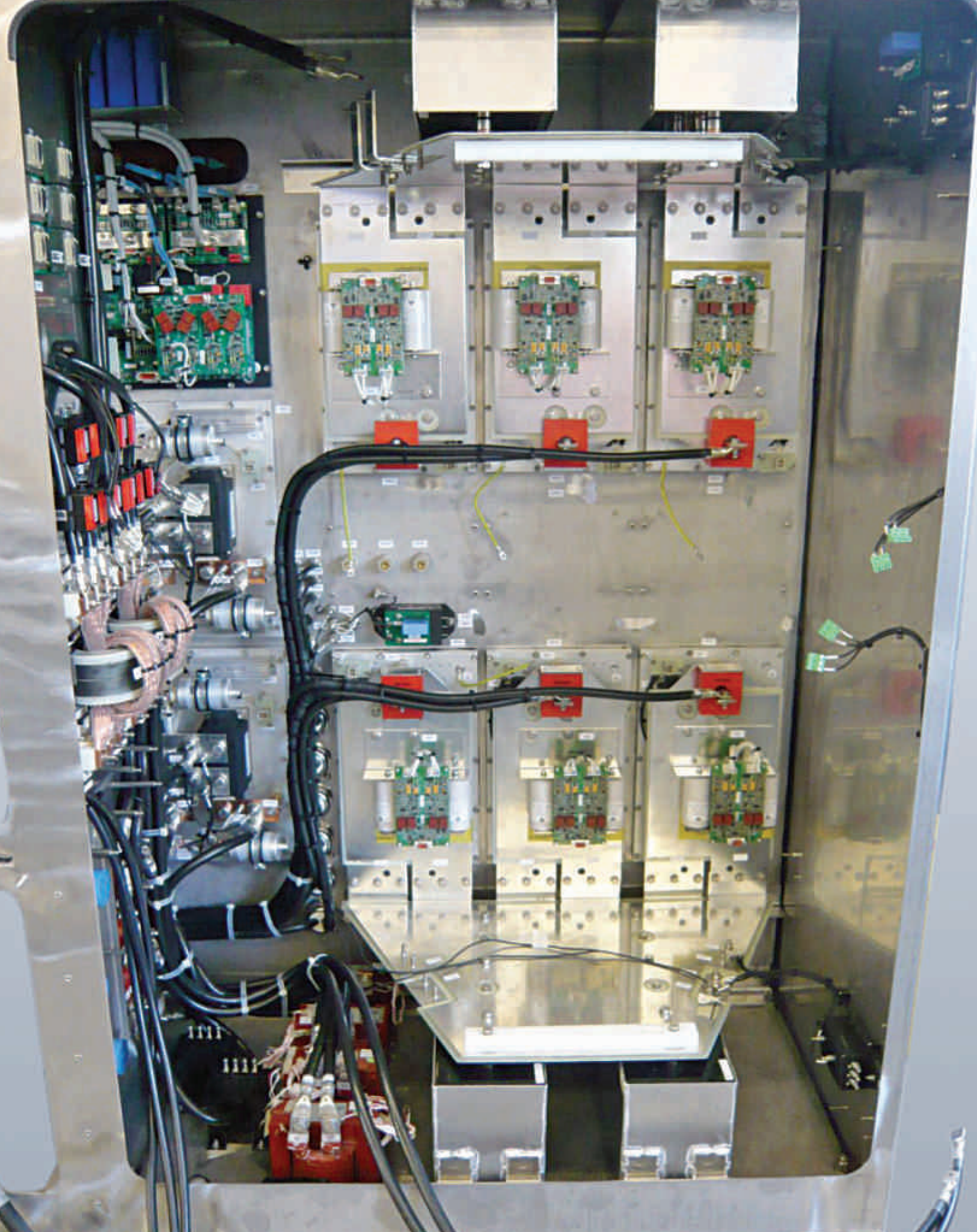


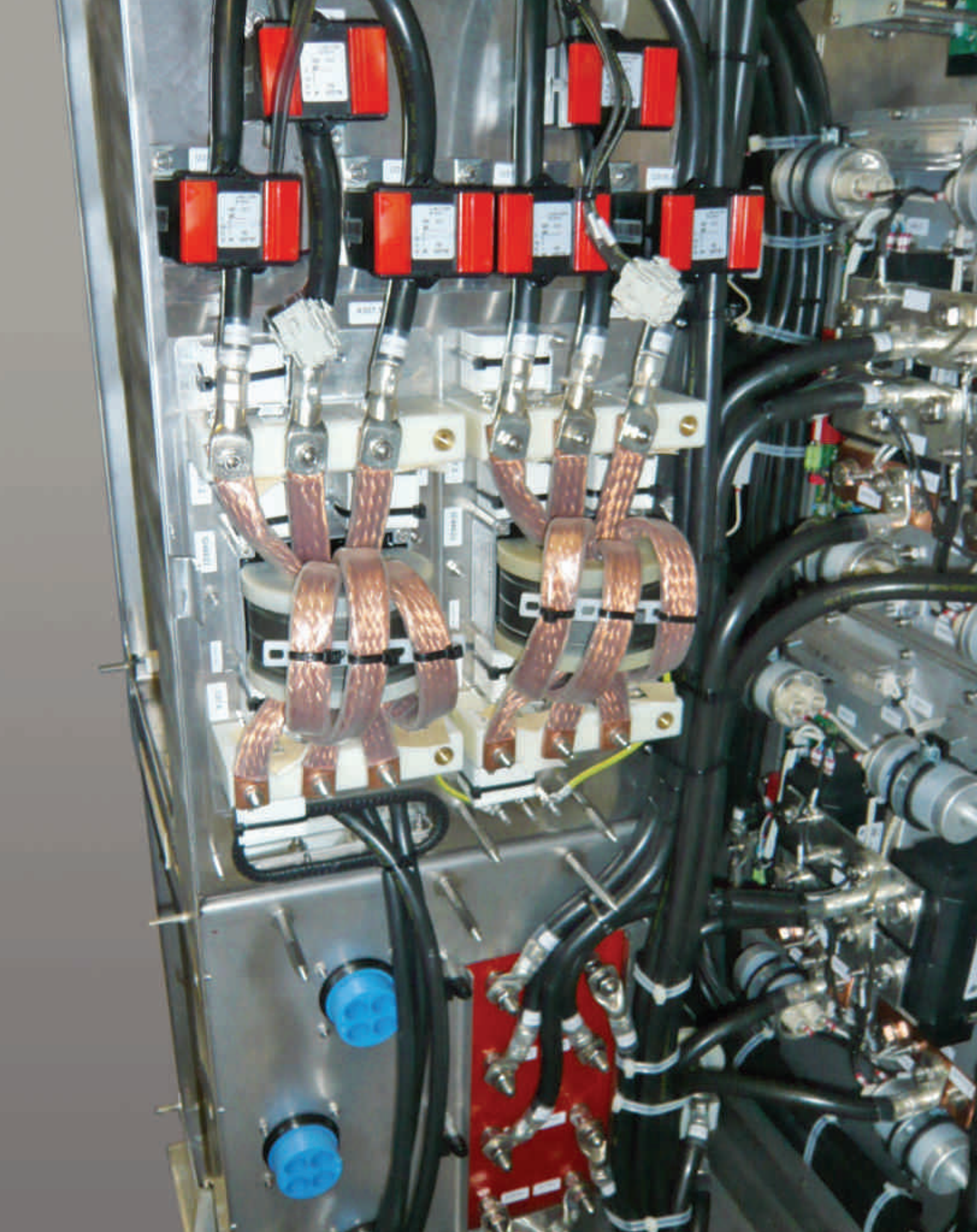


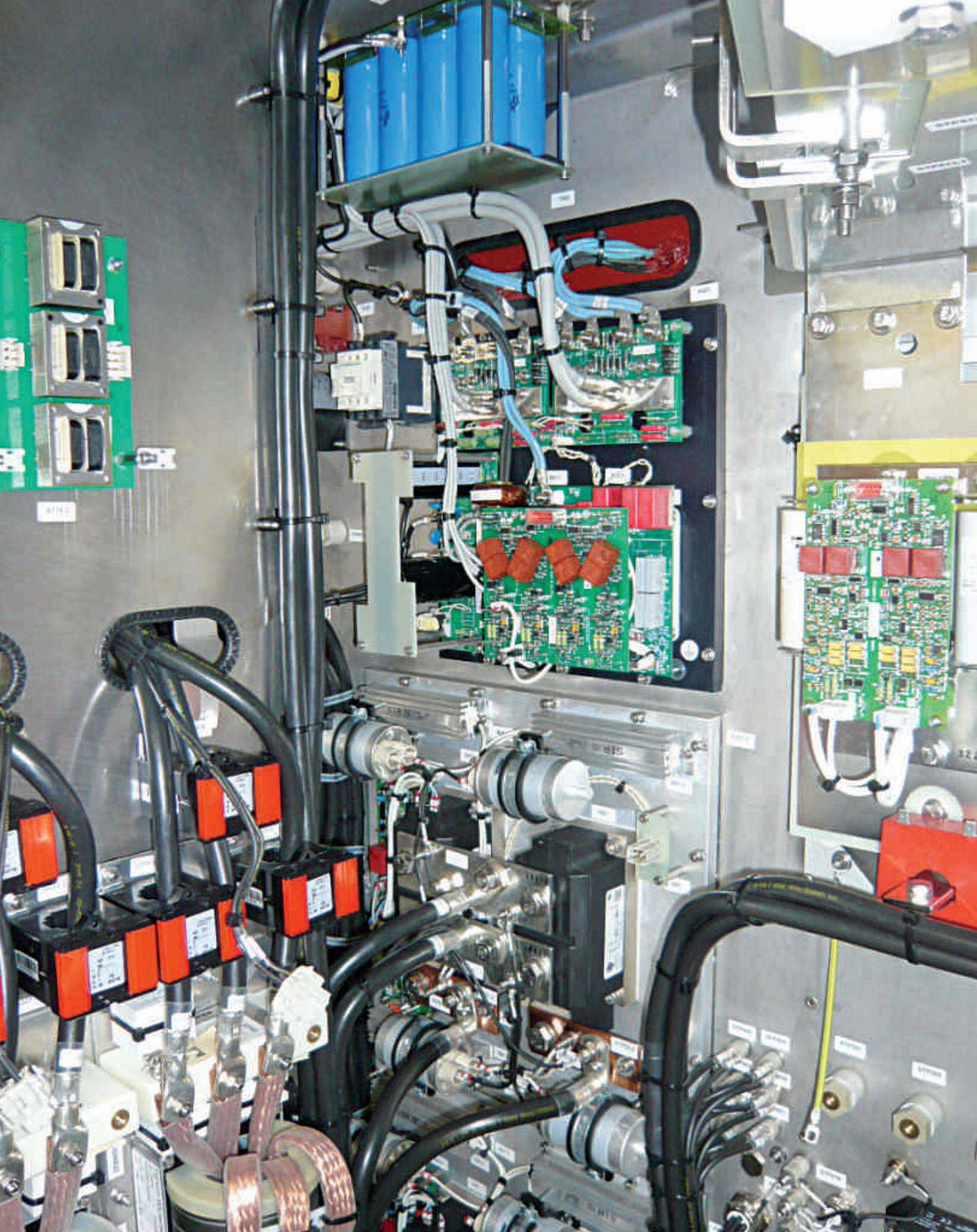
HIND RECTIFIERS LIMITED

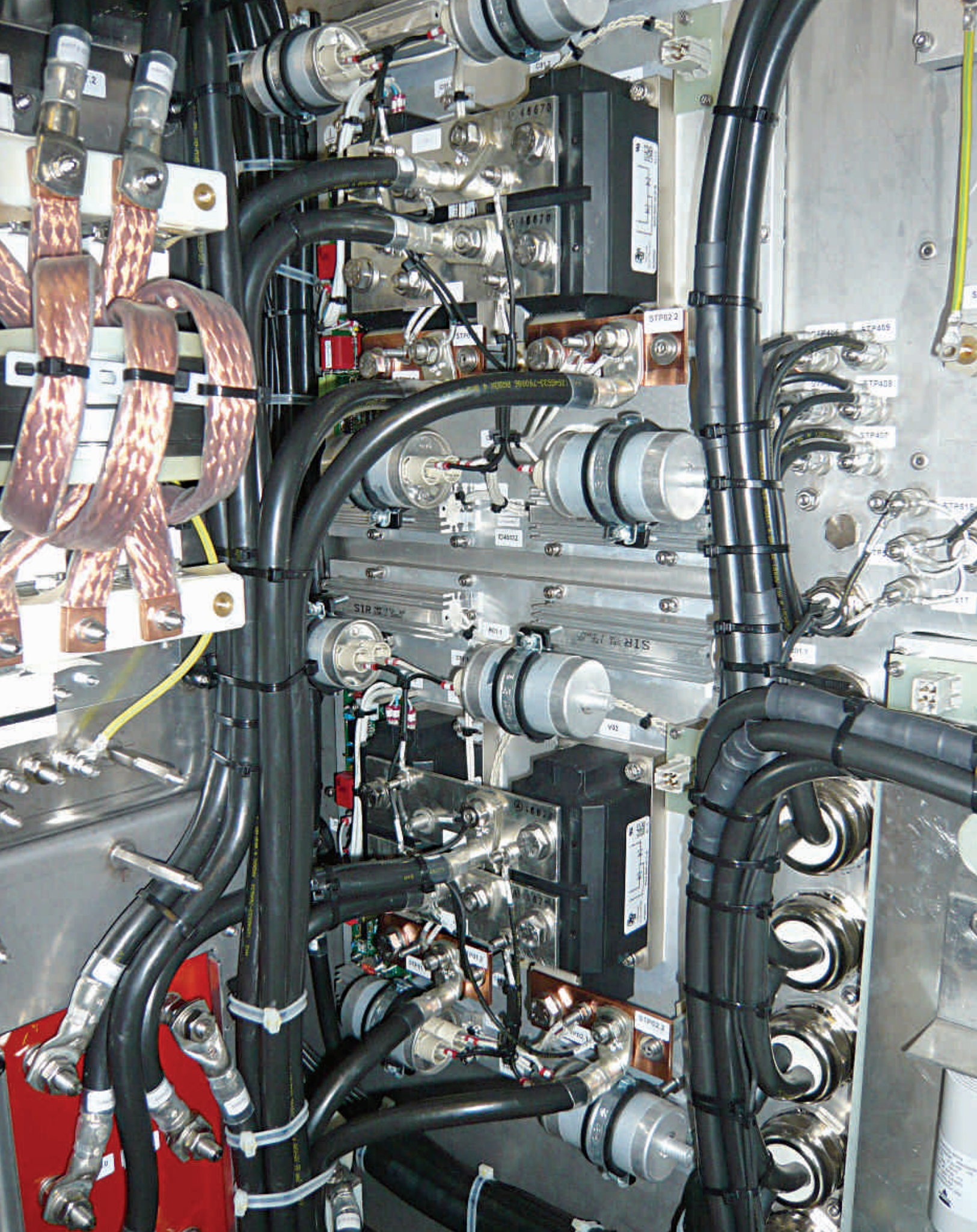


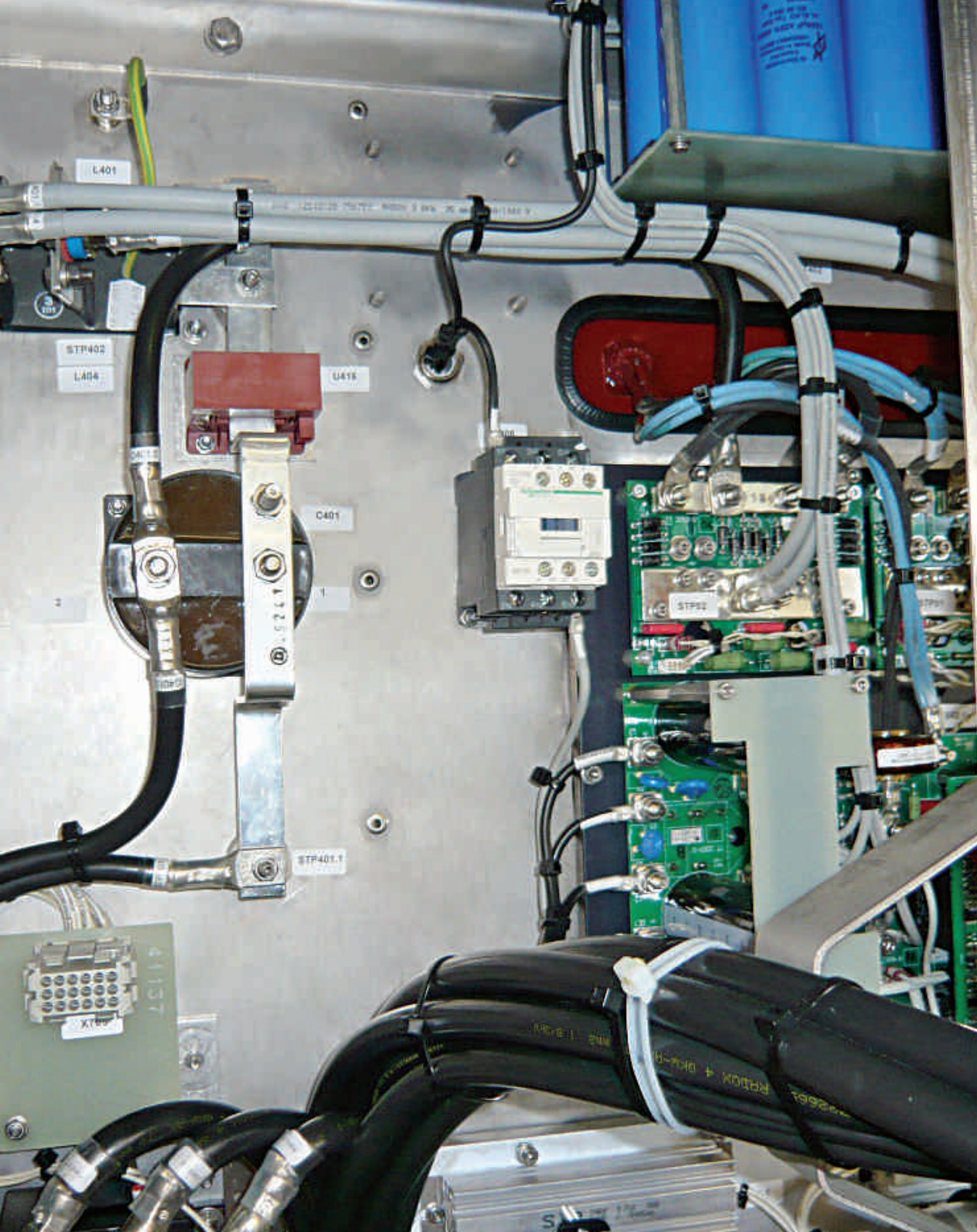
54th Annual Report
2011-2012













HIND RECTIFIERS LIMITED



54th Annual Report
2011-2012

Hirect

REGISTERED OFFICE

: Lake Road,
Bhandup (W),
Mumbai - 400 078 (India)

WORKS

- : i) Lake Road, Bhandup (W),
Mumbai - 400 078. Maharashtra (India)
- ii) Plot No.110/111, M.I.D.C. Satpur,
Nashik - 422 007. Maharashtra (India)
- iii) New Khasra.No.64-67 & 74,
Village Charba, Vikas Nagar,
Dehradun - 248 197. Uttarakhand (India)
- iv) New Khasra.No.295, 296 & 301,
Village Charba, Vikas Nagar,
Dehradun - 248 197. Uttarakhand (India)

REGIONAL OFFICES

Eastern Region

: Chatterjee International Centre
11th Floor, Flat No. 13,
33-A, J.N. Road, Kolkata - 700 071.

Western Region

: Marketing Division
Lake Road, Bhandup (W),
Mumbai - 400 078.

Northern Region

: 7B/5024, 2nd Floor,
N. S. Marg, New Delhi - 110 002.

Southern Region

: Anna Mansion,
1st Floor, No. 8/1, Avenue Road,
Nungambakam, Chennai - 600 034.

BRANCH OFFICES

Bangaluru

: No. 199, 1st Floor, 2nd Main H.V.R. Layout,
Magadi Road, Near K.H.B. Bus Stop,
Bangaluru - 560 079.

Secunderabad

: Srinivas Apartment, Plot No.4, Flat No.1
1st Venture Malla Reddy Nagar,
Trirumalgiri Post,
Secunderabad - 500 015.

Contents

Notice to the Members	4
Directors' Report	8
Report on Corporate Governance.....	13
Secretarial Compliance Certificate	28
Auditors' Report	31
Balance Sheet	34
Statement of Profit & Loss.....	35
Cash Flow Statement	36
Notes on Financial Statements	37

BOARD OF DIRECTORS

: S. K. Nevatia, Chairman & Managing Director
Uma S. Nevatia, Executive Vice Chairperson
D. R. Mehta
Niraj Ramkrishna Bajaj
Bharat Swaroop
Pawan Kumar Golyan
V. K. Bhartia
Binod Patodia
Pradeep V. Goyal
Akhil Marfatia

MANAGEMENT TEAM

: S. K. Nevatia - Chairman & Managing Director
Uma S. Nevatia - Executive Vice Chairperson
R. C. Chandan - Chief Executive
Saurabh Nevatia - Chief Executive (Nashik)
A. K. Nemani - Chief Financial Officer

BANKERS

: ICICI Bank Limited
Union Bank of India

AUDITORS

: M/s Khandwala & Shah
Chartered Accountants

LEGAL ADVISORS

: M/s Kanga & Co.

**REGISTRAR AND
TRANSFER AGENT**

: M/s ADROIT CORPORATE SERVICES PRIVATE LIMITED
19, Jafarbhoy Industrial Estate,
1st Floor, Makwana Road, Marol Naka,
Andheri (East), Mumbai - 400 059.

54th ANNUAL GENERAL MEETING

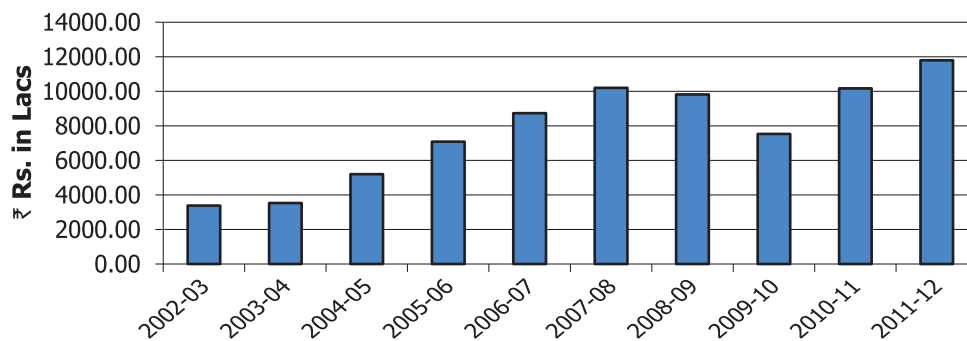
Date : 7th August, 2012
Time : 3.30 p.m.
Venue : M. C. Ghia Hall,
4th Floor, Bhogilal Hargovindas Building,
18/20, K. Dubhash Marg, Kala Ghoda,
Mumbai - 400 001.

Cover and Flip Pages

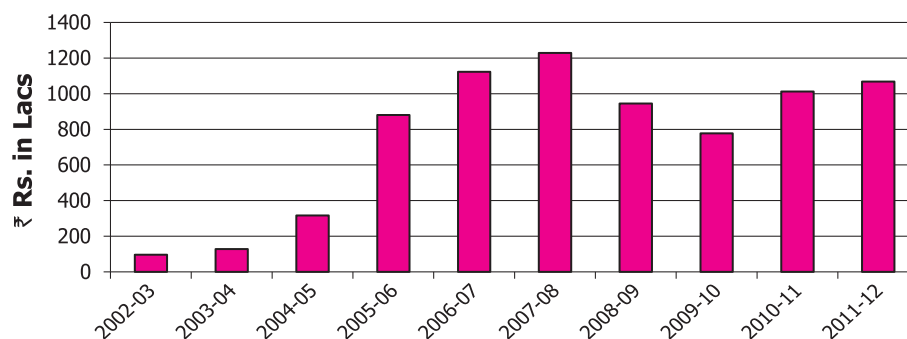
: 3 x 130 kVA IGBT BASED AUXILIARY CONVERTER FOR THREE PHASE
LOCOMOTIVE TYPE WAG-9 & WAP-5 AND INTERNAL SCHEMATICS

Hirect

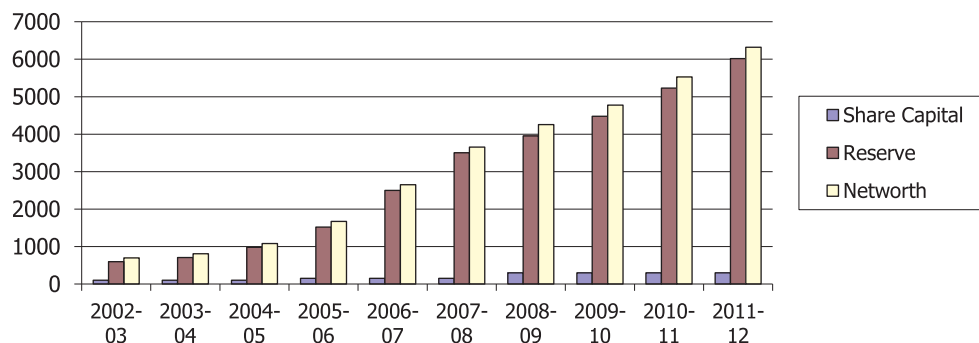
SALES



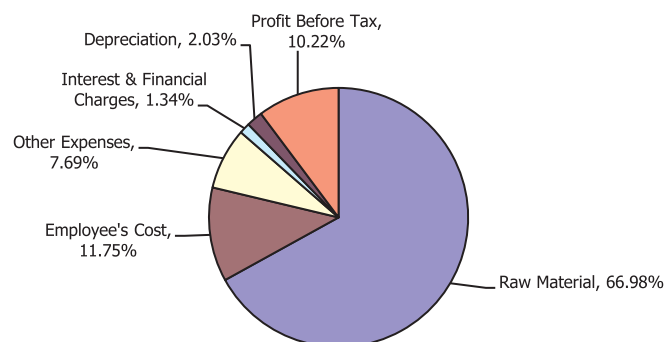
NET PROFIT



NETWORTH



PERCENTAGE OF RUPEE SPENT DURING 2011-2012



HIGHLIGHTS

		2011-12	2010-11	2009-10	2008-09	2007-08	
INCOME:							
1	Gross Operational Income	(₹ in lacs)	12,653.29	10,853.67	7,970.92	10,869.05	11,758.67
2	Net Operational Income	(₹ in lacs)	11,793.96	10,163.88	7,534.46	9,814.86	10,201.06
3	Profit before Finance Costs, Depreciation & Tax	(₹ in lacs)	1,606.08	1,483.76	1,215.28	1,660.21	2,114.45
4	Finance Cost	(₹ in lacs)	158.30	82.10	54.57	81.95	83.87
5	Depreciation	(₹ in lacs)	239.83	239.68	156.40	172.35	140.41
6	Gross Profit after Finance Costs, Depreciation but before Tax	(₹ in lacs)	1,207.95	1,161.98	1,004.31	1,405.90	1,890.18
7	Profit after Tax	(₹ in lacs)	1,068.18	1,014.41	777.41	944.76	1,229.07
8	Dividends	(₹ in lacs)	240.43	225.87	210.81	301.16	150.58
EQUITY SHARE DATA:							
9	Sales & other Income per equity Share	(₹)	78	68	50	65	136
10	Earnings per equity share	(₹)	7.09	6.74	5.16	6.27	16.32
11	Book value of equity share	(₹)	41.96	36.72	31.73	28.25	48.57
12	Networth	(₹ in lacs)	6,318.00	5,529.83	4,777.92	4,253.50	3,656.57
13	Market Price :						
	a) High	(₹)	56.70	78.95	91.80	188.00	298.25
	b) Low	(₹)	36.00	39.05	33.90	25.60	110.25
14	Dividend	(%)	80	75	70	100	100
15	Allotment of Bonus Shares	(Ratio)	-	-	-	1:1	-
RATIO:							
16	PBT/Net Operational Income	(%)	10.24	11.43	13.33	14.32	18.53
17	Profit after Tax/Networth	(%)	16.91	18.34	16.27	22.21	33.61
18	Total Liabilities/Total Assets	Times	0.39	0.32	0.27	0.35	0.45
19	Total Debt/Equity	Times	0.24	0.13	0.08	0.18	0.33
