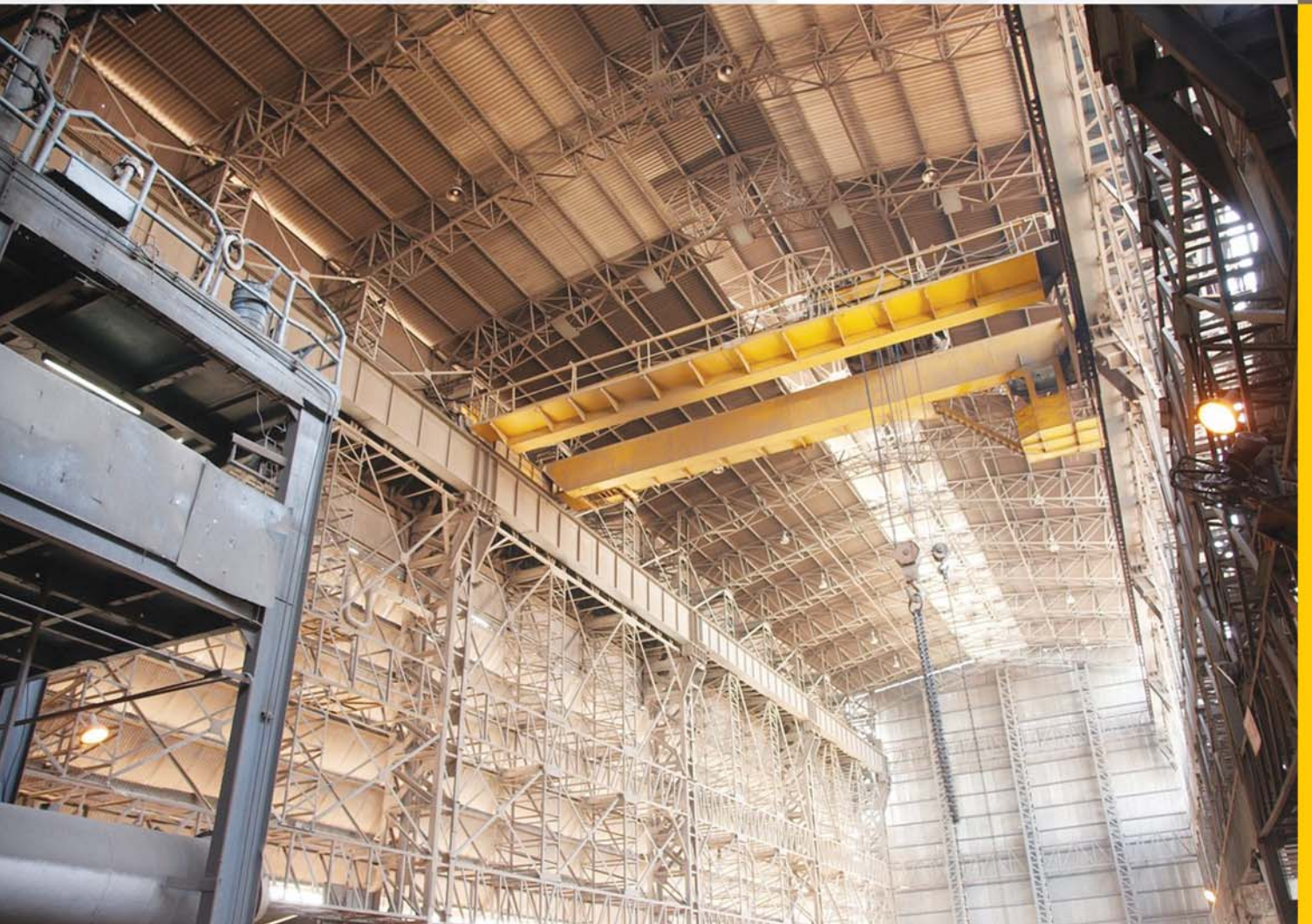




FACOR STEELS LIMITED

6TH ANNUAL REPORT 2008 - 2009



CORPORATE INFORMATION

Board of Directors

Narayandas Saraf

Chairman & Whole-time Director

M.D. Saraf

Vice Chairman & Managing Director

Vinod Saraf

Managing Director

Anurag Saraf

Joint Managing Director

A.S. Kapre

M.B. Thaker

Arye Berest

P.K.S. Nair

Nominee of Bank of India

P.K. Kukde

Vibhu Bakhru

Ashim Saraf

Alternate Director to Mr. Arye Berest

Amit G. Pandey

Company Secretary

Executives

R.V. Dalvi

Director (Technical)

C.V. Raghavan

Chief Finance Officer

S.C. Parija

Executive Vice-President

Bankers

Bank of India

Central Bank of India

State Bank of India

Syndicate Bank

State Bank of Bikaner & Jaipur

Indian Overseas Bank

Solicitors

Mulla & Mulla and Craige Blunt & Caroe

Auditors

Salve & Co.

Chartered Accountants

Internal Auditor

M. M. Jain

Chartered Accountant

Registrar & Share Transfer Agent

(for Both Physical & Electronic)

Link Intime India Pvt. Ltd.

