning of the year	61,426,475	61,426,475	7,864,700	7,864,700
Shares Issued during the year	9,000,000	-	-	-
Shares redeemed / bought back during the year	-	-	-	-
Shares outstanding at the end of the year	70,426,475	61,426,475	7,864,700	7,864,700

(b) Rights attached to Equity Shares :

The company has only one class of equity shares having a face value of Rs.2/- per share with one vote per each equity 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.

The amount of dividend proposed to be distributed for the year ended 31st March 2013, to equity share holders is Rs.0.10 Per Share of Rs 2 each (2011-12 Rs.0.10 Per Share of Rs 2each)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportionate to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% of Equity shares in the company are as follows .

Name of Shareholder	As at March 31, 2013		As March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Cronimet Mercon Invest Limited, Dubai	43,292,205	61.47%	43,292,205	70.48%

(d) Details of Cumulative redeemable Preference Shares

Nature	Amount	Date of Issue	Date of Redemption
8% Cumulative Redeemable Preference Shares of ₹11/- each	86,511,700	08/14/2004	08/14/2015
Total	86,511,700		

Note 3. Reserves & Surplus

(₹ in)

	As At 31.03.2012	Additions	Deductions	As At 31.03.2013
Capital Reserves				
Capital Reserve	159,238,721	90,000,000	0	249,238,721
Share Premium a/c	0	162,000,000	0	162,000,000
Total	159,238,721	252,000,000	0	411,238,721

Particulars	As At 31.03.2013	As At 31.03.2012
Profit and Loss Account		
Opening Balance	317,983,267	157,727,794
Add Net Profit after tax transferred from Statement of Profit & Loss	118,421,705	175,438,297
	436,404,972	333,166,091
Less : Preference dividend	6,920,936	6,920,936
Corporate Dividend Tax-Preference	1,176,213	1,122,749
Equity Dividend	7,042,648	6,142,648
Corporate Dividend Tax-Equity	1,196,898	996,491
	16,336,695	15,182,824
	420,068,278	317,983,267
Total Reserves & Surplus	831,306,999	477,221,988

Note 4 Long Term Borrowings

Particulars	As At 31.03.2013	As At 31.03.2012
Secured Loan from Financial Institutions	1,838,606	7,136,998
Total	1,838,606	7,136,998

Hire Purchase Loan from Reliance Capital Ltd secured against hypothecation of Vehicles and Repayable within 3 Years

Note 5 Short Term Borrowings

Particulars	As At 31.03.2013	As At 31.03.2012
Secured		
Cash Credit from State Bank of Travancore	299,633,000	248,004,473
Packing credit loan from State Bank of Travancore	0	51,361,263
Total	299,633,000	299,365,736

Working Capital Loans from Banks are secured by First charge on the entire current assets and first charge on entire fixed assets of the Company and personal guarantee of a Managing Director.

Note 6 Trade Payables

Particulars	As At 31.03.2013	As At 31.03.2012
(a) Due to Micro and Small Enterprises	-	-
(b) Due to other than Micro and Small Enterprises	64,008,650	84,429,903
Total	64,008,650	84,429,903

Note 7 Other Current Liabilities

Particulars	As At 31.03.2013	As At 31.03.2012
Current maturities of Long Term Debt	5,678,472	5,678,472
Unclaimed Dividend	373,951	179,007
Advance Received from Customers	925,986	17,510,330
Other Payables	55,512,019	77,457,673
Total	62,490,428	100,825,482

Note 8 Short Term Provisions

Particulars	As At 31.03.2013	As At 31.03.2012
Provision for Employee Benefits	9,432,746	4,659,903
Provision for Tax	67,844,464	65,241,103
Provision for Dividend	13,963,584	13,063,584
Provision for Corporate Dividend Tax	2,373,111	2,119,240
Total	93,613,905	85,083,830