20	Total Outside Liability/Total net worth	Times	0.63	0.47	0.37	0.54	0.80
21	Current Ratio	Times	2.18	2.52	3.20	2.58	1.99
22	PBDIT/Finance Costs	Times	10.15	18.07	22.27	20.26	25.21

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 54th Annual General Meeting of the members of **HIND RECTIFIERS LIMITED** will be held on Tuesday the 7th August, 2012 at 3.30 P.M. at M. C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai - 400 001 to transact, with or without modification(s) the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012, the statement of Profit and Loss for the year ended on that date together with the reports of the Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended March 31, 2012.
3. To appoint a Director in place of Shri Niraj Bajaj, who retires from office by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri D. R. Mehta, who retires from office by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri V. K. Bhartia, who retires from office by rotation, and being eligible offers himself for re-appointment.
6. To appoint M/s. Khandwala & Shah, Chartered Accountants having firm Registration No.: 105069W as Statutory Auditor to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
7. To appoint Branch Auditors for Nashik and Dehradun Plants to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a Certified True copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
4. Brief resume of all Directors proposed to be appointed / reappointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships, memberships / chairmanships for Board / Committees, shareholding and relationship between directors inter-se as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges in India, are provided in the annexure.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 02/08/2012 to 07/08/2012 (both days inclusive).
6. The dividend on Equity Shares as recommended by the Board of Directors of the Company, when approved at the Annual General Meeting of the Company will be paid on or after 7th August, 2012.
7. Members are hereby informed that dividends which remain unclaimed / unencashed over a period of 7 years has to be transferred by the Company to the Investors Education & Protection Fund, constituted by the Central Government under Section 205(A) & 205(C) of the Companies Act, 1956.

Members should note that no claim can be made by the shareholders for the unclaimed dividends which have been transferred to the credit of the Investors Education & Protection Fund of the Central Government under the amended provisions of section 205(B) of the Companies Act, 1956.

The details of dividend paid by the Company and the corresponding due dates for transfer of unencashed dividend to the aforementioned fund constituted by the Central Government are furnished hereunder:

Dividend for the year	Date of Declaration of Dividend	Due Date of transfer to the Investor Education and Protection Fund
2004 - 2005	29.07.2005	28.07.2012
2005 - 2006	30.08.2006	29.08.2013
2006 - 2007	28.07.2007	27.07.2014
2007 - 2008	25.08.2008	24.08.2015
2008 - 2009	10.09.2009	09.09.2016
2009 - 2010	12.08.2010	11.08.2017
2010 - 2011	05.08.2011	04.08.2018

Members who have not encashed the dividend warrant(s) so far in respect of the above financial years, are therefore, requested to make their claims to the Registrar of the Company or the Company at the Registered Office with full details.

8. Members desirous of seeking any information concerning the Accounts of the Company are requested to address their queries in writing to the Company at least seven days before the date of the meeting so that the requested information can be made available at the time of the meeting.
9. Members / Proxies are requested to please bring their copies of the Annual Report to the meeting.
10. The Company has listed its shares on The Bombay Stock Exchange Limited & National Stock Exchange of India Limited.
11. Members holding shares in physical form are requested to notify immediately any change in their address with PIN CODE to the Registrar and Transfer Agent of the Company at the address given below AND in case their shares are held in demat, this information should be passed on directly to their respective Depository Participants and not to the Company.

M/s. ADROIT CORPORATE SERVICES PVT. LTD.

[Unit : Hind Rectifiers Limited]

19, Jafarbhoy Industrial Estate, 1st Floor,

Makwana Road, Marol Naka,

Andheri (East), Mumbai - 400 059.