C-13 Pannalal Silk Mills

Compound, LBS Marg,

Bhandup (W),

MUMBAI – 400 078

Phone No. 022-2596 3838

Fax No. 022-2594 6969

E-mail: mumbai@linkintime.co.in

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NOTICE TO MEMBERS

Notice is hereby given that the SIXTH ANNUAL GENERAL MEETING of the Members of the Company will be held at the Registered Office of the Company at 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur- 440 028 on Tuesday, the 15th of September, 2009 at 12.15 P.M to transact, with or without modification as may be permissible, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. N. D. Saraf, who retires from Office by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. M. B. Thaker, who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. Arye Berest, who retires from office by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass the following resolution which will be proposed as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs Salve And Company, Chartered Accountants, the retiring Auditors of the Company, be and they are hereby re-appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration plus service tax as applicable and reimbursement of expenses incurred by them incidental to their functions as the Board of Directors may fix in that behalf in consultation with the said Auditors.”

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such further approvals, if any, as may be necessary, the Company hereby approves of the re-appointment of Mr. Vinod Saraf as Managing Director of the Company for a period of 5 years with effect from 1st August, 2009 upon the

terms and conditions as to remuneration and otherwise as set out in the draft agreement prepared in that behalf and submitted to this meeting and initialed by the Company Secretary for the purpose of identification which draft agreement, broad details of which are given in the Explanatory Statement in respect of this item of the Notice, is hereby specifically approved and with a liberty to the directors to vary the terms and conditions of the remuneration and appointment and/or the Agreement in such manner and to such extent as may be agreed to between the Directors and Mr. Vinod Saraf in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement when finalized be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company.”

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item No. 6 of the Notice set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Members / Proxies are requested to bring their Attendance Slip sent herewith, duly filled in, for attending the meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 10th September, 2009 to Tuesday, the 15th September, 2009, both days inclusive.
6. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
7. **Change of address or other particulars:**

Members are requested to inform their Change of address (with PIN CODE), Nominations in respect of their shareholding, Bank Details, Mandate instructions, Electronic Clearing Service (ECS) mandates as also any changes in the above (under the signature of the registered holder(s) of shares) etc. to:-

- The Registrar and Share Transfer Agent (RTA) of the Company in respect of shares held in physical form; and
 - The Depository Participants in respect of shares held in electronic form.
8. Shareholders intending to require information on the accounts at the meeting are requested to furnish the queries to the Company at least 10 (ten) days in advance of the Annual General Meeting to facilitate ready response.
9. As required by the Listing Agreement with the Stock Exchange, the relevant details in respect of the Directors proposed to be appointed/re-appointed are set out in the Report on Corporate Governance forming part of the Annual Report.
10. Non-resident Shareholders are requested to inform the change in their residential status on return to India as also the details of their bank account in India to:
- The Registrar and Share Transfer Agent (RTA) of the Company in respect of shares held in physical form; and
 - The Depository Participants in respect of shares held in electronic form.
11. The draft of the agreement referred to in Item no. 6 of the accompanying notice is open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.

Registered Office:

46 A & B, MIDC, Industrial Estate,
Hingna Road,
Nagpur – 440028
Dated : 27th July, 2009

By Order of the Board,

Amit Pandey
Company Secretary

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956:

Item No. 6

Mr. Vinod Saraf has been associated with the Company as its Managing Director since 2004. His knowledge and experience in commercial operations and administration has contributed significantly towards the growth and development of the Company. Therefore, it is desirable that he continues as Managing Director of the Company.

Accordingly, the Board of Directors of the Company re-appointed Mr. Vinod Saraf as Managing Director for a period of 5 years w.e.f. 1st August, 2009 subject to your approval.

The material terms & conditions of his appointment and remuneration which are in conformity with the Schedule XIII to the Act as contained in the draft Agreement are as follows:

- a. Basic Salary Rs 90,000/- per month in the scale of Rs 90,000 – 5,000 – 1,00,000/-
- b. Perquisites and Allowances:

In addition to the aforesaid salary, the Managing Director shall also be eligible to the perquisites and allowances as given hereunder;

The perquisites and allowances payable to the Managing Director will include dearness and other allowances, accommodation [furnished or otherwise] or House Rent Allowance in lieu thereof: reimbursement of expenses for utilization of gas, electricity, water, furnishing, medical reimbursement at actual for self and his family, leave travel concession at actual for self and his family, club fees, medical insurance and such other perquisites within the amount specified above. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules there under [including any statutory modification[s] or re-enactment thereof, for the time being in force]. In the absence of any such rules, perquisites and allowances shall be evaluated at the actuals. However, Company's contribution to Provident fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and Gratuity payable and encashment of leave at the end of tenure, as per rules of the Company, shall not be included in the computation of limits for the remuneration. Further the Company shall provide car for use on company's business and telephone at residence for official purpose. Provision of a car for use on company's business and telephone at residence for official purpose are not to be considered as perquisites.

The term "Family" means the spouse, the dependent children and the dependent parents of the Managing Director.

The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

The Managing Director shall be eligible for increment, as per the basic scale, at the start of every financial year with the first increment falling due on 1st of April, 2010.

The remuneration payable to the Managing Director by way of salary, dearness allowance, perquisites and any other allowances shall not however exceed the ceiling limit of Rs 18,00,000/- per annum.

The Board of Directors or any Committee thereof is entitled to determine and revise the salary and perquisites and allowances payable to the Managing Director of the Company at any time, such that the overall remuneration payable shall not exceed the aggregate limit of Rs 18,00,000/- per annum as specified above.

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Director, the company has no profits or its profits are inadequate, then also he shall be paid salary allowances and perquisites as specified above in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, if any, required.

None of the directors except Mr. Vinod Saraf is interested in this resolution

The Particulars set out above may be treated as an abstract of the draft Agreement between the said Managing Director and the Company pursuant to Section 302 of the Companies Act, 1956.