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 9. Fixed Assets

Sl. No.	Description	Rate of Dep	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			As At 01.04.12	Additions	Deletions	Total as at 31.03.13	As At 01.04.12	For the Period	Deletions for the Period	Upto 31.03.13	As at March' 13	As at March' 12
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Land		7,444,642	-	-	7,444,642	-	-	-	-	7,444,642	7,444,642
			7,444,642	-	-	7,444,642	-	-	-	-	7,444,642	7,444,642
2	Buildings (Factory)	3.34	95,763,515	-	-	95,763,515	48,404,570	3,198,501	-	51,603,071	44,160,444	47,358,945
	Buildings (Non-Factory)	1.63	4,610,762	-	-	4,610,762	989,177	75,155	-	1,064,332	3,546,430	3,621,585
			100,374,277	-	-	100,374,277	49,393,747	3,273,657	-	52,667,404	47,706,873	50,980,530
3	Plant & Machinery :											
	Plant & Machinery	5.28	127,462,105	1,307,528	-	128,769,633	96,099,105	6,516,737	-	102,615,842	26,153,791	31,363,000
	Electrical Equipment	5.28	50,005,204	688,194	-	50,693,398	38,603,394	1,838,676	-	40,442,070	10,251,328	11,401,810
	Material Handling Equipment	5.28	122,480,424	-	-	122,480,424	80,137,197	6,466,966	-	86,604,163	35,876,261	42,342,227
	Pollution Control Equipment	5.28	40,296,295	1,056,717	-	41,353,012	3,848,339	2,162,189	-	6,010,528	35,342,484	36,447,956
	Workshop Equipment	5.28	682,550	-	-	682,550	639,384	23,144	-	662,528	20,022	43,166
	Lab Equipment	5.28	3,336,811	-	-	3,336,811	682,917	49,497	-	732,414	2,604,397	2,653,894
	Weighing Scale Equipment	5.28	1,839,078	-	-	1,839,078	1,143,641	95,485	-	1,239,126	599,952	6,95,437
	Fire Fight Equipment	5.28	259,833	-	-	259,833	179,495	13,719	-	193,214	66,619	80,338
	132 KV Sub Station	5.28	47,011,386	-	-	47,011,386	30,376,955	2,482,201	-	32,859,156	14,152,230	16,634,431
			393,373,686	3,052,439	-	396,426,125	251,710,427	19,648,615	-	271,359,042	125,067,083	141,662,259
4	Furniture, Fixtures & Office Equipment	6.33	7,740,728	196,737	-	7,937,465	5,772,840	326,217	-	6,099,057	1,838,408	1,967,888
	Computer Equipment	16.21	4,689,381	2,600	-	4,691,981	4,357,055	105,055	-	4,462,110	229,871	332,326
			12,430,109	199,337	-	12,629,446	10,129,895	431,272	-	10,561,167	2,068,279	2,300,214
5	Vehicles	9.50	20,849,714	-	-	20,849,714	4,948,563	1,774,141	-	6,722,704	14,127,010	15,901,151
			20,849,714	-	-	20,849,714	4,948,563	1,774,141	-	6,722,704	14,127,010	15,901,151
	TOTAL		534,472,428	3,251,776	-	537,724,204	316,182,633	25,127,685	-	341,310,317	196,413,887	218,288,796

Note 10 Non Current Investments

Particulars	As At 31.03.2013	As At 31.03.2012
Non Trade Investments		
Investment in Govt Securities (Unquoted)		
6 Year National Savings Certificates	161,000	155,000
Total	161,000	155,000

Note 11 Long Term Loans & Advances

Particulars	As At 31.03.2013	As At 31.03.2012
Capital Advances	111,457,026	75,943,026
Security Deposits	193,539,400	102,539,400
Total	304,996,426	178,482,426

Note 12 Inventories

(As valued and certified by the management)

Particulars	As At 31.03.2013	As At 31.03.2012
Raw Materials	33,714,427	136,195,564
Work-in-Progress	625,000	1,300,000
Finished Goods	188,569,822	203,017,618
Stores & Spares	4,523,043	4,407,484
Total	227,432,291	344,920,666

Note 13 Trade Receivables (Unsecured considered good)

Debts outstanding for a period exceeding six months	28,082,547	172,463,599
Others	351,354,187	160,946,523
Total	379,436,733	333,410,122

NOTE 14 Cash and Bank Balances

i) Cash and Cash equivalents		
a) balance with banks		
in current account	462,420	1,364,128
in Unpaid Dividend account	373,951	179,007
b) cheques, drafts on hand	0	0
c) cash on hand	13,267	958,837
ii) Other Bank Balances		
Balances with banks to the extent held as margin money	25,108,981	15,332,955
in deposit account		
Total	25,958,618	17,834,927

**NOTE 15 Short Term Loans and Advances
(Unsecured considered good)**

Particulars	As At 31.03.2013	As At 31.03.2012
(a) Staff Advances	1,741,675	1,986,949
(b) Security deposits	0	0
(c) loans and advances to related parties	0	0
(d) other loans and advances		
- balance with customs & central excise authorities	9,757,625	5,300,191
- advance recoverable in cash or kind or for value to be received	355,429,788	258,181,616
Total	366,929,088	265,468,755

NOTE 16 Other Current Assets

Income accrued on deposits etc	3,313,313	2,216,128
IT Refund Due	4,662,801	1,145,735
Export Entitlements	18,016,150	5,578,826
Total	25,992,264	8,940,689

NOTE 17

(Rs)

	For the year ended 31.03.2013	For the Year ended 31.03.2012
Revenue from Operations		
a. Sales of Finished Products	876,415,475	1,415,183,630
b. Sale of Traded Goods	1,343,136,570	1,160,571,760
c. Sale of Scrap, Slag	3,410,207	6,762,596
	2,222,962,252	2,582,517,986
Less excise duty	32,335,386	87,430,801
	2,190,626,866	2,495,087,185
Export Incentives	39,564,411	5,059,866
Total	2,230,191,277	2,500,147,051