Tel No. : 2859 4060 / 2859 6060 Fax: 2850 3748 • E-mail: adroits@vsnl.net

12. (a) Members are informed that in order to avoid fraudulent encashment of dividend warrants they should send to the Registrar and Transfer Agent of the Company at the address given above under the signature of the Sole/First Joint holder the information relating to Name and Address of the Banker along with the Pin Code Number and Bank Account Number to print on the Dividend Warrants.
- (b) Members desirous of availing the facility of Electronic Credit of Dividend are requested to send ECS Form to the Registrar and Transfer Agent of the Company at the address given above.
- (c) Members holding shares in dematerialized form and desirous to change or correct the bank account details should send the same immediately to the concerned Depository Participant. Members are also requested to give MICR Code to the Depository Participant.
13. All documents referred to in the notice are open for inspection at the registered office of the Company during office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
14. Members/Proxies holding their Shares in Physical mode are requested to fill the enclosed attendance slip and handover the same at the entrance with signature. In the absence thereof, they may not be admitted to the meeting venue.
15. Members who are holding shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification at the meeting.
16. In all correspondence with the Company, members are requested to quote their Folio Number and in case their shares are held in demat form, they must quote their DP ID and Client ID Number.

Registered Office:

Lake Road, Bhandup (W),
Mumbai - 400 078.

For and on behalf of the Board of Directors
For **Hind Rectifiers Limited**

Place: Mumbai
Dated: 30th May, 2012

S. K. Nevatia
Chairman & Managing Director

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed / re-appointed are as given below:

1. Name : Shri Niraj Bajaj
Age : 59 years
No. of shares held in the Company : 61230
Brief Resume & Functional expertise : Shri Niraj Bajaj, MBA graduate from Harvard University, USA and working with Bajaj Group as a Director and having total experience of more than 30 years.

Outside Directorships : Mukand Ltd.
Bajaj Allianz General Insurance Co. Ltd.
Bajaj Allianz Life Insurance Company Ltd.
Bajaj Auto Ltd.
Hospet Steels Ltd.
Jeewan Ltd.
Kalyani Mukand Ltd.
Mukand Engineers Ltd.
The Hindustan Housing Company Ltd.
Baroda Industries Pvt. Ltd.
Madhur Securities Pvt. Ltd.
Niraj Holdings Pvt. Ltd.
Rahul Securities Pvt. Ltd.
Shekhar Holdings Pvt. Ltd.
Jamnalal Sons Pvt. Ltd.
Bachhraj & Co. Pvt. Ltd.
Sanraj Nayan Investments Pvt. Ltd.
Bajaj Sevashram Pvt. Ltd.
Mahakalp Arogya Pratisthan
Bhoopati Shikshan Pratisthan
Zensar Technologies Ltd.

Chairmanship / Membership of Board Committees : Mukand Engineers Ltd.
2. Name : Shri Vijay Kumar Bhartia
Age : 71 years
No. of shares held in the Company : Nil
Brief Resume & Functional expertise : Shri Vijay Kumar Bhartia, a graduate from Mumbai University and was formerly holding a senior position with Raymond Ltd., and is presently associated with the same company as an Advisor and having total experience of more than 45 years.

Outside Directorships : Rainbow Weavers & Processors Pvt. Ltd.
Uniconnect Sim Pvt. Ltd.

Chairmanship / Membership of Board Committees : Nil

3. Name : Shri D. R. Mehta
- Age : 77 Years
- No. of shares held in the Company : 300
- Brief Resume & Functional expertise : Shri D. R. Mehta, M.B.A. from Wharton School of Finance, University of Pennsylvania, Philadelphia, USA, has a varied background of more than 40 years experience in overseeing Corporate departments and functions at top Management with a total experience of 55 years.
- Outside Directorships : Vivan Investments Pvt. Ltd.
- Chairmanship / Membership of Board Committees : Nil

Registered Office:
Lake Road, Bhandup (W)
Mumbai - 400 078

For and on behalf of the Board of Directors
For **Hind Rectifiers Limited**

Place: Mumbai
Dated: 30th May, 2012

S. K. Nevatia
Chairman & Managing Director

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have great pleasure in presenting 54th Annual Report together with the Audited accounts for the year ended March 31, 2012.

(₹ In Lacs)

FINANCIAL RESULTS:	Year ended 31.03.2012	Year ended 31.03.2011
Gross Operational Income	12,653.29	10,853.67
Less: Excise Duty / Service Tax	859.33	689.79
Net Operational Income	11,793.96	10,163.88
Gross Profit	1,447.78	1,401.66
Less : Depreciation	239.83	239.68
Profit before tax	1,207.95	1,161.98
Less : Provision for Taxation - Current	244.00	234.00
- MAT Credit Entitlement	(88.00)	(54.00)
- Deferred	(16.85)	(29.28)
- For Earlier Years	0.62	(3.15)
	139.77	147.57
Profit after taxes	1,068.18	1,014.41
Surplus of previous year	56.10	54.20
Profit available for appropriation	1,124.28	1,068.61
Appropriations :		
Transferred to General Reserve	400.00	750.00
Transferred to Reserve for Capital Expenditure	350.00	—
Proposed Dividend	240.93	225.87
Tax on Dividend	39.08	36.64
Surplus Carried to Balance Sheet	94.27	56.10

OPERATIONS:

With the expected increase in productivity and profits in measurable terms the future of the Company looks bright in the coming years.

The output at Dehradun Plant continues to grow. Plant & Machinery for manufacturing Transformers & repairing old Transformers for Railways have been installed and the Company has also received clearance from the Research Design and Standard Organisation (RDSO) to commence the manufacturing operations. The Company expects marked improvement in production & sales from Dehradun unit.

The output from Nashik Plant has shown a noticeable improvement and we expect a visible measurable performance in the years to come. Last year, we manufactured Reactors for BHEL, for the first time and we expect more orders of Reactors for execution from Nashik Plant.

Company's pending orders booked as on March 31st 2012 was at ₹ 7,365 Lacs, up from ₹ 4,359 Lacs a year ago. Company received new orders worth ₹ 14,264 Lacs in the period April 2011 to March 2012.

Company has good pending orders and barring unforeseen circumstances like delay in release of payments, release of orders and raising of new tenders / enquiries by the Indian Railways, the Company expects healthy growth in sales turnover.

We believe that the steady and consistent improvement in our financial performance over the past two years underscores that we are headed in the right direction and that our strategy is delivering.

In terms of strategic priorities, with a challenging economic environment and a highly competitive market - we have placed high priority on technology and innovation with focus on competitiveness and therefore a mainstream leader.

Company has exported a Rectifier to South Africa for extrusion of Copper & Cobalt. The Company has bagged an order from Malaysia for High Current Rectifiers.

Company is laying great stress on the design & development of new products to augment its sales.

In the previous financial year, a small contribution towards sales was made by the following new products.

- 1) 1550 KVA EMU Transformer
- 2) 1250 KVA EMU Rectifier
- 3) 1250 KVA EMU Transformer

In the current year a beginning will be made in adding to the turnover by marketing the following new products:

- a) 3 Phase Loco Transformer
- b) 3x130 KVA Aux. Converter
- c) 3 Phase High Voltage Rectifier
- d) Universal Controller
- e) HICON controller for Electrostatic Precipitator
- f) 1000 KVA Transformer

From the year 2013-14 onwards the Company expects quantum growth in sales from the above new products.

Looking at the big picture, what all this adds up to is our commitment on focusing on driving improvements on all our key operational parameters.

DIVIDEND:

The Directors are pleased to recommend for consideration of the Shareholders at the Annual General Meeting payment of dividend @ 80% (₹ 1.60 per share) amounting to ₹ 240.93 Lacs for the year ended 31st March, 2012 (previous year ₹ 225.87 Lacs).

TRANSFER TO RESERVE:

In view of the proposed Capital Expenditure to increase the capacity / modernization of the various Plants, Board of Directors have decided that in addition to transfer a sum of ₹ 400.00 Lacs to General Reserve a separate reserve namely called Reserve for Capital Expenditure to be created by way of transfer a sum of ₹ 350.00 Lacs from current year's profit.

DEPOSITS:

Deposits amounting to ₹ 2.25 Lacs due for payment on or before 31st March, 2012 remained unclaimed by the depositors on that date. Letters have been sent to such depositors reminding them to claim their deposits. A sum of ₹ 0.75 Lacs has been claimed so far.

BOARD OF DIRECTORS:

As per the Provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Shri Niraj Bajaj, Shri D. R. Mehta and Shri V. K. Bhartia, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed.
2. Appropriate policies have been selected and applied consistently and judgments and estimates wherever made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012.
3. Proper and sufficient care has been taken 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.
4. The annual accounts have been prepared on a going concern basis.

AUDITORS:

M/s. Khandwala & Shah, Chartered Accountants, Auditors of the Company are retiring at the ensuing Annual General Meeting. They are eligible for re-appointment and have expressed their willingness to act as Auditors, if re-appointed. The Company has received a certificate from them that they are qualified under section 224 (1B) of the Companies Act, 1956, for appointment as Auditors of the Company. Members are requested to consider their appointment and fix their remuneration.

M/s. Daga & Chaturmutha, Chartered Accountants, Branch Auditors of the Company for Nashik Plant are retiring and eligible for re-appointment and have expressed their willingness to act as Branch Auditors of Company.

M/s. R. Gupta & Associates, Chartered Accountants, Branch Auditors of the Company for Dehradun Plants are retiring and eligible for re-appointment and have expressed their willingness to act as Branch Auditors of Company.

AUDITORS' OBSERVATIONS:

The observations of the auditors contained in their Report have been adequately dealt with in the Other Notes on Financial Statements which are self explanatory and therefore, do not call for any further comments.

SECRETARIAL COMPLIANCE REPORT:

As required under the amended provisions of the Companies Act, 1956, the Company is required to obtain Secretarial Compliance Certificate from a Practicing Company Secretary. The same is enclosed and form part of this report.

DEPOSITORY SERVICES:

The Company's Equity Shares have been admitted to the depository mechanism of the National Securities Depository Limited (NSDL) and also the Central Depository Services (India) Limited (CDSL). As a result the investors have an option to hold the shares of the Company in a dematerialised form in either of the two Depositories. The Company has been allotted ISIN No. INE835D01023.

Shareholders therefore are requested to take full benefit of the same and lodge their holdings with Depository Participants [DPs] with whom they have their Demat Accounts for getting their holdings in electronic form.

CORPORATE GOVERNANCE:

Your Company continued to practice good governance as set out by the Securities & Exchange Board of India. In addition to the basic governance issues, the Board laid a strong emphasis on transparency, accountability and integrity. The detailed report on compliance of Corporate Governance and Management Discussion Analysis as stipulated in Clause 49 of the Listing Agreement is enclosed and form part of this Report.

CODE OF CONDUCT:

Your Company is committed to conducting its business in accordance with the applicable laws, rules and regulations and highest standards of business ethics. In recognition thereof, the Board of Directors has implemented a Code of Conduct for adherence by the Directors and Senior Management Personnel of the Company. This will help in dealing with ethical issues and also foster a culture of accountability and integrity.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

The information pursuant to section 217 (I) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure "I" to this report.

PARTICULARS OF EMPLOYEES:

Particulars required under section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules 1975 are given in the prescribed format as an Annexure "II" to the Directors' Report.

LISTING:

The Company has listed its Shares on The Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd. The Company is regular in payment of Listing Fees.

SAFETY, ENVIRONMENTAL CONTROL AND PROTECTION:

The Company has taken all the necessary steps for safety and environmental control and protection at the plant.

ACKNOWLEDGMENT:

The Directors wish to convey their appreciation to the Company's shareholders, customers, suppliers, bankers, distributors and all the technology partners for the support they have given to the Company and the confidence, which they have reposed in its management and the employees for the commitment and dedication shown by them.

Registered Office:

Lake Road, Bhandup (W),
Mumbai - 400 078.

Place: Mumbai

Dated: 30th May, 2012

For and on behalf of the Board of Directors
For **Hind Rectifiers Limited**

S. K. Nevatia
Chairman & Managing Director

ANNEXURE "I" TO THE DIRECTORS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956 with the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 2012.

I. CONSERVATION OF ENERGY

1. Regular audit is being conducted to identify areas of energy wastage.

II. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. 1250 KVA EMU Transformers developed and supplied to Indian Railways.
2. 3 Phase Loco Transformers is in advanced stage of manufacturing for supply to Indian Railways.
3. 1250 KVA EMU Rectifiers successfully developed and supplied to Indian Railways.
4. 3 Phase Transformers for Electro Static Precipitators developed.
5. Electro Static Precipitator Transformers for wide temperature operating range (-20 °C to 55 °C) hermetically sealed construction with H.V. Bushing designed and manufactured as per international standards.
6. Developed New Communication Daughter Board in ACE Controller for communicating upto 99 ACE controller.
7. Technology Transfer Agreement signed for manufacturing of 25 KVA S.S.EMU Power Supply for Indian Railways.

III. FOREIGN EXCHANGE EARNING AND OUTGO

To avoid repetition, Members are kindly requested to refer Note Nos. xxii to xxv to the Other Notes on Financial Statements where such information is furnished.

Registered Office:
Lake Road, Bhandup (W),
Mumbai - 400 078.

Place: Mumbai
Dated: 30th May, 2012

For and on behalf of the Board of Directors
For **Hind Rectifiers Limited**

S. K. Nevatia
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE AND STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency and fairness in all its transactions in the widest sense and meet its stakeholders' aspirations and social expectations. Good Corporate Governance practices stem from the culture and mindset of the organization.

Hind Rectifiers Limited is committed to adhere to the Corporate Governance Code as prescribed by the SEBI and has accordingly implemented various aspects of the code. Company is also committed to meet the aspiration of the stakeholders.

Company's philosophy is to constantly improve and create sustainable value through ethical business conduct. It envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations and all its interactions with shareholders, employees, lenders and regulatory bodies.

The Corporate Governance structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the senior management, employees, etc. The Company's focus revolves around values based on transparency, integrity, professionalism and equity.

BOARD OF DIRECTORS:

The Company presently has ten Directors. There are two Executive Directors, one is Chairman & Managing Director and the other is Executive Vice Chairperson. There are three Non Independent Non Executive Directors. The remaining five Non Executive Directors are Independent Directors and professionals with expertise and experience in general corporate management, finance and other allied fields.

As per clause 49 of the Listing Agreement, the Board should have an optimum combination of both Executive and Non Executive Directors. The Board of your Company has four fifth of the Directors as Non Executive Directors. Five out of the eight Non Executive Directors are Independent Directors which is equal to one half of the total size of the Board.

Composition of the Board of Directors has a healthy mix of Executive and Non Executive Directors and ensures the desired level of independence and functioning and decision making.

The details of composition of the Board, category, attendance of Directors at Board Meetings during the financial year and last Annual General Meeting, number of other Directorships and other Committee Memberships are given below:

Name of the Director	Category	No. of Other Directorships held (excluding Private & Foreign Companies) as on 31.03.2012	Outside Committee position held as on 31.03.2012	
			Member	Chairman
Shri S. K. Nevatia (Chairman & Managing Director)	Non Independent Executive	—	—	—
Smt. Uma Nevatia (Executive Vice Chairperson)	Non Independent Executive	—	—	—
Shri D. R. Mehta	Independent Non Executive	—	—	—
Shri Niraj Ramkrishna Bajaj	Non Independent Non Executive	10	1	—
Shri Bharat Swaroop	Non Independent Non Executive	1	—	—
Shri Pawan Kumar Golyan	Non Independent Non Executive	—	—	—

Name of the Director	Category	No. of Other Directorships held (excluding Private & Foreign Companies) as on 31.03.2012	Outside Committee position held as on 31.03.2012	
			Member	Chairman
Shri V. K. Bhartia	Independent Non Executive	–	–	–
Shri Binod Patodia	Independent Non Executive	5	–	–
Shri Pradeep Goyal	Independent Non Executive	4	5	3
Shri Akhil Marfatia	Independent Non Executive	1	–	–

BOARD MEETING:

The Board of Directors met 5 times during the financial year 2011 - 2012 i.e. on 11.04.2011, 30.05.2011, 05.08.2011, 14.11.2011 and 13.02.2012.

The maximum time gap between any two meetings is much less compared to the requirement of not more than four months as specified in clause 49. The dates and timings of the meetings were decided well in advance.