The Draft Agreement between the Company and Mr. Vinod Saraf is available for inspection by the Members of the Company at the Registered Office between 11 a.m. to 1 p.m. on any working day upto and inclusive of the date of the Annual General Meeting.

Accordingly the resolution in Item No. 6 of the accompanying Notice is commended for your approval.

Registered Office:

46 A & B, MIDC, Industrial Estate,
Hingna Road,
Nagpur – 440028
Dated : 27th July, 2009

By Order of the Board,

Amit Pandey
Company Secretary

DIRECTORS' REPORT TO THE MEMBERS

The Directors submit the **SIXTH ANNUAL REPORT** on the business and operations of the Company and the Audited Statements of Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS:

	For the year ended 31.3.2009 (Rs in lacs)	For the year ended 31.3.2008 (Rs in lacs)
Gross Profit / (Loss)	(42.85)	763.93
Depreciation / Amortization	371.08	329.47
Adjustments relating to earlier years	6.93	95.19
	(420.86)	339.27
Provision /(Credit) for MAT/ FBT/ DEF. TAX	106.52	62.55
Profit/(Loss) after tax for the year	(527.38)	276.72

OVERALL PERFORMANCE:

Your company registered higher growth during the first two quarters of the financial year 2008-2009. However, the last two quarters of the financial year 2008-2009 had been one of the worst recessionary periods all across the globe and your company also got adversely affected by it. During this period the production level of the company declined significantly due to lack of demand and liquidity in the market. There was a sharp increase in finished inventory of the company coupled with significant decline in the value of the product, which resulted in reduction in order position of the company considerably. Increase in the interest rates further burdened the company with additional cost of holding the finished inventory. Your company adopted several cost cutting measures to minimize the losses during this tough times. However, In spite of all the efforts of the management, your company ended the year with a net loss of Rs.527.38 lacs as compared to a net profit of Rs.276.72 lacs during the previous year 2007-2008. The turnover of the company also declined significantly to Rs.37154.26 lacs as compared to Rs.47783.24 lacs of previous year. Your Company is hopeful that with the revival of the domestic and world economy, it will be able to reset itself in the path of growth.

DIVIDEND:

In the absence of profit, your directors are unable to declare any dividend for the year 2008-2009.

PROSPECTS:

The Special steel industry's performance was good during the first half of the financial year 2008-2009 however, during the last two quarters, demand supply situation changed drastically as a result of significant and sudden slow down in world economy. The financial crises of the American and European economy further resulted into lack of trust in the world market and contraction of money flow in the markets. Indian economy was also affected by this financial turmoil of the western countries, which resulted in slowdown of the Indian

economy during this quarter. The market sentiments were badly affected and Special steel industry also faced the impact of the same. The demand for steel went down drastically by 30-40% during the period October-December 2008. Since the second half of FY2008-09, the special and alloy steel, in particular, has suffered from low capacity utilization and falling prices of products.

The period upto September 2008 of the last fiscal witnessed normal capacity utilisation and most of the steel mills reported good performances inspite of huge hike in raw materials like sponge iron, scrap, ferro alloys etc. Your company also reported good performance and higher capacity utilisation of 90% with sales turn over of Rs.260.54 Crores during this period. But due to slow down in the subsequent period, overall sales turnover declined by 22.1% due to various reasons like drop in export business in last two quarters, loss of stainless business, comparatively less carbon and alloy steel order and less conversion job work especially in the October – December 2008 period and also less capacity utilization of the plant which had dropped to 44% and 41% respectively in the third and fourth quarter.

In spite of the slowdown in the economy, your company has gone ahead with the modernization of its existing steel melting facilities for improving quality by installing equipments like Automatic Mould Level Control in June 2008 (AMLC) and the installation of Mould EMS in first week of June 2009. This modernization will lead to better internal soundness and better surface finish in steel manufactured by the company. It will also enable the company to have better yield and lower the variable cost of the product manufactured by the company. In the month of July 2009 your company successfully completed the commissioning of open die forging plant. With this facility your company will be able to cater to new industrial segment like heavy duty gear, rolling mill rolls, sugar mills, wind mills, cement industry and Nuclear power sector in longer run. It will reduce company's dependence on auto & auto component sector and ensure increased production of value added products with a sustainable business in the coming years. Additional capacity of 1000MT per month from forging unit will widen the company's product range and improve realization per MT. Your company is also trying to increase the orders of carbon and alloy steel grades by increasing its customer base.

The current Fiscal of 2009-10 started with a positive note with slight improvement in demand from auto sector. The order booking position during the month of April-May 2009 was also encouraging for your company. The capacity utilization of the rolling mill has also increased during the period due to increased conversion job work level. Government measures like reduction of excise duty, 5% import duty on selected steel items, increased spending in project related work, promotion of stainless steel utilization in railways, project clearance for several massive Nuclear power plants etc., has created positive trend in the industry and the industry is expected to recover to the post October 2008 level by second quarter of FY 2009-2010.

FINANCE:

The Company has not accepted any fixed deposit from the public during the year under review. During the year your company received USD 2.94 million as External Commercial Borrowing (ECB) from Israel Discount Bank, London under both automatic route and approval route as permitted by the Reserve Bank of India. The Company has utilized the money availed under ECB for funding the forge round bar project and for modernization of its steel melting shop.

COST AUDITOR:

The Directors have appointed Mr. Shridhar K. Phatak, a Practicing Cost Accountant, as Cost Auditor for the financial year 2009-10 for the Company's Mini Steel Plant at Nagpur for which Central Government's approval has also been obtained.