NOTE 18

Other Income		
Miscellaneous income	1,135,563	6,560,622
Dividend received on mutual fund	0	82,163
Total	1,135,563	6,642,785

NOTE 19

COST OF MATERIALS CONSUMED		
Inventory at the beginning of the year	136,195,564	188,028,142
Add : Purchases	421,566,447	833,658,581
	557,762,011	1,021,686,723
Less : Inventory at the end of the Year	33,714,427	136,195,564
Cost of Materials Consumed	524,047,584	885,491,159

Details of materials consumed:		
Chrome Ore & lumps	414,035,068	681,122,259
Coal & Coke	72,898,789	151,762,772
Others	37,113,726	52,606,126
Total	524,047,582	885,491,157
Details of Inventory:		
Chrome Ore & lumps	18,760,845	117,910,287
Coal & Coke	9,315,290	13,217,314
Others	5,638,292	5,067,963
Total	33,714,427	136,195,564

NOTE 20

	For the year ended 31.03.2013	For the Year ended 31.03.2012
PURCHASES OF TRADED GOODS		
Ferro Chrome	849,599,040	908,900,817
Chrome ore lumps	96,771,864	43,280,197
Coal & coke	101,013,318	31,747,454
Steel Material	86,089,829	0
Total	1,133,474,051	983,928,468

NOTE 21

(Increase) / Decrease in inventories		
Opening Stock		
work-in -process	1,300,000	480,000
Finished Goods	203,017,618	174,890,755
	204,317,618	175,370,755
Closing Stock		
work-in -process	625,000	1,300,000
Finished Goods	188,569,822	203,017,618
	189,194,822	204,317,618
Total	15,122,796	(28,946,863)

NOTE 22

Employee Benefit Expenses		
Salaries, Wages and Bonus	46,252,086	46,019,274
Contribution to Provident and Other Funds	4,353,596	3,525,003
Staff Welfare Expenses	2,765,489	3,346,794
Total	53,371,170	52,891,070

NOTE 23

Finance Cost		
Interest on Working Capital	56,277,045	51,417,705
Interest - Others	4,774,280	4,274,200
Bank Charges	2,904,682	7,847,200
Total	63,956,007	63,539,105

NOTE 24

Other Expenses		
Material Handling Expenses	6,747,903	10,421,561
Power and Fuel	188,756,956	232,450,671
Stores and Spares	18,212,856	29,525,503
Repairs and Maintenance	3,161,027	2,786,241
Annual Maintenance Charges	286,688	312,554
Vehicle Maintenance	389,238	701,978
Travelling and Conveyance	2,132,238	2,166,988
Communication Expenses	591,314	722,104
Other Administrative Expenses	7,366,869	5,543,558
Consultancy and Other Professional Charges	3,931,932	3,991,991
Printing & Stationary	463,943	387,251
License & Fee	2,051,687	917,768
Insurance	2,050,159	1,683,609
Donations	106,601	184,500
Distribution Expenses	49,488,677	29,353,006
Cst/vat	11,992,057	24,592,214
Auditor's Remuneration		
Statutory Audit	150,000	150,000
Tax Audit	20,000	20,000
deffered tax provision		
Total	297,900,145	345,911,498

METKORE ALLOYS & INDUSTRIES LIMITED

Plot No. 18, Sagar Society, Street No. 1, Road No. 2, Banjara Hills, HYDERABAD - 500 034

ATTENDANCE SLIP

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

Name & Address of the Member	Registered Folio No.	Client ID & DP ID No.	No. of Shares Held

I hereby record my presence at 7th Annual General Meeting of the Company held on Friday, September 27, 2013 at 11.00 AM at the Hotel Sreekrishnaa Grand, Miyapur X Roads, Hyderabad - 500 049.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

If Member, Please Sign Here	If Proxy, Please Sign Here

Note : Members are requested to bring their copies of the AGM Notice and Annual Report to the Meeting.

METKORE ALLOYS & INDUSTRIES LIMITED

Plot No. 18, Sagar Society, Street No. 1, Road No. 2, Banjara Hills, HYDERABAD - 500 034

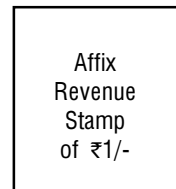
PROXY FORM

Folio No. Client ID No. & DP ID No.

I/We of being a Member/ Members of Metkore Alloys & Industries Limited, hereby appoint..... of..... or failing him/her..... of or failing him / her of as my/our Proxy to attend and vote for me/us on my/our behalf at the 7th Annual General Meeting of the Company held on Friday, September 27, 2013 at 11.00 AM at the Hotel Sreekrishnaa Grand, Miyapur X Roads, Hyderabad - 500 049 and at any adjournment thereof.

Signed

Date :



Note : The Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. The Proxy need not be a Member of the Company.

**PRINTED MATTER
BOOK-POST**

If Undelivered, Please return to :

Metkore Alloys & Industries Limited
Regd. Office : Plot No. 18, Sagar Society
Street No. 1, Road No. 2, Banjara Hills,
Hyderabad - 500 034.