The details of attendance of Directors at Board Meetings held during the financial year 2011-2012 and at the last Annual General Meeting held on 05.08.2011 are as follows:

NO. OF BOARD MEETINGS HELD - 5

Name of the Director	No. of Board Meetings held during the tenure of the Director in 2011 - 2012	No. of Board Meetings Attended	Whether attended last AGM
Shri S. K. Nevatia	5	5	Yes
Smt. Uma S. Nevatia	5	4	Yes
Shri D. R. Mehta	5	4	Yes
Shri Niraj Ramkrishna Bajaj	5	1	Yes
Shri Bharat Swaroop	5	4	Yes
Shri Pawan Kumar Golyan	5	1	Yes
Shri V. K. Bhartia	5	5	Yes
Shri Binod Patodia	5	3	Yes
Shri Pradeep Goyal	5	3	No
Shri Akhil Marfatia	5	4	Yes

INFORMATION SUPPLIED TO THE BOARD:

The Board has complete access to all information with the Company.

All Board meetings are governed by a structured agenda which is backed by comprehensive background information. The following information is regularly provided to the Board, as part of the agenda papers well in advance of the Board meetings, or is tabled in the course of the Board meeting.

- Detailed Business Review.
- Annual operating plans and budgets and any update thereof.
- Capital budgets and any updates thereof.
- Quarterly results for the Company and its operating divisions and business segments.

- Minutes of the meetings of the Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of Senior Officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Details of any joint venture or collaboration agreement.
- Information for development of new products, new technology etc.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property and any other acquisition.
- Significant development on Human Resources / Industrial Relations front, like signing of wage agreement, implementation of voluntary retirement scheme etc.
- Sale of material, nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Foreign exchange exposures and steps taken by the Management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders' service, such as non-payment of dividend, delay in share transfer etc.
- Details of investment of surplus funds available with the Company.
- Details of commercial dealings by firms/ companies in which members of the Board / senior management or their relatives hold shares with the Company.
- Any materially, significant effluent or pollution problem.
- Any issue which involves possible public or product liability claims of a substantial nature.
- Detailed status on the business risks being faced by the Company and their mitigation plan.
- Details of transactions with Related Parties.

The Board is routinely presented with all information under the above heads whenever applicable and materially significant.

As mandated by the revised Clause 49, the Independent Directors on the Board of the Company.

- Apart from receiving Director's fees, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding Company, its subsidiaries and associates that may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years.
- Are not partners of the firm or executives of the Company or were not partners of the firm or executives of the Company during the preceding three years.
- Statutory audit firm or the internal audit firm that is associated with the Company.
- Legal firm(s) and consulting firm(s) that have a material association with the Company.
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director.
- Are not substantial Shareholders of the Company i.e. do not own two percent or more of the block of voting shares.
- Are not less than 21 years of age.

COMMITTEES OF DIRECTORS:

For better Corporate Governance, promoting transparency and for enhancing the credibility of the financial disclosures of the Company, the Board has constituted Committees which conform to the requirements of clause 49 of the Listing Agreement with the Stock Exchange and Companies Act, 1956.

Details of the committee of the Board and other related information are as follows:

AUDIT COMMITTEE:

The Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 II [C] and [D] of the Listing Agreement.

The broad terms of reference of the Audit Committee are in consonance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Audit Committee comprises of three Independent Directors.

The Committee acts as a link between the Management, the Statutory Auditors and the Board of Directors of the Company. The Committee focuses its attention on monitoring the financial reporting system within the Company, considering Quarterly & Annual Financial Results of the Company and submitting its observations to the Board of Directors before its adoption by the Board, review of the internal audit report & internal control system, audit methodology and process, major accounting policies and practice, compliance with accounting standards. Committee also reviews the legal compliance reporting system.

Shri S. K. Nevatia, Chairman & Managing Director, Shri R. C. Chandan, CEO and Shri A. K. Nemani, CFO of the Company are permanent invitees to the Audit Committee Meeting. In addition to this representative of the statutory & internal auditors and other executives as are considered necessary attend these meetings.

The Committee met Four times during the year on 30.05.2011, 05.08.2011, 14.11.2011 and 13.02.2012.

Attendance record at the meetings of the Audit Committee of Directors during financial year 2011 - 2012:

NO. OF MEETINGS HELD - 4

Name of Committee Members	Position	No. of Meetings held	Meetings attended
Shri V. K. Bhartia, Chairman	Independent Non Executive	4	4
Shri D. R. Mehta	Independent Non Executive	4	3
Shri Pradeep Goyal	Independent Non Executive	4	2

REMUNERATION COMMITTEE:

The Company has constituted Remuneration Committee (being a non-mandatory requirement) on 30th August, 2003 and has been reconstituted from time to time. The Committee reviews and approves the Salaries, Commission, Perks and other employment conditions for the Directors.

Present composition of the Remuneration Committee is as under:

Name of Committee Members	Position
Shri V. K. Bhartia, Chairman	Independent Non Executive
Shri Binod Patodia	Independent Non Executive
Shri D. R. Mehta	Independent Non Executive

During the year ended March 31, 2012, No meeting of the Committee was held.

SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE:

The Company has constituted a Shareholders' & Investors' Grievance Committee on April 18, 2007 at Board level to strengthen the investor relations and to inter-alia look into issues relating to Shareholder Grievances pertaining to transfer of shares, non receipt of declared dividends, non receipt of Annual Report, issues concerning dematerialisation etc.

Shri A. K. Nemani, Chief Financial Officer, is designated as the Compliance Officer.

The Company has designated the e-mail ID 'investors@hirect.com' exclusively for the purpose of registering complaints by investors electronically. This e-mail ID is displayed on the Company's website i.e. www.hirect.com

The following table shows the nature of complaints received from the shareholders during the year 2011-2012.

Nature of complaints	No. of complaints received during the year 2011 - 2012
Non receipt of Dividend Warrant	4
Non receipt of Annual Report	2
Non receipt of Share Certificate	0

There were no complaints pending as on 31st March, 2012.

Attendance record at the meetings of the Shareholders' Grievance Committee of Directors during financial year 2011 - 2012:

NO. OF MEETINGS HELD - 2

Name of Committee Members	Position	No. of Meetings held	Meetings attended
Shri V. K. Bhartia, Chairman	Independent Non Executive	2	2
Shri D. R. Mehta	Independent Non Executive	2	1
Shri Pradeep Goyal	Independent Non Executive	2	1

REMUNERATION OF DIRECTORS:

The Managing / Executive Directors are paid remuneration as per their respective terms of appointment as approved by the Shareholders.

Non Executive Directors do not draw any remuneration from the Company except the Sitting Fees for attending the meetings of the Board / Board Committee.

The details of remuneration / sitting fees paid during the financial year 2011-2012 to the Directors of the Company are as under:

(₹ In Lacs)

Name of the Director	Salary	Benefits	Bonus / Commission	Sitting Fees	Total
Shri S. K. Nevatia	24.00	14.46	26.21	—	64.67
Smt. Uma S. Nevatia	12.90	4.25	—	—	17.15
Shri D. R. Mehta	—	—	—	0.40	0.40
Shri Niraj Ramkrishna Bajaj	—	—	—	0.08	0.08
Shri Bharat Swaroop	—	—	—	0.25	0.25
Shri Pawan Kumar Golyan	—	—	—	0.08	0.08
Shri V. K. Bhartia	—	—	—	0.57	0.57
Shri Binod Patodia	—	—	—	0.20	0.20
Shri Pradeep Goyal	—	—	—	0.35	0.35
Shri Akhil Marfatia	—	—	—	0.25	0.25

The tenure of office of the Shri S. K. Nevatia, Chairman & Managing Director is for a period of three years and Smt. Uma S. Nevatia, Executive Vice Chairperson is for a period of five years from the date of appointment. There is no provision for payment of severance fees.

During the period under review, none of the Directors were paid any performance linked incentive.

SHAREHOLDING OF NON EXECUTIVE DIRECTORS:

The shareholding in the Company by the Non Executive Directors are as under:

Sr. No.	Name of the Director	No. of shares held
1.	Shri D. R. Mehta	300
2.	Shri Niraj Ramkrishna Bajaj	61230
3.	Shri Bharat Swaroop	15500
4.	Shri Pawan Kumar Golyan	–
5.	Shri V. K. Bhartia	–
6.	Shri Binod Patodia	–
7.	Shri Pradeep Goyal	–
8.	Shri Akhil Marfatia	–

CODE OF CONDUCT:

The Company has adopted a Code of Conduct for the Directors and senior management of the Company. The members of the Board and senior management of the Company have submitted their affirmation on compliance with the code for the effective period. The Declaration by the Chairman and Managing Director to that effect forms part of this Report.

MANAGEMENT DISCUSSIONS & ANALYSIS:

Management discussion and analysis report is given in a separate section forming part of the Directors' Report in this annual report.

STEPS FOR PREVENTION OF INSIDER TRADING:

In compliance of the SEBI (Prevention of Insider Trading) Regulations as amended in 2002, the Company has issued comprehensive guidelines advising and cautioning management staff and other relevant business associates on the procedure to be followed while dealing in equity shares of Hind Rectifiers Ltd. and disclosure requirements in this regard. Company believes that "The Code of Internal Procedure and Conduct" and "The Code of Corporate Disclosures Policies" framed by it in this regard will help in ensuring compliance of the amended SEBI regulations.

DISCLOSURES:

The necessary disclosures regarding the transactions entered into with the related parties are given in the Other Notes on Financial Statements. There were no transactions of the material value with related parties viz., Promoters, Directors or the Management or Relatives having any potential conflict with the interest of the Company.

NON-COMPLIANCES:

There were no instances of non-compliance on any matter related to the capital market during the last three years. No penalties or strictures were imposed on the Company by any Stock Exchange or SEBI or any other statutory authority on any matter related to capital market during last three years.

DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENT AND ADOPTION OF NON MANDATORY REQUIREMENT.

The Company has complied with all mandatory requirement of Clause 49 of the Listing Agreement with the Stock Exchange and has implemented the following non mandatory requirements:

1. Remuneration Committee:

The Company has a Remuneration Committee to review and approve the salary, commission, perks and other employment conditions for the Directors.

2. Audit Qualification:

It is always the Company's endeavour to present unqualified financial statements. There are no audit qualifications in the Company's financial statement for the year under review.

3. Training of Board Members:

Directors are fully briefed about all business related matters, risks assessment, market conditions of the product manufactured by the Company, competition and new initiative proposed by the Company.

MEANS OF COMMUNICATION:

1. Quarterly results are published in prominent daily newspapers in English and Regional Language.
2. The Company has its own website i.e www.hirect.com. All the vital information relating to the Company including the Quarterly & Annual financial results and its products are displayed on the web site.

CEO / CFO CERTIFICATION:

As required under Clause 49 of the Listing Agreements, a Certificate duly signed by Shri S. K. Nevatia, Chairman & Managing Director (CMD) & Shri A. K. Nemani, Chief Financial Officer (CFO) has been obtained. The certificate is annexed to this report.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE:

The Company has obtained a certificate from Auditors of the Company regarding compliance with the provisions relating to the corporate governance laid down in clause 49 of the listing agreement with the Stock Exchanges. This certificate is annexed to the report.

For and on behalf of the Board of Directors
For **Hind Rectifiers Ltd.**

Place: Mumbai
Dated: 30th May, 2012

S. K. Nevatia
Chairman & Managing Director

SHAREHOLDER INFORMATION:

54th ANNUAL GENERAL MEETING

DAY & DATE : Tuesday, 7th August, 2012
 TIME : 3.30 P. M.
 VENUE : M. C. Ghia Hall, 4th Floor,
 Bhogilal Hargovindas Building,
 18/20, K. Dubhash Marg,
 Kala Ghoda, Mumbai - 400 001

GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

AGM	Financial Year	Date	Time	Venue
51 st AGM	31.03.2009	10.09.2009	3.30 P.M.	Kamalnayan Bajaj Hall & Art Gallery, Gr. Floor, Bajaj Bhavan, Nariman Point, Mumbai - 400 021.
52 nd AGM	31.03.2010	12.08.2010	3.30 P.M.	-- As above --
53 rd AGM	31.03.2011	05.08.2011	3.30 P.M.	M.C. Ghia Hall, 4 th Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai - 400 001.

All the matters as set out in the respective notices were passed by the Shareholders. The summary of the special resolution and other important resolutions passed at the last three Annual General Meeting and status of implementation thereof is reproduced below. No special resolution was required to be put through postal ballot last year.

51st AGM

No Special Resolution was passed.

52nd AGM

Sr. No.	Subject matter of the Resolutions	Type of Resolution	Status of implementation
1.	Re-appointment of Shri S. K. Nevatia as Chairman & Managing Director of the Company	Special	Implemented
2.	Re-appointment of Smt. Uma S. Nevatia as Executive Vice Chairperson of the Company	Special	Implemented

53rd AGM

Sr. No.	Subject matter of the Resolutions	Type of Resolution	Status of implementation
1.	Appointment of Shri Akhil Marfatia as a Director of the Company	Ordinary	Implemented
2.	Creation of Mortgage	Ordinary	Implemented
3.	Appointment of Shri Suramya Nevatia as an Assistant General Manager	Special	Implemented

FINANCIAL CALENDAR:

* Financial year 2012 - 2013 : April 1, 2012 to March 31, 2013
 * Financial reporting for the quarter ended June 30, 2012 : Before August 15, 2012
 * Financial reporting for the quarter ended Sept.30, 2012 : Before November 15, 2012
 * Financial reporting for the quarter ended Dec. 31, 2012 : Before February 15, 2013
 * Financial reporting for the year ended March 31, 2013 : Audited Results by end of May, 2013

DATE OF BOOK CLOSURE: 02/08/2012 to 07/08/2012 [Both days inclusive].

DIVIDEND PAYMENT DATE: On or after 7th August, 2012.

PAYMENT OF DIVIDEND:

Dividend will be paid by "Account Payee" / Non negotiable instrument or through Electronic Clearing Service (ECS) as notified by the SEBI through Stock Exchanges. The Company had already written to all the shareholders setting out in details, the procedure to be followed for availing this facility. In view of the advantage of receiving dividend through ECS, shareholders are requested to opt for this mode. The declared dividend is usually paid by the Company within 3 working days.

SHARE TRANSFER SYSTEM:

Share Transfer Requests are received at the registered office of the Company as well as directly at RTA's office. RTA does the verification and processing of documents. In order to comply with the requirement of SEBI circular No. SMD/POLICY/CIR-10/02 dated May 7, 2002 to effect transfer of shares within one month, the Share Transfer Committee has been authorised to process, approve and effect transfer of shares on behalf of the Company at fortnightly intervals. The share certificates duly endorsed for transfer are returned to shareholders within stipulated time of 30 days.

REGISTRAR & TRANSFER AGENT:

In terms of SEBI Circular No.D&CC/FITTC/CIR-15/2002 dated December 27, 2002 read with Circular No.D&CC/FITTC/CIR-18/2003 dated February 12, 2003, on appointment of common agency for share registry work, the Company has appointed the below mentioned agency as Registrars and Share Transfer Agent (RTA) for both physical and demat segment of Equity Shares of the Company.

M/S. ADROIT CORPORATE SERVICES PVT. LTD.

[Unit : Hind Rectifiers Limited]
19, Jafarbhoy Industrial Estate, 1st Floor,
Makwana Road, Marol Naka,
Andheri (East), Mumbai - 400 059
Tel : 28594060 / 28596060 Fax : 28503748
Email : adroits@vsnl.net

COMPLIANCE OFFICER:

Shri A. K. Nemani, Chief Financial Officer

ADDRESS FOR CORRESPONDENCE:

HIND RECTIFIERS LIMITED
Lake Road, Bhandup (West),
Mumbai - 400 078.
E-mail: corporate@hirect.com
Telephone No. 25696789

LISTING ON STOCK EXCHANGES:

The Equity Shares of the Company are listed on Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited.

Listing fees has been paid to above Stock Exchanges for the year 2011 - 2012.