INDUSTRIAL RELATIONS:

The overall industrial relations in the Company were cordial during the year.

DIRECTORS:

Mr. N.D. Saraf, Mr. M. B. Thaker and Mr. Arye Berest, Directors of the Company, retire by rotation and, being eligible offer themselves for re-election.

The Company has formulated a Code of Conduct for all members of the Board and Senior Management Personnel. All concerned Board members / executives have affirmed compliance with the said Code.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) annual accounts have been prepared on a going concern basis.

AUDIT COMMITTEE:

The Audit Committee formed by the Board of Directors of the Company consists of Mr. A.S. Kapre, Mr. M. B. Thaker, who are Non-Executive Independent Directors of the Company, and Mr. Vinod Saraf who is Managing Director. Mr. A.S. Kapre is its Chairman. The Committee's role, terms of reference and the authority and powers are in conformity

with the requirements of the Companies Act 1956 and the Listing Agreement.

AUDITORS:

You are requested to appoint Auditors for the current year and to fix their remuneration. M/s Salve & Company, Chartered Accountants hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received the requisite Certificate pursuant to Section 224 (1B) of the Companies Act 1956 regarding their eligibility for reappointment as Auditors of the Company.

AUDITOR'S REPORT:

With reference to the comments made by the Auditor in his Report, the Directors wish to state that the relevant notes forming part of the Company's Accounts are self-explanatory and hence do not require any further explanation from the Board.

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

The statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked Annexure 'A' which forms part of this Report.

PARTICULARS OF EMPLOYEES:

During the year under review there were no employees receiving remuneration of or in excess of Rs.24,00,000/- per annum or Rs.2,00,000/- per month requiring disclosure as per the provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing agreement with the Stock Exchange, a Management Discussion and Analysis Report, Corporate Governance Report and Auditor's Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

ACKNOWLEDGEMENT AND APPRECIATION:

Your Directors place on record their gratitude for the support and cooperation received from Central and State Governments, Financial Institutions & Banks, Customers, Suppliers and Shareholders for their continued support. The Board also expresses its sincere and special appreciation to the dedicated and committed team of employees and workmen of the company who have wholeheartedly supported the management of the company, particularly during the recessionary period and have willingly co-operated in all cost cutting measures undertaken by the company.

On behalf of Board of Directors,

Nagpur
Dated: 27th July, 2009

N.D.SARAF
CHAIRMAN & WHOLETIME DIRECTOR

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

- a) Measures taken : i) Improvement brought in tempering and spherodised annealing to reduce consumption in tool grades like O1, H11, H13.
ii) Spindle Oil Consumption was further reduced by installing a pumping system to feed lubrication points.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy. : NIL
- c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods. : It is expected that the above measures may result in reduced energy consumption and reduction in cost of production.
- d) Total energy consumption and energy consumption per unit of production in prescribed form 'A'. : As per Form A attached

B. TECHNOLOGY ABSORPTION:

Research and development:

- a. Specific areas in which R & D carried out by the Company. : NIL
- b. Benefits derived as a result of above R & D. : NOT APPLICABLE
- c. Future plan of action : NIL
- d. Expenditure on Research & Development. : NIL
- e. Technology absorption, adaptation and innovation :
 - i) Efforts, in brief, made towards Technology absorption, adaptation and innovation. : Not Applicable
 - ii) Benefits derived as a result of above efforts. : Not Applicable
 - iii) Information regarding technology imported during the last five years. : No technology has been imported during last five years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- 1) Activities relating to exports initiatives taken to increase exports, development of new exports markets for products and services and export plans. : New grades were developed for foreign customers to establish niche export markets. The Directors and Executives do undertake foreign tours to keep abreast of the latest developments in technology and to develop new export market, establish contacts with overseas parties, renew relationship with customers and to study export potential.

2) Total Foreign Exchange used and earned (2008-2009):

	<u>(Rs. in Lacs)</u>
i) CIF value of imports	2550.95
Expenditure in Foreign Currency	86.16
ii) Foreign Exchange earned	6497.95

On behalf of Board of Directors,

Nagpur
Dated: 27th July, 2009

N.D.SARAF
CHAIRMAN & WHOLETIME DIRECTOR

FORM 'A'

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

PARTICULARS	STEEL	
	CURRENT YEAR 2008-2009	PREVIOUS YEAR 2007-2008
A. POWER AND FUEL CONSUMPTION:		
1. ELECTRICITY		
a) Purchased		
Units (KWH in lacs)	447.63	563.08
Total Amount (Rs. in Lacs)	1932.57	2408.98
Average rate per unit (Rs.)	4.31	4.28
b) Own generation		
i) Through Diesel Generator		
Units (KWH)	—	—
Units per ltr. of diesel oil	—	—
Cost/unit (Rs.)	—	—
ii) Through Steam Turbine/Generator		
Units	—	—
Units per ltr. of fuel oil/gas	—	—
Cost/unit (Rs.)	—	—
2. Coal (specify quality)	—	—
3. Furnace Oil		
Quantity (K. Liter)	2825.94	3849.72
Total cost (Rs. in Lacs)	795.61	800.19
Average Rate (Rs./K. Liters)	28153.73	20785.72
4. Others/Internal Generation	—	—
B. CONSUMPTION PER UNIT OF PRODUCTION:		
ELECTRICITY (KWH per tonne)		
Rolled Products	1160.000	1018.000
FURNACE OIL (K. Liter per tonne)		
Rolled Products	0.066	0.059
Coal (Specify quality)	—	—
Others (Specify)	—	—

MANAGEMENT DISCUSSIONS AND ANALYSIS

INDUSTRY STRUCTURE, DEVELOPMENT AND OTHER RELATED MATTERS

Indian special steel industry has enough potential to grow even though the last 6-8 months have been extremely tough for the industry due to global melt down. The Fluctuating raw material prices and recessionary condition prevailing in developed countries like USA, Japan, EU etc. has affected the export sector significantly. The trend of demand supply has completely changed across the globe due to slow down in economy of most of the countries and realisation remained a worry for all steel mills as steel prices crashed by over 40-50 % compared to the early quarter of 2008 due to severe competition amongst them. Falling demand, increasing inventory, delayed payment and falling prices of steel had became the feature of the steel industry in the second half of the year. Original Equipment Manufacturers (OEM) are also putting pressure on steel Mills for reducing prices citing slow down and fall in prices of raw materials.

Several governmental measures like imposition of import duty on steel, reduction of excise duty, increased spending on infrastructure, promotion of stainless steel in Railway coaches and wagons, Metro Rail projects, airports, setting up of various defence projects and increased allocation for Jawaharlal Nehru National Urban Renewal Mission (JNNURM) scheme etc. have created a positive sentiment in the market.

Your company has also undertaken various measures for better utilisation of the production capacity and reduction in cost of production. Further there is severe competition between producers of special steel to grab the orders getting released due to slight improvement in demand. Your company has decided to increase its customer base in non auto sector and also increase its share in more of value added products. More number of new grades have been developed during the year and with the commissioning of the forging plant in July 2009 the product and size range of your company has increase further.

The present growth of GDP of the country of 5% to 6% is likely to continue during the financial year 2009-10 and the production of steel is expected to gradually pick up. Faced with steep fall in demand, most of the steel mills including your company had curtailed production by opting for 5 Day/ lesser no. of Working days starting from November'08 which has brought down operating costs and also other expenses. Out processing work of forging and proof machining of critical tool steel were also carried out for meeting the customer commitment given earlier. In 2008-09 automobile industry grew by 2.96%, only due to steep fall in demand during the last two quarters and auto component industry by 6 % which is also low when compared to the performance of last year. With the improvement in the market conditions these sectors are likely to register better growth resulting into more demand for steel products.

During the year your company has successfully implemented the oracle based ERP system in the company to improve data availability and better efficiency in all operations. It has also received IS/TS 16949 certification on 12/09/2008 (in addition to the existing IS 9001-2000 certification) which is a well known quality Management system with special focus on continual improvement having stress on effective analysis of data to drive improvement throughout the organization. ISO /TS certification will enable your company to increase supplies to automobile sector which is acceptable to the European and US automobile industries alike.

Your company has also got approval from TUV Nor Systems GmbH & Co. KG for PED for more critical grades like F12, F22, 410, 420,B16, T-91 etc., which will enable your company to increase its share in alloy and stainless steel business.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

OPERATIONAL PERFORMANCE:

YEAR	STEEL MELTING SHOP PRODUCTION (GROSS) (M.T)	ROLLING MILL SHOP PRODUCTION (GROSS) (M.T)	TOTAL SALE	
			QUANTITY	VALUE (Rs. In Lacs)
2008-09	39279	42519**	37545	36510.70*
2007-08	55249	65781**	51219	46912.01*

* Includes value of by-product sale

** Includes conversion job work

FINANCIAL PERFORMANCE:

(Rs. In Lacs)

	2008-2009	2007-2008
Total Income	37154.26	47783.24
EBIDT	945.16	1548.45
Interest	988.01	784.52
Depreciation	371.08	329.47
Adjustments relating to earlier years	6.93	95.19
PBT	(420.86)	339.27
MAT/FBT/Deferred Tax	106.52	62.55
PAT	(527.38)	276.72
EPS	(0.26)	0.13

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate system of internal control implemented by the management towards achieving efficiency in operations, optimum utilization of resources, and effective monitoring thereof and compliance with all applicable resources. Internal Audit of the company

is carried out by an independent agency at regular intervals and the suggestions/recommendations made by them to the Management are looked into and adopted as far as practicable. The scope of the Audit activities is broadly guided and approved by the audit committee constituted by the Board of Directors. The company has introduced better system for monitoring the cost and trade position on various levels of processing for better cost/inventory control. Keeping in view the size and nature of its business the company has adequate internal control system.

OPPORTUNITIES, THREATS, RISKS AND CONCERN:

With the successful commissioning of the Forging Plant, your company would like to develop the new open die forging business as a separate entity by widening the product range gradually without disturbing the present long products business in carbon, alloy, stainless and special steel. It will reduce your company's dependence on auto sector and enable it to cater to strong demands from manufacturing sectors like sugar, cement heavy duty gear, Nuclear power plants, rolling Mill rolls etc. Your company is fully equipped and ready to seize the opportunity available in the forged round bar market where there is a considerable gap between demand and supply.