STOCK CODE:

Bombay Stock Exchange Limited, Mumbai	:	504036
National Stock Exchange of India Ltd.	:	HIRECT
Demat ISIN	:	INE835D01023

DEMATERIALIZATION OF SHARES:

As on March 31, 2012, 1,18,31,200 Shares representing 78.57% of total Equity Shares were held in dematerialised form with NSDL and CDSL.

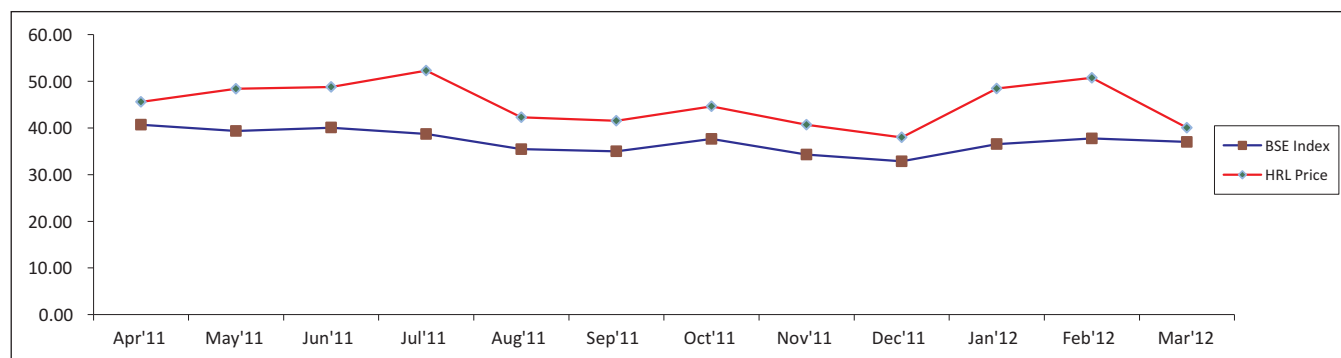
Member can hold shares in electronic forms and trade the same in Depository System. However, they may hold the same in physical form also.

STOCK PRICE DATA:

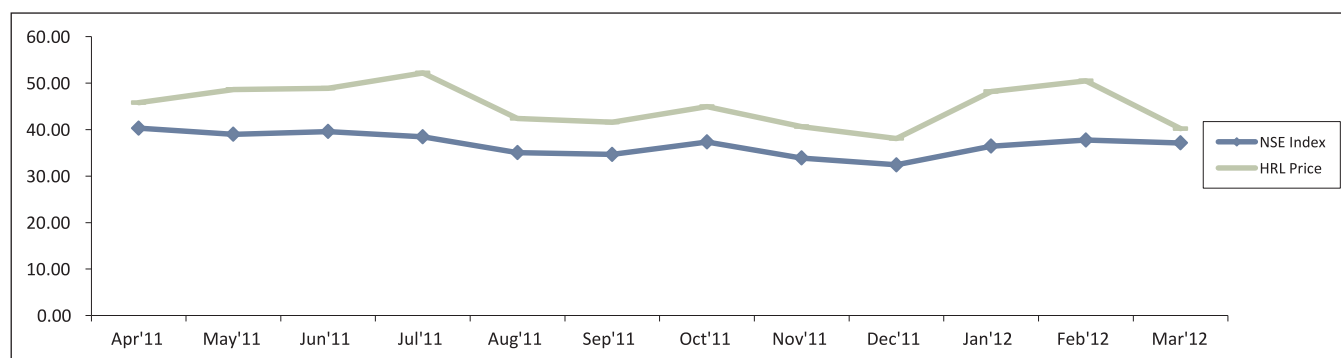
Monthly High / Low Market Price of Equity Shares of Hind Rectifiers Ltd., during the Financial Year 2011 - 2012:

Month	BSE		NSE	
	High	Low	High	Low
April, 2011	49.70	40.80	49.80	40.75
May, 2011	49.50	40.55	49.90	40.10
June, 2011	54.60	45.00	54.45	44.65
July, 2011	56.35	47.80	56.65	47.55
August, 2011	52.50	38.25	52.80	39.00
September, 2011	48.45	40.80	49.70	40.55
October, 2011	46.00	40.70	46.15	40.00
November, 2011	47.20	38.00	47.25	38.25
December, 2011	44.90	36.00	44.90	36.80
January, 2012	49.80	37.65	50.00	37.30
February, 2012	56.70	45.70	55.50	46.05
March, 2012	53.00	37.50	52.10	38.25

RELATIVE PERFORMANCE OF HIND RECTIFIERS SHARES VERSUS BSE SENSEX:



RELATIVE PERFORMANCE OF HIND RECTIFIERS SHARES VERSUS NSE SENSEX:



SHAREHOLDING PATTERN AS ON MARCH 31, 2012:

Category	No. of shares held	% of shareholding
Promoters & Associates	65,78,321	43.69
Mutual Funds & UTI	1,500	0.01
Banks / Financial Institutions	10,500	0.07
Private Bodies Corporate	4,49,989	2.99
NRI/OCBs	25,36,842	16.84
Others	54,80,778	36.40
Total	1,50,57,930	100.00

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2012:

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Equity Capital
Upto 500	5,909	9,21,336	6.12
501-1000	724	5,79,122	3.85
1001-2000	499	7,55,171	5.01
2001-3000	191	5,21,321	3.46
3001-4000	44	1,55,991	1.04
4001-5000	52	2,44,013	1.62
5001-10000	73	5,24,872	3.49
10001 & above	76	1,13,56,104	75.41
Total	7,568	1,50,57,930	100.00

NOMINATIONS:

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of all the registered shareholder/s. Nomination facility in respect of shares held on electronic form is also available with the Depository Participant (DP) as per the bye-laws and business rules applicable to NSDL & CDSL.

PLANT LOCATIONS:

- Lake Road, Bhandup (W), Mumbai - 400 078. Maharashtra
- Plot No.110/111, M.I.D.C., Satpur, Nashik - 422 007. Maharashtra
- New Khasra.No.64-67 & 74, Village Charba, Vikas Nagar, Dehradun - 248 197. Uttarakhand
- New Khasra.No.295, 296 & 301, Village Charba, Vikas Nagar, Dehradun - 248 197. Uttarakhand

DECLARATION:

I, Sushil Kumar Nevatia, Chairman & Managing Director of Hind Rectifiers Limited hereby affirm and declare, to the best of my knowledge and belief, and on behalf of the Board of Directors of the Company and senior management personnel, that:

The Board of Directors has laid down a code of conduct for all Board members and senior management of the Company.

The code of conduct has been complied with.

Registered Office:

Lake Road, Bhandup (W)
Mumbai - 400 078.

For and on behalf of the Board of Directors
For **Hind Rectifiers Ltd.**

Place: Mumbai
Date : 30th May, 2012

S. K. Nevatia
Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

Auditors' Certificate regarding compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the Members of **Hind Rectifiers Limited**

We have examined the compliance of conditions of corporate governance by **Hind Rectifiers Limited** ('the Company'), for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was carried out in accordance with the "Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement)", issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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

For and on behalf of
KHANDWALA & SHAH,
Chartered Accountants,
(Registration No.105069W)

(UDAY J. SHAH)

Partner

Membership No. 033038

Place: Mumbai

Dated: 31st May, 2012

CEO / CFO CERTIFICATION:

The Board of Directors
Hind Rectifiers Limited,
Mumbai

Re: Financial Statements for the year 2011 - 2012 - Certification by CEO & CFO

We, Sushil Kumar Nevatia, Chairman & Managing Director and A. K. Nemani, Chief Financial Officer of Hind Rectifiers Ltd., hereby certify that:

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the financial year ended March 31, 2012 and to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii. 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.
- (b) They are, to the best of our knowledge and belief, no transactions entered into by the Company during the period, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that:
 - i. there have been no significant changes in internal control over financial reporting during the year;
 - ii. there have been no significant changes in accounting policies during the year; and
 - iii. there have been no instances of significant fraud except fraud referred in note no.(xiv) of the Other Notes on Financial Statements, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai
Date: 30th May, 2012

S. K. Nevatia
Chairman & Managing Director

A. K. Nemani
Chief Financial Officer

MANAGEMENT DISCUSSION AND ANALYSIS

Indian Industry Scenario:

In recent times, the economic crisis and its repercussions have accelerated and exposed a fragile world with high volatility and socio-political tensions.

In addition, growing consumption demand in emerging markets is driving up commodity prices, both crude oil and other raw materials which are expected to impede the economic recovery in the medium to long term.

The major challenges besetting are managing the increasing competition, improving productivity in the wake of growing skill mismatches, non-inclusive growth and above all, a looming economic uncertainty and socio-political fragility.

The year 2011 - 2012 saw sustained increase in the prices of major inputs and raw materials leading to increasing costs and pressures on margins.

The low growth phenomenon has continued with developed economies of Western world. They are grappling with problems like high borrowings and likely sovereign default in European countries and if these were to happen, it would be catastrophic as many international commercial banks have exposure to European countries.

Company Scenario:

India's environment (anti-pollution) industry is projected to grow dramatically in the coming years. The Indian Railways are also projecting significant growth in the years to come as per their vision 2020 document.

Today, the need for your Company's product is even more intensifying and continued deployment of these products will allow Company to full-fill its objective of meaningfully addressing the environmental issues being faced by the nation.

The output at Dehradun Plant continues to increase. Plant & Machinery required for manufacturing Transformers have been installed and the Company has also received clearance from the Research Design and Standard Organisation (RDSO) to commence the manufacturing operations. The Company expects marked improvement in production & sales from Dehradun unit.

Flexible and Scalable Business Model:

We believe that the flexibility and scalability of our existing production facilities and distribution network will help us meet the increased demand for our products. Our presence in India with four manufacturing plants provides us a low cost manufacturing base. The scalability of our existing facilities enables us to increase our production capacity through the installation of new equipment and production lines. Our manufacturing facilities enable us to produce a wide range of products with different specifications. This helps us in meeting the demands of our customers and reduces the impact of uncertainties in production volumes for specific products.

Opportunities & Threats:

We have a strong brand and leadership position in our business in India. We hope to continue this growth by developing new products and expanding into new growth products and markets with continued emphasis on the current customer value chain.

We also plan to enhance our distribution reach by adding new dealers and distributors to penetrate the Indian and international markets. We believe this will further diversify our revenues to insulate our sales from adverse business conditions.

Our goal is to leverage our strengths to continue to expand our capacities in each of our respective business lines and expand into complementary product lines to continue our growth in India and to compete in the global market.

We are high-quality producer with focus on cost competitiveness. We have invested and we continue to invest in advanced equipments which provide us with consistent and cost effective production rapidly while maintaining quality.

Delays in Government decision / spending are the potential threats to the otherwise optimistic picture for the future of the Company. Low cost and low quality manufacturers continue to twist healthy markets. Volatile foreign currencies and volatility in prices of raw material are dampening factors on growth.

Outlook:

The Company has successfully continued to bid and get large tenders from Indian Railways and is considered as a preferred supplier with very encouraging revenues, barring unforeseen circumstances like delay in release of payments, release of orders and raising of new tenders / enquiries by the Indian Railways, the Company expects healthy growth in sales turnover.

Risks, Concerns, Challenges & Risk Mitigation:

Policies of Indian Railways and the Government and allocation amount towards the Indian Railways could influence

the growth prospects of this business. Delayed cash-flow, could, apart from causing pressure on managing the working capital requirements, may also have an impact on the profitability of this business. With very high working capital requirements causing higher interest cost, the net profit margin of this business remains under check for the Company.

Company faces competition from major corporates as well as from unorganised sectors. In view of requirement of low capital expenditure in this business, there are always new entrants. Due to all these factors there is always threat on the price and market share.

Currently there is a shortage of skilled work force at Dehradun, to overcome this Company is training unskilled / semi skilled workforce and also trying for sourcing of components from neighbouring areas.

Some of the key risks identified and steps taken to mitigate the adverse impact of same are noted below:

- **Supply Chain Risk**

Increase in commodity prices has the effect of putting pressure on margins. Company has mitigated supply chain risk to a great extent through its inclusive strategy, rate negotiation with vendors, alternative sourcing, indigenisation of critical components and various other measures thereby leveraging the Company's ability to timely source components at competitive prices.

- **Foreign Exchange Risk**

A marginal part of Company's costs for procuring components from International markets are denominated in foreign currency. Unhedged trade and financial exposure thus creates potential to adversely impact our project and overall profitability. In the years to come, risk management practices shall continue to focus on minimising the economic impact on Company profitability arising from fluctuations in exchange rates.

- **Interest rate risk**

Company is exposed to interest rate fluctuation. Management is continuously involved in working out interest rate sensitivity and propositions to mitigate the interest rate risk.

- **Credit risk**

Company is exposed to debt, taken to fund its growth. Increased interest rates and credit squeeze continues to be a big challenge.

Focus on cost reduction, improved operational efficiencies and reduction in working capital deployment, is expected to help in reducing the liquidity pressure.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:

Company's internal management audit team periodically undertake independent reviews of risks, controls, operations and procedures, identify control and process gaps and recommend business solutions for risk mitigation.

The Audit Committee of the Board periodically reviews the management audit reports, audit plans and recommendation of the auditors and management's response to those recommendations.

Growth Strategies & Thrust Areas:

Ensuring cost competitiveness, timely execution of projects within cost estimates, managing volatility, volatile foreign currency, control over working capital, achieving operational efficiency, improved supply chain management will be the key success factors to achieve the desired growth in the medium to long term. Initiatives are planned for improving the capacity utilisation and vendor development.

Human Resource Development / Industrial Relation:

Attracting and retaining talent with requisite competencies, especially for the emerging businesses and focus on training and development to improve productivity are key thrust areas for businesses to strengthen competitive advantage. Various initiatives have been planned for career planning, employee engagement, competency building and succession planning.

Company's senior management team has deep experience in the industries in which we operate. We believe that the experience of our management team in the domestic and international markets will help us to increase our penetration internationally and expand the range of our product offerings. Our management team also has long-standing relationships with many of our major customers. Our after sales support, training and other services are one of our main selling points.

For and on behalf of the Board of Directors
For **Hind Rectifiers Limited**

Place: Mumbai
Dated: 30th May, 2012

S. K. Nevatia
Chairman & Managing Director

SECRETARIAL COMPLIANCE CERTIFICATE

COMPANY NO. 11-11077.

AUTHORISED SHARE CAPITAL : ₹ 10,00,00,000/-

PAID UP SHARE CAPITAL: ₹ 3,01,15,860/-

The Members,

M/s. HIND RECTIFIERS LIMITED

Lake Road,

Bhandup (West),

MUMBAI - 400 078.

We have examined the registers, records, books and papers of M/s. HIND RECTIFIERS LIMITED [the Company] as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the year ended on MARCH 31, 2012. In our opinion and to the best of our information and according to the examinations carried out by me and explanations furnished to us by the Company and its officers, we certify that in respect of the aforesaid financial year:

- 1) The Company has kept and maintained all registers as stated in **ANNEXURE - 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
- 2) The Company has duly filed the forms and returns as required with the Registrar of Companies or other authorities as prescribed under the Act and the rules made hereunder wherever applicable as per - **ANNEXURE - 'B'**.
- 3) The Company being a Limited Company, Comments not required.
- 4) The Board of Directors duly met 5 [FIVE] times during the aforesaid Financial Year i.e. on 11/04/2011, 30/05/2011, 05/08/2011, 14/11/2011 and 13/02/2012 and in respect of each meeting proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- 5) The Company closed its Register of Members during the financial year.
- 6) The Company held its Annual General Meeting during the year in time i.e. on AUGUST 5, 2011 and in respect of which proper notice was given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- 7) No Extra Ordinary General Meeting was held during the financial year.
- 8) The Company has complied with the provisions of Section 293 (1) (d) of the Act.
- 9) The Company has not entered into contracts falling within the purview of Section 297 of the Act.
- 10) The Company has entered necessary particulars in the register maintained under Section 301 of the Companies Act, 1956.
- 11) Wherever necessary, the Company has obtained necessary approval from the Board of Directors / Shareholders under Section 314 of the Companies Act, 1956.
- 12) The Company has issued duplicate share certificates during the financial year and necessary compliances of the Act were made.
- 13) The Company has:
 - i) delivered all the certificates on allotment of Shares in accordance with the provisions of the Companies Act, 1956.
 - ii) duly complied with the requirements of Section 217 of the Act.
 - iii) other clauses are not applicable.
- 14) The Board of Directors of the Company is duly constituted.
- 15) There was no appointment of Managing Director and Executive Director during the financial year.