With the reduction in prices of sponge iron, iron ore, coke etc. blast furnace route has become more cost effective and in house backward integration to ferro alloys manufacturing, power etc., had further increased their competence. Due to sudden slow down in demand, finished steel stocks made out of materials bought at high prices some months ago has become a worry for steel mills and selling them at depressed price levels has lead to bad performance and reduced working capital availability. Fluctuating raw material prices of shredded scrap, nickel, molybdenum, ferro chrome, ferro silicon, furnace oil, power etc, has been a major worry for the company. Strengthening of Indian rupee, slow down in overseas demand for automobiles and auto components has adversely affected the exports during the last quarter of FY 2008-09 and it is expected that it may continue during the current FY 2009-10 upto Oct'09. Protective measures adopted by countries like USA, China has also affected the business of your company and this area remains to be a major risk and concern for the company.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS:

Your Company has gone for continuous training of employees by identifying the gap in required skills regularly. Industrial relations in the company were cordial through out the year 2008-2009 inspite of several hard measure adopted due to unexpected slow down in demand from October 2008 period onwards. Company undertook various Human Resources initiatives to keep the employees motivated and continuously kept them informed regarding the situation in the special steel industry. The employees of your company have supported management fully during this period and have willingly co-operated in all cost cutting measures undertaken by the company.

CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the Company's projections and estimates are forward looking statements and progressive within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied, depending upon economic conditions, Government policies and other incidental factors.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY:

FSL remains focused on its commitment to values, adopting 'best practices', nurturing ethical business conduct and striving to adhere to highest level of transparency and accountability practices made towards fostering all round growth and prospects for the benefit of all business partners and the society in general.

The Company adheres to good corporate practices and is constantly striving to better them and adopt best practices. The Company is in compliance with the requirements of the revised guidelines on Corporate Governance stipulated under clause 49 of the Listing Agreement with the Stock Exchange.

2. BOARD OF DIRECTORS:

The composition of the Board of Directors at FSL complies with the norms as set out by the Listing Agreement and has been strictly adhered to at all times. Members of the Board are selected in a way to provide for an apt mix of knowledge, experience, vigilance and security resulting in enhancement of organizational capabilities. The executive–non-executive members provide for an optimum ratio resulting in a structure of performance and control.

The composition of the Directors as on 31st March 2009 is as follows:-

Name of Director	Category	No of Board Meetings attended	Whether last AGM Attended	No. of Outside Directorship held		Outside Committee Position Held	
				Public	Member	Chairman	
Mr. N. D. Saraf, Chairman & Whole Time Director	Executive*	3	Yes	2	---	---	
Mr. M. D. Saraf, Vice Chairman & Managing Director	Executive*	5	Yes	3	---	---	
Mr. Vinod Saraf, Managing Director	Executive*	4	Yes	3	---	---	
Mr. Anurag Saraf Joint Managing Director	Executive*	4	No	2	---	---	
Mr. A.S. Kapre	Non-Executive Independent	5	Yes	2	1	3	
Mr. M.B. Thaker	Non-Executive Independent	5	Yes	1	3	---	
Mr. Arye Berest	Non-Executive Non-Independent	2	Yes	2	---	---	
Mr. Ashim Saraf Alternate Director to Mr. Arye Berest	Non-Executive*	1	No	2	---	---	
Mr. P. K. Kukde	Non-Executive Independent	3	Yes	3	---	---	
Mr. P. K. S. Nair	Non-Executive Independent	3	Yes	Nil	---	---	
Mr. Vibhu Bakhru	Non-Executive Independent	1	N A	1	---	---	

* Represent Promoters.

None of the Directors on the Board is a member of more than 10 Committees or a Chairman of more than 5 Committees across all Companies in which he is a Director. The necessary declarations regarding Committee position held have been made by the Directors.

Board Meetings and Procedures:

The Board of directors forms the apex decision making body for overall control and governance of the company. The appointment of the Board members is in accordance with the provisions of the Companies Act, 1956 and the Listing Agreement.

The Board has, for the purpose of better governance and discharge of its duties and in compliance with statutory requirement, constituted various Committees, namely the Audit Committee, the Remuneration Committee and the Shareholders' / Investors' Grievance Committee.

Conduct of Board Meetings:

The Board generally meets once in each quarter. Additional Board Meetings are convened as and when necessitated by giving appropriate notice. During 2008-2009 the Board met 5 times on 26th April' 2008, 30th July' 2008, 17th September 2008, 20th October' 2008, and 30th January'2009 to deliberate on various matters.

Code of Conduct:

The Company has framed a Code of Conduct in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2003. All intimation/ communication as required by the Code are received within the time prescribed.

All the Board members and senior management have affirmed compliance to the Code.

3. AUDIT COMMITTEE:**i) Brief description of terms of reference:**

The Committee's terms of reference, authority and powers are in conformity with the requirements of the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956.

ii) Composition, name of the members and Chairperson:

The Audit Committee is composed of three members' viz. Mr. A. S. Kapre, Mr. M. B. Thaker who are Non-Executive Independent Directors of the Company and Mr. Vinod Saraf, who is Managing Director of the Company. Mr. A. S. Kapre is the Chairman of the Committee.

The Committee acts as a vital link between the Management, Statutory and Internal Auditors and the Board of Directors. The financial results of the Company are scrutinized by the Committee before being recommended to the Board for its adoption. Similarly, other matters required to be placed in conformity with the provisions of the Listing Agreement are placed at regular intervals to ensure that the highest level of transparency in the conduct of business is maintained.

iii) Meetings and Attendance during the year:

There were four (4) meetings held of Audit Committee during the financial year 2008-2009 on 26th April 2008, 30th July 2008, 20th October 2008 and 30th January 2009 and the attendance of members was as under:

Name of the Director	Category	No. of meetings held during the tenure		Whether attended last AGM
		Held	Attended	
Mr. A.S. Kapre, Chairman	Independent	4	4	Yes
Mr. M.B. Thaker, Member	Independent	4	4	Yes
Mr. Vinod Saraf , Member	Executive	4	3	Yes

4. REMUNERATION COMMITTEE:**i) Brief description of terms of reference:**

Remuneration Committee of the Board decides on issues and matters concerning the remuneration package being paid to the Executive Directors. To ensure transparency and avoid conflict of interest the Committee comprises of all the Non-Executive Directors with the Chairman being an Independent Director.

ii) Composition, name of the members and Chairperson:

The Remuneration Committee is composed of Mr. A. S. Kapre, Mr. M. B. Thaker and Mr. P.K. Kukde. All the members of Remuneration Committee are Independent Directors and Mr. A. S. Kapre is its Chairman.

iii) Attendance during the year:

There were no issues requiring attention of the Remuneration Committee during the year 2008-2009 and hence, there were no meetings of the committee members held for the year. However, all the members of the Remuneration Committee attended the Annual General Meeting of the Company held on 17th of September, 2008.

iv) Remuneration Policy:

The Executive Directors are paid remuneration in accordance with the provisions of Schedule XIII to the Companies Act, 1956 and the Non-Executive Directors are paid sitting fee fixed by the Board for attending meetings of the Board and Committees thereof.

v) Details of Remuneration to all the Directors:

Details of remuneration paid to Executive Directors for the year 2008-09 are as under:-

Name of Director	Total Remuneration including perquisites and allowances	Period of Agreement
Mr. N. D. Saraf, C & WTD	1328455.80	5 years w.e.f 1st May, 2006
Mr. M. D. Saraf, VC & MD	666914.64	5 years w.e.f 11th August, 2007
Mr. Vinod Saraf, MD	1335360.80	5 years w.e.f 1st August, 2009
Mr. Anurag Saraf, JMD	1085031.80	5 years w.e.f 28th July, 2006
Total:	4415763.04	

The Non-Executive Directors are paid remuneration by way of sitting fee only for each meeting attended by them. Further, no significant material transactions have been made to the Non-Executive Directors vis-à-vis your Company.

During the year 2008-2009, they were paid sitting fee/remuneration as under:

Name of Director	Sitting Fee Paid	No. of Equity Shares of Re. 1/- each held
Mr. A.S. Kapre	Rs. 50,000/-*	--
Mr. M.B. Thaker	Rs. 50,000/-*	2647
Mr. Ashim Saraf (Alternate Director to Mr. Arye Berest)	Rs. 5,000/-	8504
Mr. Arye Berest	Rs. 10,000/-	--
Mr. P. K. Kukde	Rs. 15,000/-	--
Mr. P. K. S. Nair (Paid to Bank of India as its nominee)	Rs. 15,000/-	--
Mr. Vibhu Bakhru	Rs. 5,000/-	--
Total	Rs. 1,50,000/-	

* Includes sitting fee paid for attending Committee Meetings.

Note : (i) There are no stock options and severance fees.

(ii) No Notice Period is specified for Director's Resignation / Termination.

5. Share Holders / Investor's Grievance Committee:

The Shareholders' Grievance Committee accounts for the redressal of investors' grievances and complaints concerning transfer/ transmission of shares, non receipt of dividend/ Annual Report, duplicate share certificates and various other complaints. The Committee consists of three members all of whom are independent directors.

i) Name of non-executive director heading the Committee:

The Shareholders' Grievance Committee is headed by Mr. A. S. Kapre, an Independent Director. The Committee endeavors and ensures that the complaints received are settled within a reasonable time period to the satisfaction of the aggrieved investor/ shareholder.

The composition of the Committee is as under:-

Name of Director	Position	No. of Meetings held	No. of meetings attended
Mr. A.S. Kapre,	Chairman	1	1
Mr. Vinod Saraf	Member		1
Mr. M.B. Thaker	Member		1

ii) Name and Designation of Compliance Officer:

Mr. Amit G. Pandey, Company Secretary acts as the Secretary to the Remuneration Committee and is also designated as the Compliance Officer of the Company.

iii) Details of Shareholder’s/ Investor’s Complaint received and redressed:

Status of Investors’ complaints received and resolved during the year 2008-09 is as under:-

Investors complaints received	Resolved	Not solved to the satisfaction of Shareholders	No. of pending complaints
58	58	Nil	Nil

6. GENERAL BODY MEETINGS

i) a) Annual General Meeting:

The Annual General Meeting of the Company in the last three years has been held as under:-

AGM Held	Venue	Day, date & time	Whether Resolution passed in the last AGM	
			Special Resolution	Through Postal Ballot
3rd AGM	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028	Friday, 22nd September, 2006 at 11.45 a.m.	Yes	No
4th AGM	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028	Wednesday, 26th September, 2007 at 11.45 a.m.	Yes	Yes@
5th AGM	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028	Wednesday, 17th September, 2008 at 12.15 p.m.	Yes	Yes@

@ Mr. K.P. Sahasrabudhe, Practicing Chartered Accountant, conducted the entire postal ballot exercise.

b) Extra-ordinary General Meeting

An Extra-ordinary General Meeting of the Company was held on 26th May, 2008 at 11.00 a.m. at the Company’s Registered Office situated at 46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur – 440 028.

ii) Whether any Special Resolution passed in the last AGM :

The Company passed one special resolution in the last Annual General Meeting

iii) Whether any special resolution passed last year through postal ballot:

The Company passed one special resolution last year through postal ballot details of the same is as under:

Description : Special resolution under section 372(A) of the Companies Act, 1956 for giving guarantee to Consortium Banks for funds availed/ to be availed by Ferro Alloys Corporation Limited and Facor Alloys Limited.