- 16) The Company has not appointed any Sole Selling Agents during the financial year.
- 17) The Company was not required to obtain any approvals of the Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
- 18) The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
- 19) The Company has not issued or allotted any Equity Shares during the financial year and hence no compliances of the Act were made.
- 20) The Company has not bought back any shares during the financial year.
- 21) The Company has not issued any preference shares / debentures and hence the question of redemption of preference shares / debentures does not arise during the financial year under review.
- 22) There were no transactions necessitating the Company to keep in abeyance the rights of dividend, rights shares and bonus shares pending registration of transfer of shares.
- 23) The Company has not accepted deposits during the financial year, but the Company has outstanding deposits and in respect of those outstanding deposits, the Company has complied with the provisions of Section 58A of the Companies Act, 1956.
- 24) The Company has complied with the provisions of Section 293 (1) (a) of the Act.
- 25) The Company has not made any loans or advances or given any guarantees or provided securities to other bodies corporate.
- 26) The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from the one state to another during the year under scrutiny.
- 27) The Company has not altered the provisions of the Memorandum with respect to the Object of the Company during the year under scrutiny.
- 28) The Company has not altered the provisions of the Memorandum with respect to Name of the Company during the year under scrutiny.
- 29) The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.
- 30) The Company has not altered its Articles of Association during the year.
- 31) There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment has imposed on the Company during the financial year, for offences under the Act.
- 32) The Company has not received any money as security from its employees during the financial year.
- 33) The Company was regular in depositing the Provident Fund dues during the year.

For **GMJ & ASSOCIATES**
Company Secretaries

[MAHESH SONI]
Partner
FCS : 3706 ; COP : 2324.

Place : Mumbai.
Date : 30th May, 2012.

ANNEXURE - 'A' TO THE SECRETARIAL COMPLIANCE CERTIFICATE:

Name of the Company: M/s. HIND RECTIFIERS LIMITED.

DETAILS OF REGISTERS MAINTAINED:

Sr. No.	Section Number	Name of Register
1	108	Share Transfer Register
2	150	Register of Members
3	193	Minutes of all meetings of Board of Directors
4	193(1)	Minutes of General Meetings
5	209	Books of Accounts
6	301	Register of Contracts
7	303	Register of Directors
8	307	Register of Directors Shareholdings
9	125/143	Register of Charge
10	–	Register of Board Meeting and General Meeting Attendance Register

ANNEXURE - 'B' TO THE SECRETARIAL COMPLIANCE CERTIFICATE:

Name of the Company: M/s. HIND RECTIFIERS LIMITED.

DETAILS OF FORMS FILED WITH THE REGISTRAR OF COMPANIES:

Sr. No.	Document / Under Section	Filed on	Whether filed in time	Whether additional fee paid
1	Form 62 Return of Deposit u/s. 58A	17/06/2011	Yes	No
2	Form 20B Annual Return u/s. 159	29/09/2011	Yes	No
3	Form 23 AC-XBRL & 23 ACA-XBRL Balance Sheet & Profit & Loss Account u/s. 220	30/12/2011	Yes	No
4	Form 66 Secretarial Compliance Certificate u/s. 383A	30/08/2011	Yes	No
5	Form 1 u/s. 205 [IEPF]	06/09/2011	Yes	No
6	Form 23B	24/08/2011	N.A.	N.A.
7	Form 32	09/05/2011	Yes	No
8	Form 23	31/08/2011	Yes	No
9	Form DIN 4	15/12/2011	Yes	No
10	Form 8	22/02/2012	Yes	No
11	Form 8	22/02/2012	Yes	No
12	Form 8	24/10/2011	Yes	No
13	Form 8	11/04/2011	Yes	No

For **GMJ & ASSOCIATES**
Company Secretaries

[MAHESH SONI]

Partner

FCS : 3706 ; COP : 2324.

Place : Mumbai.

Date : 30th May, 2012

AUDITORS' REPORT

TO THE MEMBERS OF HIND RECTIFIERS LIMITED

1. We have audited the attached Balance Sheet of **HIND RECTIFIERS LIMITED** as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. The financial statements of the branches audited by other Auditors are incorporated in the annexed Balance Sheet and the Statement of Profit and Loss. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, 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 account as required by law have been kept by the Company, so far as appears from our examination of those books and proper financial statements adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditor's Reports have been forwarded to us and have been appropriately dealt with;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited financial statements from the Branches;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of the written representations received from the Directors of the Company as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956, 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 31st March, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date;and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
KHANDWALA & SHAH,
Chartered Accountants,
(Registration No.105069W)

(UDAY J. SHAH)

Partner

Membership No. 033038

Place : Mumbai
Date : 31st May, 2012

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Hind Rectifiers Limited on the financial statements for the year ended March 31, 2012)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets;
(b) As informed the fixed assets have been physically verified by the management at reasonable intervals; and discrepancies noticed on such verification were not material and the same have been properly dealt with in the books of account;
(c) The disposal of fixed assets during the year cannot be regarded as substantial and do not affect the going concern assumption;
2. (a) As explained to us, Inventories (except stock lying with third parties, for which confirmations obtained in respect of such inventory) have been physically verified during the year by the management;
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
(c) In our opinion, the Company is maintaining proper records of inventory. Discrepancies noticed on physical verification were not material, and the same have been properly dealt with in the books of account;
3. According to information and explanations given to us, the Company has neither granted nor taken loans, secured or unsecured, from parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(iii) of the Order, are not applicable to the Company.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for sale of goods & services. We have not come across any major weakness in internal control;
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered;
(b) According to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services exceeding ₹ 5,00,000/- during the year in respect of each party made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956;
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business;
8. According to the information and explanations given to us, the Company is in the process of preparing the Cost Records pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956.
9. (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund (PF), Investor Education & Protection Fund, Employees' State Insurance (ESI), Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess and other statutory dues with the Appropriate Authorities. According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2012 for a period of more than six months from the day they become payable;

- (b) The disputed statutory dues aggregating ₹ 64.90 lacs, that have not been deposited on account of disputed matters pending before Appropriate Authorities are as under:

Forum where dispute is pending	Amount (₹ in lacs)
CEGAT - Central Excise & Gold (Control) Appellate Tribunal	44.45 (Net of Deposit of ₹ 1.00 lac)
Income Tax before the C.I.T. (Appeals) - 22, Mumbai	16.74
Income Tax before the Appellate Tribunal, Mumbai	3.71 (Net of payments and refunds of ₹ 7.15 lacs)

10. The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year;
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks;
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
13. The provisions of any special statute applicable to Chit Funds, Nidhis or Mutual Benefit Funds / Societies are not applicable to the Company;
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company;
15. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions;
16. The Company has not taken any term loans during the year;
17. According to the Cash Flow Statement and other records examined by us and on the basis of information and explanations given to us, on and overall basis, funds raised on short term basis have, prima facie, not been used during the year for Long Term Investment;
18. The Company has not made any preferential allotment of shares during the year;
19. The Company has not issued any debentures during the year;
20. The Company has not raised any money by way of public issue during the year;
21. As per the information and explanations given to us, no material fraud on or by the Company has been noticed during the year except fraud referred to in Note no. (xiv) of other notes on financial statements.

For and on behalf of
KHANDWALA & SHAH,
Chartered Accountants,
(Registration No. 105069W)

(UDAY J. SHAH)

Partner

Membership No. 033038

Place : Mumbai
Date : 31st May, 2012

Hirect

BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in lacs)

Particulars	Note		As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES				
(1) Shareholders' Funds				
(a) Share Capital	1	301.16		301.16
(b) Reserves and Surplus	2	6,016.84		5,228.67
			6,318.00	5,529.83
(2) Non-current Liabilities				
(a) Long-term Borrowings	3	20.10		19.21
(b) Other Long-term Liabilities	4	19.26		19.26
(c) Long-term Provisions	5	163.25		137.51
			202.61	175.98
(3) Current Liabilities				
(a) Short-term Borrowings	6	1,459.96		682.70
(b) Trade Payables	7	1,590.13		1,031.92
(c) Other Current Liabilities	8	396.32		380.61
(d) Short-term Provisions	9	328.21		349.18
			3,774.62	2,444.41
TOTAL			10,295.23	8,150.22
II. ASSETS				
(1) Non-current Assets				
(a) Fixed Assets	10			
(i) Tangible Assets		1,486.09		1,419.89
(ii) Intangible Assets		106.09		141.55
(b) Deferred Tax Assets (Net)	11	59.93		43.08
(c) Long-term Loans and Advances	12	285.82		335.47
(d) Other Non-current Assets	13	142.00		54.00
			2,079.93	1,993.99
(2) Current Assets				
(a) Inventories	14	1,915.71		1,789.97
(b) Trade Receivables	15	5,907.53		4,063.17
(c) Cash and Cash Equivalents	16	121.62		107.81
(d) Short-term Loans and Advances	17	270.44		195.28
			8,215.30	6,156.23
TOTAL			10,295.23	8,150.22
Other Notes on Financial Statements	25			

The accompanying notes form integral part of the financial statements.

As per our report attached

For **KHANDWALA & SHAH**
Chartered Accountants

Uday J. Shah
Partner

Place : Mumbai
Date : 31st May, 2012

For and on behalf of the Board of Directors

S. K. NEVATIA, Chairman & Managing Director
V. K. BHARTIA, Director

Place : Mumbai
Date : 30th May, 2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012 (₹ in lacs)

Particulars	Note		Year ended March 31, 2012	Year ended March 31, 2011
I. Revenue from Operations	18			
Gross Operational Income		12,653.29		10,853.67
Less: Excise Duty / Service Tax		859.33		689.79
Net Operational Income			11,793.96	10,163.88
II. Other Income	19		24.10	18.23
III. Total Revenue (I + II)			11,818.06	10,182.11
IV. Expenses				
Cost of Materials Consumed	20	7,630.42		6,359.70
Purchases of Stock-in-Trade		210.69		568.20
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	74.00		(209.89)
Employee Benefits Expense	22	1,388.49		1,281.55
Finance Costs	23	158.30		82.10
Depreciation and Amortization Expense		239.83		239.68
Other Expenses	24	908.38		698.79
Total Expenses			10,610.11	9,020.13
V. Profit Before Taxes (III - IV)			1,207.95	1,161.98
VI. Tax Expenses				
(1) Current Tax		244.00		234.00
(2) Mat Credit Entitlement		(88.00)		(54.00)
(3) Deferred Tax		(16.85)		(29.28)
(4) (Excess) / Short Provision of Taxation for Earlier Years		0.62		(3.15)
			139.77	147.57
VII. Profit/(Loss) for the year (V - VI)			1,068.18	1,014.41
VIII. Basic & Diluted Earnings Per Share of face value of ₹ 2/- each. (Refer Note No. (xv) of Other Notes on Financial Statements)			7.09	6.74
Other Notes on Financial Statements	25			

The accompanying notes form integral part of the financial statements.

As per our report attached

For **KHANDWALA & SHAH**
Chartered Accountants

Uday J. Shah
Partner

Place : Mumbai
Date : 31st May, 2012

For and on behalf of the Board of Directors

S. K. NEVATIA, Chairman & Managing Director
V. K. BHARTIA, Director

Place : Mumbai
Date : 30th May, 2012

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax & Extra-Ordinary Items	1,207.95	1,161.98
Adjusted for		
Depreciation	239.83	239.68
Investment Income	(10.04)	(7.23)
Interest Charged	158.30	82.10
Operating Profit before Working Capital Changes	1,596.04	1,476.53
Changes in		
Trade & Other Receivables	(1,866.70)	(1,120.07)
Inventories	(125.74)	(412.29)
Trade & Other Payables	565.80	478.87
	(1,426.64)	(1,053.49)
Cash Generated from Operations	169.40	423.04
Direct Taxes Paid	(248.17)	(206.41)
Cash Flow before Extra-Ordinary Items	(78.77)	216.63
Extra-Ordinary Items	—	—
Net Cash from Operating Activities	(78.77)	216.63
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(281.61)	(221.97)
Sale/Disposal of Fixed Assets	9.73	8.45
Purchases of Investments	—	—
Sale of Investments	—	—
Interest Received	9.53	7.75
Dividend Received	—	—
Net Cash used in Investing Activities	(262.35)	(205.77)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	—	—
Proceeds from Borrowings	778.15	359.03
Interest Paid	(160.71)	(99.26)
Dividend Paid	(225.87)	(210.81)
Tax on Distributed Profit	(36.64)	(35.83)
Net Cash used in Financing Activities	354.93	13.13
Net Changes in Cash & Cash Equivalents (A+B+C)	13.81	23.99
Cash & Cash Equivalents - Opening Balance	107.81	83.82
Cash & Cash Equivalents - Closing Balance	121.62	107.81

As per our report attached

For **KHANDWALA & SHAH**
Chartered Accountants

Uday J. Shah
Partner

Place : Mumbai
Date : 31st May, 2012

For and on behalf of the Board of Directors

S. K. NEVATIA, Chairman & Managing Director
V. K. BHARTIA, Director

Place : Mumbai
Date : 30th May, 2012

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SHARE CAPITAL

(₹ In lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised Capital 5,00,00,000 Equity Shares of ₹ 2/- each	1,000.00	1,000.00
Issued Capital 1,50,57,930 Equity Shares of ₹ 2/- each	301.16	301.16
Subscribed and Paid up 1,50,57,930 Equity Shares of ₹ 2/- each	301.16	301.16
TOTAL	301.16	301.16

- a. 75,28,965 Shares out of Issued Subscribed and Paid-up Share Capital were allotted as bonus shares in the last five years by capitalisation of General Reserve
- b. The details of shareholders holding more than 5% shares

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No of shares	% held	No of shares	% held
Shri. Sushil Kumar Nevatia	17,60,901	11.69	19,60,901	13.03
Smt. Uma Nevatia	15,23,100	10.12	16,73,100	11.11
Shri. Saurabh Nevatia	13,48,300	8.95	13,48,300	8.95
Westing House Brake & Signals Holdings Ltd.	24,00,000	15.94	24,00,000	15.94

- c. Reconciliation of number of shares

Particulars	Equity Shares	
	Number	(₹ In lacs)
Equity Shares at the beginning of the year	1,50,57,930	301.16
Add: Shares Issued during the year	—	—
Less: Shares bought back during the year	—	—
Equity Shares at the end of the year	1,50,57,930	301.16

2. RESERVES AND SURPLUS

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
General Reserve		
Opening Balance	5,172.57	4,422.57
Add: Transferred from Statement of Profit & Loss	400.00	750.00
Closing Balance	5,572.57	5,172.57
Reserve for Capital Expenditure		
Opening Balance	—	—
Add: Transferred from Statement of Profit & Loss	350.00	—
Closing Balance	350.00	—
Profit and Loss Account		
Opening balance	56.10	54.20
Add: Profit for the year	1,068.18	1,014.41
Less: Appropriations		
Transferred to Reserve for Capital Expenditure	350.00	—
Transferred to General Reserve	400.00	750.00
Proposed Dividend	240.93	225.87
[Dividend per Share ₹ 1.60 (Previous Year ₹ 1.50)]		
Tax on Dividend	39.08	36.64
	1,030.01	1,012.51
Closing Balance	94.27	56.10
TOTAL	6,016.84	5,228.67

3. LONG-TERM BORROWINGS

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
SECURED		
Vehicle Loan from ICICI Bank Ltd.*	20.10	—
UN-SECURED		
Fixed Deposits	—	19.21
TOTAL	20.10	19.21

* Secured against hypothecation of Motor Car Nos. MH-03-AZ-6558, MH-03-AZ-6559, MH-03-AZ-6560, MH-03-AZ-6561, TN-01-AP-8368, MH-03-AZ-6531, MH-03-AZ-6589, MH-03-AZ-6590, MH-03-AZ-6724, MH-03-AZ-6725 and MH-03-AZ-6726.

4. OTHER LONG-TERM LIABILITIES

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Dealership Deposit	19.26	19.26
TOTAL	19.26	19.26

5. LONG-TERM PROVISIONS

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for Employee Benefits		
Gratuity	101.44	80.33
Leave Encashment	61.81	57.18
TOTAL	163.25	137.51

6. SHORT-TERM BORROWINGS

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
SECURED		
Working Capital Loans From Banks *		
ICICI Bank Limited	877.02	330.58
Union Bank of India	582.94	352.12
TOTAL	1,459.96	682.70

* Working Capital Loans from Banks are secured by first charge against all movable and immovable assets both present and future situated at Bhandup, Mumbai and also by hypothecation of stocks and book debts of the Company ranking pari-passu in favour of ICICI Bank Ltd. and Union Bank of India.

7. TRADE PAYABLES

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Micro, Small and Medium Enterprises	106.18	58.08
Others	1,483.95	973.84
TOTAL	1,590.13	1,031.92

8. OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Current maturities of long term debt *	31.01	18.83
Advance from Customers	33.15	29.67
Interest accrued but not due	1.89	4.30
Unclaimed Deposits	2.25	4.00
Unclaimed Dividend	20.91	17.86
Other payables **	307.11	305.95
TOTAL	396.32	380.61

* Includes

i) Loan for vehicles ₹ 15.30 lacs (Previous year ₹ Nil)

ii) Fixed Deposits ₹ 15.71 lacs (Previous year ₹ 18.83 lacs)

** Includes statutory dues and outstanding expenses

9. SHORT-TERM PROVISIONS

(₹ in lacs)

Particulars		As at March 31, 2012	As at March 31, 2011
Provision for Employee Benefits			
Provision for Gratuity	0.76		48.22
Provision for Leave encashment	14.37		3.19
		15.13	51.41
Others			
Provision for Taxation	32.43		35.26
Provision for Wealth Tax	0.64		—
Proposed Dividend	240.93		225.87
Tax on Proposed Dividend	39.08		36.64
		313.08	297.77
TOTAL		328.21	349.18

10. FIXED ASSETS

(₹ in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01-04-2011	Since Added	Deduction/ Adjusted	As on 31-03-2012	As on 01-04-2011	For the Year	Recouped, sold or Adjusted	As on 31-03-2012	As on 31-03-2012	As on 31-03-2011
Tangible Assets										
Land - Owned	161.41	—	—	161.41	—	—	—	—	161.41	161.41
Land - Leasehold	21.01	—	—	21.01	7.15	0.22	—	7.37	13.64	13.86
Roads	54.24	—	—	54.24	12.26	2.10	—	14.36	39.88	41.98
Buildings	597.93	159.18	—	757.11	137.99	46.00	—	183.99	573.12	459.94
Plant & Machinery	1,010.04	5.52	—	1,015.56	461.09	86.25	—	547.34	468.22	548.95
Motor Cars & Vehicles	146.39	93.02	21.15	218.26	70.61	36.57	10.48	96.70	121.56	75.78
Furniture & Fixtures	299.78	9.53	—	309.31	202.88	17.13	—	220.01	89.30	96.90
Computers	148.02	9.07	0.37	156.72	126.95	10.81	—	137.76	18.96	21.07
Total	2,438.82	276.32	21.52	2,693.62	1,018.93	199.08	10.48	1,207.53	1,486.09	1,419.89
Previous Year	2,267.99	202.03	31.20	2,438.82	842.94	197.79	21.80	1,018.93	1,419.89	—
Intangible Assets										
Technical Knowhow & Licence Fees	319.11	—	—	319.11	201.57	29.38	—	230.95	88.16	117.54
Computer software	32.27	5.29	—	37.56	8.26	11.37	—	19.63	17.93	24.01
Total	351.38	5.29	—	356.67	209.83	40.75	—	250.58	106.09	141.55
Previous Year	331.44	19.94	—	351.38	167.94	41.89	—	209.83	141.55	—

11. DEFERRED TAX ASSET (NET)

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred Tax Assets		
Disallowance under the Income Tax Act, 1961	75.91	67.54
Deferred Tax Liability		
Related to Fixed Assets	15.98	24.46
TOTAL	59.93	43.08

12. LONG-TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, Considered Good		
Capital Advances	196.99	254.56
Security Deposits	28.62	22.25
Earnest Money Deposits	50.25	44.87
Staff Loans	9.84	13.79
Others	0.12	—
TOTAL	285.82	335.47

13. OTHER NON-CURRENT ASSETS

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
MAT Credit Entitlement	142.00	54.00
TOTAL	142.00	54.00

14. INVENTORIES

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Raw Materials and Components	1,416.12	1,223.25
Work-in-Progress	242.45	341.66
Finished Goods	123.20	113.29
Stock-In-Trade	96.56	74.98
Stores and Spares	2.64	1.95
Loose Tools and Instruments	33.28	34.81
Scrap	1.46	0.03
TOTAL	1,915.71	1,789.97

(Refer Note No. (i) (e) of Other Notes on Financial Statements)

15. TRADE RECEIVABLES

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Trade receivables outstanding for a period less than six months		
Secured, considered good	7.77	6.37
Unsecured, considered good	5,185.83	3,547.38
Total	5,193.60	3,553.75
Trade receivables outstanding for a period exceeding six months		
Secured, considered good	2.73	1.53
Unsecured, considered good	711.20	507.89
Total	713.93	509.42
TOTAL	5,907.53	4,063.17

16. CASH AND CASH EQUIVALENTS

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Balances with banks		
In Current Account *	36.01	39.38
In Margin Account **	77.87	47.62
In Fixed Deposit	3.50	8.00
Total	117.38	95.00
Cash on hand	4.24	12.81
TOTAL	121.62	107.81

* Balance with banks in current account includes Unclaimed Dividend of ₹ 20.91 lacs
(Previous year ₹ 17.86 lacs)

** Balance in Margin money towards security for Letter of Credit and Letter of Guarantee

17. SHORT-TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received	146.51	108.81
Earnest Money Deposits	34.49	16.35
Balance with Excise, Customs and Port Trust	71.18	55.03
Taxes Paid in Advance / Deducted at Source (Net of Provision for Tax)	12.25	10.90
Interest Income accrued but not due	6.01	4.19
TOTAL	270.44	195.28

18. REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Gross Sales	11,861.14	10,274.09
Less: Excise Duty	810.73	634.72
	11,050.41	9,639.37
Gross Reconditioning, Repairing & Servicing Income	792.15	579.58
Less: Excise Duty/ Service Tax	48.60	55.07
	743.55	524.51
TOTAL	11,793.96	10,163.88

19. OTHER INCOME

(₹ in lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Interest Income	11.35	8.18
Credit Balances Written Back	12.49	0.18
Sales Tax Refund	—	1.33
Exchange Fluctuation	—	7.41
Miscellaneous Receipts	0.10	0.50
Duty Drawback	0.16	0.63
TOTAL	24.10	18.23

20. COST OF MATERIALS CONSUMED

(₹ in lacs)

Opening Stock of Raw Materials		1,223.25	1,022.07
Add: Purchases of Raw Materials	7,520.78		6,321.01
Add: Conversion and Processing Charges	302.51		239.87
Total		7,823.29	6,560.88
Less: Closing Stock of Raw Materials		1,416.12	1,223.25
TOTAL		7,630.42	6,359.70

21. CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lacs)

Opening Inventory			
Finished Goods	113.29		77.81
Work-In-Progress	341.66		230.27
Stock-In-Trade	74.98		13.82
		529.93	321.90
Closing Inventory			
Finished Goods	123.20		113.29
Work-In-Progress	242.45		341.66
Stock-In-Trade	96.56		74.98
		462.21	529.93
Add/(Less) Excise duty on Finished Goods		6.28	(1.86)
(INCREASE) / DECREASE		74.00	(209.89)

22. EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Salaries, Wages, Gratuity and Bonus etc.	1,189.21	1,095.49
Contribution to Provident Fund, Superannuation, Employees State Insurance Scheme	101.87	96.81
Staff Welfare Expenses	97.41	89.25
TOTAL	1,388.49	1,281.55

23. FINANCE COSTS

(₹ in lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Interest on Bank Borrowings	112.35	50.34
Interest on Deposits & Loans	2.78	11.08
Other Interest	7.12	0.54
Bank Charges	36.05	20.14
TOTAL	158.30	82.10

24. OTHER EXPENSES

(₹ in lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Consumable Stores, Tools and Instruments	26.36	22.63
Electricity, Water and Fuel Charges	135.27	126.41
Packing	73.70	49.76
Repairs		
To Machinery	10.78	7.09
To Building	12.35	21.20
To Other Assets	16.09	18.21
Repairing and Servicing Expenses	1.38	1.36
Rent	20.47	16.40
Rates and Taxes	3.98	3.21
Insurance	10.25	8.02
Travelling, Conveyance and Vehicle Expenses	186.63	136.76
Director's Travelling, Conveyance and Sitting Fees	6.85	3.98
Printing and Stationery	23.24	17.49
Postage, Telegram and Telex	37.46	39.16
Advertisement and Publicity	8.48	8.21
Liquidity Damages	40.07	28.55
Commission	25.25	13.73
Legal and Professional Charges	46.71	40.08
Payment to Auditors	3.95	2.71
Transit Insurance and Freight	112.75	72.55
Bad Debts	29.74	4.57
Exchange Rate Fluctuation	1.47	—
Miscellaneous Expenses	75.15	56.71
TOTAL	908.38	698.79

25. OTHER NOTES ON FINANCIAL STATEMENTS AS AT, AND FOR THE YEAR ENDED 31ST MARCH, 2012

i) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act'), and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

The financial statement are prepared and presented in the form set out in Part I and Part II of Revised Schedule VI of the Act, so far as they are applicable thereto.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Fixed Assets / Intangible Assets

- i) Fixed assets are carried at cost of acquisition less depreciation. Cost of fixed assets includes interest of directly related loans upto the date of commissioning/installation.
- ii) Expenditure during construction period incurred on the projects under implementation are treated as pre-operative expenses pending allocation to the assets and are included under "Capital Work-in-Progress". These expenses are apportioned to fixed assets on commencement of commercial production. Capital Work-in-Progress is stated at the amount expended upto the date of Balance Sheet.
- iii) Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and cost of the assets can be measured reliably.

d) Depreciation

- i) Depreciation on fixed assets is provided on written down value in the manner and at the rates as per schedule XIV of the Companies Act, 1956.
- ii) Technical know-how is amortized from the year in which commercial production commences on the written down value method.
- iii) Leasehold Land is amortised over the period of lease.

e) Valuation of Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and conditions.

- i) Raw material is valued at cost or net realisable value whichever is lower. Cost is calculated by applying the weighted average method.
- ii) Work-in-progress, Finished Goods and Stock-in-Trade are valued at cost or net realisable value whichever is lower.
- iii) Scrap is valued at estimated selling price.
- iv) Stores and Spares are valued at cost. Tools and Instruments are valued at book value.

f) 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.

Sales

Net operational income comprises of sale of goods and reconditioning, repairing and servicing income. Sale of goods is recognised on despatch to customers. Sale are stated net of Sales Tax. Sales excludes captive consumption of materials.

Other Income

Interest income is accounted on accrual basis.

g) Foreign Currency Transactions

- i) Transaction denominated in foreign currency are recorded at the rate of exchange prevailing at the time of transaction.
- ii) Current Liabilities / Assets not covered by forward contract are stated at the rates ruling at the year end and any exchange difference arising on such transaction is dealt with in the Statement of Profit and Loss.
- iii) Transactions completed during the year are adjusted at the prevailing rates.

h) Research and Development

Research and Development expenditure of revenue nature is charged to revenue and capital expenditure is treated as fixed assets.

i) Retirement and Other Employee Benefits

- i) Provident Fund is a defined contribution scheme established under State Plan. The contributions to the scheme are charged to Profit & Loss Account in the year when the contributions to the funds are due.
- ii) Superannuation Fund is a defined contribution scheme and contribution to the scheme are charged to the Profit & Loss Account in the year when contributions are made in respect of employees covered under the scheme. The scheme is funded with Life Insurance Corporation of India.
- iii) The Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering all employees. The Gratuity Plan provides a lumpsum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The liability in respect of employees is provided and contributed to Life Insurance Corporation of India under Group Gratuity (Cash Accumulation) Scheme except;
 - a) In case of Chairman cum Managing Director and Executive Vice Chairperson, in whose cases the additional Gratuity liability in accordance with their terms of appointment, is provided in the books.
 - b) In case of Nashik and Dehradun Division it is provided on the basis of actuarial valuation.
- iv) The Company has other long term employee benefits in the form of Leave Encashment. The liability in respect of Leave Encashment is provided for on the basis of actuarial valuation made at the end of the Financial Year. The aforesaid Leave Encashment is not funded.
- v) The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by the employees is recognised during the period when the employee renders the services.
- vi) Terminal Benefits:
Compensation to employees who have opted for retirement under the Voluntary Retirement Scheme and termination of services of the employees by the Company is charged to Profit & Loss account in the year on actual basis.
- vii) Actuarial gains / losses are recognised immediately to the Profit & Loss account.

j) Earnings Per Share

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

- ii) Estimated amount of contract remaining to be executed on account of Technical Know-How not provided for ₹ 150.03 lacs (Previous Year ₹ 151.18 lacs).

iii) Contingent Liabilities in respect of the following:

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Letters of credit opened by the bankers of the Company in favour of the third parties	91.69	98.15
Guarantee given by the banks to the third parties on behalf of the Company	702.44	533.57
Letter of Credit discounted with bank	68.27	—
Claims of Excise disputed by the Company	45.45	14.78
Claims of ESIC disputed by the Company	—	14.73
Claims of Income Tax disputed by the Company	27.61	10.87
Non-performance of Export obligation	4.96	4.96

iv) Payment to Auditors:

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
As Auditor	2.25	1.70
For Tax Audit	0.60	0.40
For Certification etc.	0.80	0.40
For out of pocket expenses	0.30	0.21
TOTAL	3.95	2.71

v) Employee Benefits:

Consequent upon adoption of Accounting Standard on "Employee Benefits" (AS 15) (Revised 2005) issued by the Institute of Chartered Accountants of India, as required by the Standard, the following disclosures are made.

Defined Contribution Plan:

Contribution for Defined Contribution Plan, recognised as expense for the year are as under:

(₹ in lacs)

Particulars	2011-2012	2010-2011
Employer's Contribution to Provident Fund	43.71	39.71
Employer's Contribution to Superannuation Fund	19.68	15.76
Employer's Contribution to Pension Fund	20.47	18.91

Defined Benefit Plan:

(₹ in lacs)

	Gratuity		Leave Encashment	
	2011-2012	2010-2011	2011-2012	2010-2011
i) <u>Reconciliation of opening and closing balances of Defined Benefit obligation</u>				
Defined Benefit obligation at beginning of the year				
Funded	445.10	384.03	—	—
Non-Funded	80.33	70.28	60.37	53.65
	525.43	454.31	60.37	53.65
Current Service Cost				
Funded	4.73	14.59	—	—
Non-Funded	4.52	4.02	22.88	18.67
	9.25	18.61	22.88	18.67
Interest Cost				
Funded	36.72	30.72	—	—
Non-Funded	2.01	1.32	4.72	4.03
	38.73	32.04	4.72	4.03
Actuarial (gain) / loss				
Funded	5.92	84.13	—	—
Non-Funded	5.06	5.38	23.56	15.96
	10.98	89.51	23.56	15.96
Benefits paid				
Funded	103.42	68.37	—	—
Non-Funded	—	0.67	35.35	31.94
	103.42	69.04	35.35	31.94
Defined Benefit obligation at year end				
Funded	389.05	445.10	—	—
Non-Funded	91.92	80.33	76.18	60.37
	480.97	525.43	76.18	60.37
ii) <u>Reconciliation of opening and closing balances of fair value of plan assets (Funded)</u>				
Fair value of plan assets at beginning of the year	396.88	400.15	—	—
Expected return on plan assets	33.49	34.25	—	—
Actuarial (gain) / loss	1.98	(1.67)	—	—
Employer contribution	53.80	29.18	—	—
Benefits paid	103.42	68.37	—	—
Fair value of plan assets at year end	378.77	396.88	—	—
Actual return on plan assets	31.51	35.92	—	—

	Gratuity		Leave Encashment	
	2011-2012	2010-2011	2011-2012	2010-2011
iii) <u>Expense recognised during the year</u>				
Current Service Cost				
Funded	4.73	14.59	—	—
Non-Funded	4.52	4.02	22.88	18.67
	9.25	18.61	22.88	18.67
Interest Cost				
Funded	36.72	30.72	—	—
Non-Funded	2.01	1.32	4.72	4.03
	38.73	32.04	4.72	4.03
Expected return on plan assets				
Funded	33.49	34.25	—	—
Non-Funded	—	—	—	—
	33.49	34.25	—	—
Actuarial (gain) / loss				
Funded	7.90	82.46	—	—
Non-Funded	5.06	5.38	23.56	15.96
	12.96	87.84	23.56	15.96
Net Cost				
Funded	15.86	93.52	—	—
Non-Funded	11.59	10.72	51.16	38.66
	27.45	104.24	51.16	38.66
	As at 31st March		As at 31st March	
	2012	2011	2012	2011
iv) <u>Reconciliation of fair value of assets and obligations</u>				
Fair value of plan assets				
Funded	378.77	396.88	—	—
Non-Funded	—	—	—	—
	378.77	396.88	—	—
Present value of obligation				
Funded	389.05	445.10	—	—
Non-Funded	91.92	80.33	76.18	60.37
	480.97	525.43	76.18	60.37
Amount recognised in Bal. Sheet				
Funded	10.28	48.22	—	—
Non-Funded	91.92	80.33	76.18	60.37
	102.20	128.55	76.18	60.37

v) Investment Details

vi) Actuarial assumptions

Mortality Table (LIC)

Discount rate (per annum)

Expected rate of return on plan assets (per annum)

Rate of escalation in salary (per annum)

Gratuity		Leave Encashment	
As at 31 st March		As at 31 st March	
2012	2011	2012	2011
Insurer Managed Funds		N.A.	
1994-96 (Ultimate)		1994-96 (Ultimate)	
8.50%	8.25%	8.50%	8.25%
9%	9%	—	—
8%	6%	8%	6%

- vi)** Trade Receivables over six months comprises of ₹ 624.89 lacs (Previous year ₹ 434.44 lacs) due from Government concerns and ₹ 89.04 lacs (Previous year ₹ 74.98 lacs) due from commercial parties.
- vii)** In the opinion of the Management, the current assets, loans and advances are approximately of the values stated if realised in the ordinary course of business and all provisions for liabilities are adequate and not in excess of the amount considered necessary.
- viii)** In view of the deductions available under section 80 IC of the Income Tax Act, 1961 to the Company, provision for Income Tax of ₹ 244.00 lacs has been computed on the basis of Minimum Alternative Tax (MAT) in accordance with section 115JB of the Income Tax Act, 1961. Considering the future profitability and taxable position in the subsequent years, the Company has recognised MAT Credit Entitlement of ₹ 88.00 lacs as an asset by crediting the Profit & Loss Account for an equal amount and disclosed the same under the head Other Non-Current Assets in accordance with the Guidance Note on "Accounting for Credit available in respect of Minimum Alternative Tax under the Income Tax Act, 1961" issued by the Institute of Chartered Accountants of India.
- ix)** In the opinion of the Management, no provision is required against contingent liabilities referred hereinabove.
- x)** Balance of Trade Receivables and Trade Payables are subject to confirmation.
- xi)** The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the company is as under:

(₹ in lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
Principal amount due and remaining unpaid	—	—
Interest due on above and unpaid interest	—	—
Interest paid	—	—
Payment made beyond the appointed day during the year	—	—
Interest due and payable for the period of delay	—	—
Interest accrued and remaining unpaid	—	—
Amount of further interest remaining due and payable in succeeding years	—	—

- xii)** The recurring expenditure of ₹ 28.06 lacs (Previous year ₹ 19.97 lacs) spent in respect of Research and Development during the year have been debited to respective expense account.
- xiii)** At each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. However, in the opinion of the management, there is no impairment of assets as on the balance sheet date.
- xiv)** During the year a fraud amounting to ₹ 24.00 lacs approximately committed by an employee Mr. A. R. Biswas of Kolkata branch was noticed. Services of the said employee since, has been terminated and legal action has been initiated against him. The necessary accounting treatment for recovery/loss will be given in the year of settlement.

xv) Earnings per Share :

(₹ in lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Profit after taxation as per Statement of Profit & Loss	1,068.18	1,014.41
Weighted average number of equity shares outstanding	1,50,57,930	1,50,57,930
Basic and diluted earnings per share	7.09	6.74

xvi) Segment Information :

The Company has identified its Business Segments as its Primary Segments comprising of Electronic Components and Equipments.

Primary Segment Information :

(₹ in lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
A. Segment Revenue		
Electronic Components	1,593.72	2,357.79
Equipments	10,672.26	8,515.68
Total	12,265.98	10,873.47
Less : Inter-Segment Revenue	472.02	709.59
Net Sales/ Income from Operations	11,793.96	10,163.88
B. Segment Results - Profit/(Loss)		
Electronic Components	170.32	415.49
Equipments	1,567.26	1,178.83
Total	1,737.58	1,594.32
Less : Interest & Financial Charges	158.30	82.10
Other Unallocable Expenditure (Net of unallocable Income)	371.33	350.24
Profit Before Tax	1,207.95	1,161.98
C. Capital Employed		
Electronic Components	610.58	743.90
Equipments	4,770.28	4,092.27

xvii) Related Party disclosures under Accounting Standard-18:

a) List of related parties

Name of Related Party	Relationship
Shri S. K. Nevatia	Key Management Personnel
Smt. Uma Nevatia	Key Management Personnel
Shri Saurabh Nevatia	Relative of Key Management Personnel
Smt. Surabhi Golyan	Relative of Key Management Personnel
Shri Bharat Swaroop	Relative of Key Management Personnel

b) Transactions during the year

(₹ in lacs)

S.No.	Nature of transaction	Key Management	Relative of Key Management	Total
Expenditure				
i.	Interest paid	— (1.14)	— (0.27)	— (1.41)
ii.	Remuneration	81.82 (79.95)	20.83 (8.19)	102.65 (88.14)
iii.	Directors Sitting Fees	— —	0.25 (0.10)	0.25 (0.10)
iv.	Rent	— —	3.90 (3.90)	3.90 (3.90)

(*) Figures in bracket represent previous year's amount.

xviii) Particulars of Sales:

(₹ in lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
a) Manufactured Goods		
Rectifier Stacks & Apparatus	1,735.05	1,546.82
Discrete Semi conductor Devices	742.89	788.11
Silicon Rectifier Apparatus	4,496.00	3,124.23
Convertor & Invertor Equipments	3,526.92	2,902.57
Others	258.94	556.25
Total	10,759.80	8,917.98
b) Traded Goods		
Fuses and Microswitches	7.79	4.64
Semiconductor Devices	—	349.34
Capacitors	277.46	358.01
Others	5.36	9.40
Total	290.61	721.39
TOTAL	11,050.41	9,639.37

xix) Particulars of Purchase of Stock-In-Trade:

(₹ in lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Fuses and Microswitches*	6.92	7.50
Semiconductor Devices**	20.13	348.49
Capacitors***	193.76	254.25
Others	3.54	0.87
TOTAL	224.35	611.11

Includes purchases for manufacturing:

* ₹ 0.63 lacs (Previous year ₹ 0.90 lacs)

** ₹ 7.65 lacs (Previous year ₹ 5.83 lacs)

*** ₹ 5.38 lacs (Previous year ₹ 36.18 lacs)

xx) Particulars of Consumption of Raw Materials:*

(₹ in lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Non-ferrous metals	1,824.76	1,553.84
CRGO lamination	468.42	467.37
Electrical accessories and semi conductor components	2,581.42	2,741.36
Others	2,755.82	1,597.13
TOTAL	7,630.42	6,359.70

* Raw materials consumed:

i) Includes material used for service activities.

ii) Excludes sale and stock of scrap.

iii) Others include Conversion and Processing charges ₹ 302.51 lacs (Previous Year ₹ 239.87 lacs)

xxi) Consumption of Imported Raw Materials, Components and Spare Parts:

(₹ in lacs)

Particulars	Year Ended March 31, 2012		Year Ended March 31, 2011	
	Amount	Percentage	Amount	Percentage
Imported	1,356.67	17.78	1,402.42	22.05
Indigenous	6,273.75	82.22	4,957.28	77.95
TOTAL	7,630.42	100.00	6,359.70	100.00

xxii) Value of Imports on C.I.F Basis:

(₹ in lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Raw Materials & Components	1,847.19	1,743.02
Capital goods	—	—
TOTAL	1,847.19	1,743.02

Hirect

xxiii) Expenditure in foreign currency (on payment basis):

(₹ in lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Travelling Expenses	6.94	4.88
Technical Know-How, Licence Fee (shown under Capital advance)	43.08	—
Royalty	—	—
Others	—	—
TOTAL	50.02	4.88

xxiv) Earnings in foreign currency:

(₹ in lacs)

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Export on F.O.B. basis	55.57	43.84
Others	—	—
TOTAL	55.57	43.84

xxv) Dividend paid abroad:

Particulars	Year Ended March 31, 2012	Year Ended March 31, 2011
Remittance of foreign exchange on account of dividend (₹ in lacs)	36.00	33.60
Number of non-resident shareholders	1	1
Number of shares on which remittance was made	24,00,000	24,00,000
Year for which the dividend was remitted	2010-2011	2009-2010

xxvi) Till the year ended 31st March, 2011, the Company was using the pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its Financial Statements. During the year ended 31st March, 2012 the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company. Accordingly previous year's figures has been re-classified and re-grouped to confirm to this year.

As per our report attached

For **KHANDWALA & SHAH**
Chartered Accountants

Uday J. Shah
Partner

Place : Mumbai
Date : 31st May, 2012

For and on behalf of the Board of Directors

S. K. NEVATIA, Chairman & Managing Director
V. K. BHARTIA, Director

Place : Mumbai
Date : 30th May, 2012

HIND RECTIFIERS LIMITED

Registered Office : Lake Road, Bhandup (W), Mumbai 400 078

ATTENDANCE SLIP

To be handed over at the entrance at the Meeting Hall.

I hereby record my presence at the FIFTY FOURTH ANNUAL GENERAL MEETING held at M. C. Ghia Hall, 4th Floor, Hargovindas Building, 18/20, K. Dubhash Marg, Kala Ghoda, Fort, Mumbai - 400 001 (India) on Tuesday, 7th August 2012 at 3.30 p.m.

Folio/DPID No. _____

Name of the Shareholder (in Block Letters)

Name of the Proxy (in Block Letters)
(To be filled in if the proxy attends instead of the member)

SIGNATURE OF THE SHAREHOLDER OR PROXY

HIND RECTIFIERS LIMITED

Registered Office : Lake Road, Bhandup (W), Mumbai 400 078

PROXY FORM

I/We _____ of _____
being a Members of Hind Rectifiers Ltd. hereby appoint _____
of _____ or failing him _____
of _____ or failing him _____
of _____ as my / our proxy to attend and vote for me/us and on
my / our behalf at the FIFTY FOURTH ANNUAL GENERAL MEETING of the said Company to be held at
3.30 p.m. on Tuesday, 7th August, 2012 and at any adjournment thereof.

Signature this _____ day of _____ 2012

Signature (s) of the Shareholder(s)

Affix
Revenue
Stamp

- N.B.: (i) THIS FORM MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT
LATER THAN FORTYEIGHT HOURS BEFORE THE TIME OF THE MEETING.
(ii) A PROXY NEED NOT BE A MEMBER

ANNEXURE "II" TO THE DIRECTOR'S REPORT**STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 FOR THE YEAR ENDED 31ST MARCH 2012**

SR. NO.	NAME	DESIGNATION	REMUNERATION GROSS (₹ in Lacs)	RECEIVED NET (₹ in Lacs)	QUALIFICATION/ EXPERIENCE	DATE OF JOINING	AGE (YRS.)	PARTICULARS OF THE LAST EMPLOYMENT	
								COMPANY & THE LAST POST	PERIOD (YEARS)
1	SHRI S.K. NEVATIA	CHAIRMAN & MANAGING DIRECTOR	64.67	37.23	M.I.B.M. (LONDON) 58 YEARS	25.04.1958	80	MUKUND LTD. EXECUTIVE	5

Notes:

1. Gross remuneration includes Salary & cost of other perquisites calculated on the basis of rules prescribed in this behalf by the Department of Company Affairs and includes Company's contribution to Provident Fund.
2. None of the employees is drawing remuneration at the rate which in the aggregate is in excess of that drawn by the Chairman & Managing Director and who holds by himself or alongwith his spouse or dependent children not less than 2% of the Equity shares of the Company.

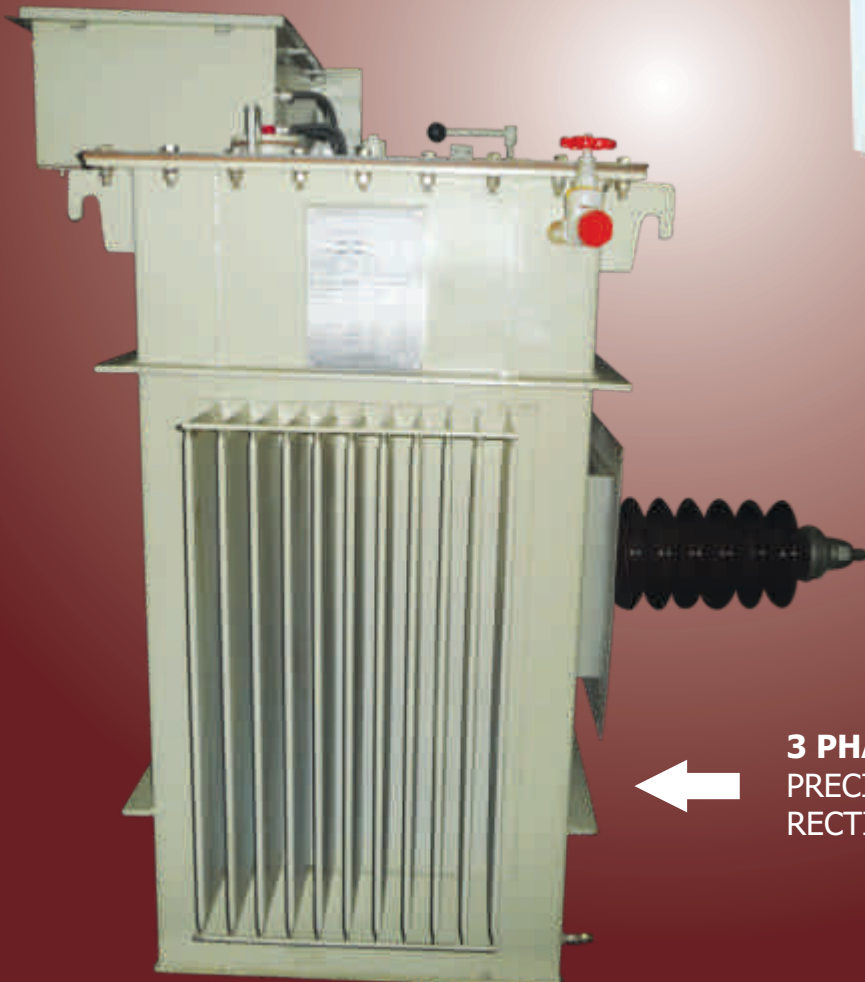
For and on behalf of the Board of Directors
For **Hind Rectifiers Limited**

Mumbai
Dated: 30th May, 2012

S. K. Nevatia
Chairman & Managing Director

FUTURISTIC PRODUCTS

COMPACT HIGH FREQUENCY
ELECTROSTATIC PRECIPITATOR POWER
SUPPLY UNIT WITH **BUILT-IN** HIGH
VOLTAGE TRANSFORMER RECTIFIER
SET AND CONTROLLER



3 PHASE ELECTROSTATIC
PRECIPITATOR TRANSFORMER
RECTIFIER UNIT



PRESENT MANUFACTURING CAPACITY OF 380 NOS. PER MONTH OF HIGH
VOLTAGE ELECTROSTATIC PRECIPITATORS AT MUMBAI, DEHRADUN AND NASHIK
PLANTS WITH STATE OF THE ART TEST FACILITIES