Voting Pattern:

Voting	No. of Votes	% of Total Votes
Votes Cast in favour	52166386	99.79
Votes Cast against	110838	00.21
Total Valid Votes	52277224	

iv) Person who conducted the postal ballot exercise:

Mr. K. P. Sahasrabudhe, Chartered Accountant was appointed as Scrutinizer and he conducted the postal ballot exercise for the company.

v) Whether any special resolution is proposed to be conducted through postal ballot this year:

The company does not propose to conduct any special resolution through postal ballot this year.

vi) Procedure for Postal Ballot:

No postal ballot was conducted during the year and hence there was no need for any procedure with respect to postal ballot.

7. DISCLOSURES**i) Related Party Transaction:**

The Company has not entered into any transaction of material nature, with its Promoters, Directors or the Management, their Shareholders or Relatives etc., that may have potential conflict with the interest of the Company at large. All related party transactions, if any, are negotiated on arms length basis and are intended to further the interest of the Company.

ii) Compliance by the Company:

The Company has complied with the requirement of the Stock Exchange, SEBI and other statutory authorities on all matters in the last three years. There were no instances of non-compliance and no penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or by any statutory authorities on any matter related to capital markets or related thereto during the last three years.

Pursuant to the requirement of SEBI [Prohibition of Insider Trading] Regulations, 1992 as amended, the Company has adopted a code of conduct for prevention of Insider Trading [The Code]. The Amended Code was adopted by the Board at its Meeting held on 30th January, 2009.

The Code is applicable to all Directors and such designated employees who are expected to have access to unpublished price sensitive information relating to the Company as defined in the Code. Compliance required under the Code in respect to various intimations and disclosures to be made both, internally and with stipulated authorities are strictly adhered to at all times. Mr. Amit G. Pandey, Company Secretary, has been appointed as the Compliance Officer for monitoring adherence to the Regulations.

iii) Whistle Blower Policy:

The Company has not adopted the Whistle Blower Policy. However, no instances of fraud or other irregularities have been observed which need to be reported to the Board/Audit Committee.

iv) Details of adoption of mandatory requirements and non-mandatory requirement of Clause 49 of the Listing Agreement:

The Company has complied with all the mandatory recommendation under Clause 49 of the Listing Agreement. The Company has not adopted the non-mandatory provisions of the said clause except formation of Remuneration Committee.

v) Disclosure of information as per regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 1997:

List of persons, who constitute the Group as defined under MRTP Act, 1969 is as under:

I Promoters:

1. Mrs. Mohinidevi Saraf
2. Mrs. Bimladevi Saraf
3. Mr. Narayandas Saraf
4. Mr. R.K. Saraf
5. Mr. Murlidhar Saraf

II Relatives of above Five Promoters as defined under Companies Act, 1956

III Group/Associated Entities:

- | | |
|--|---|
| 1. Ferro Alloys Corporation Limited | 15. Godavaridevi Saraf & Sons |
| 2. Facor Alloys Limited | 16. Deepee Sales Corporation |
| 3. Rai Bahadur Shreeram & Co. Pvt. Ltd. | 17. Investar Ltd. |
| 4. Shreeram Durgaprasad Ores Pvt. Ltd. | 18. Supervision Ltd. |
| 5. Saraf Bandhu Pvt. Ltd. | 19. Precisetec Ltd. |
| 6. Facor Power Ltd. | 20. Teracota Consultancy Services Ltd. |
| 7. Facor Realty & Infrastructure Ltd. | 21. Imagetec Ltd. |
| 8. GDP Infrastructure Pvt. Ltd.
<i>(Formerly Saraf Mor & Company Pvt. Ltd.)</i> | 22. Globalscale Investments Ltd. |
| 9. Vidharba Iron & Steel Corpn. Ltd. | 23. Tusta Trading Company Inc. |
| 10. Shreeram Shipping Services Pvt. Ltd. | 24. Cornell Corporation SA. |
| 11. Suchitra Investment & Leasing Ltd. | 25. FACOR Employees Welfare Trust |
| 12. Dass Papers Pvt. Ltd. | 26. Best Minerals Ltd. |
| 13. Premier Commercial Corpn. | 27. Metique Marketing (India) Pvt. Ltd. |
| 14. Geedee Sales Services | |

8. MEANS OF COMMUNICATIONS

The financial results, important announcements, declarations are communicated to each Shareholders by means of advertisements in leading national dailies.

The Company also posts the vital information such as financial results, shareholding pattern, important information, declarations etc. on its website at www.facorsteel.com which are updated at regular intervals.

The official news releases, as and when required, are being released to the Stock Exchange. Further, the same are posted at the website of the Company from time to time.

9. GENERAL SHAREHOLDERS INFORMATION

i) AGM: Date, Time and Venue:

Date of AGM	Time	Venue
15th September, 2009	12.15 p.m.	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur 440 028, Maharashtra State

- ii) **Financial Year ending** : 31st March
- iii) **Date of Book Closure** : Thursday 10th September, 2009 to Tuesday 15th September, 2009 (both days inclusive)
- iv) **Dividend payment date** : Not applicable since no dividend is recommended by the Board
- v) **Listing on Stock Exchanges** : The Bombay Stock Exchange Limited
- vi) **Stock Code** : 532657
- vii) **Market Price Data and Performance in comparison with BSE Sensex:**

Month	Bombay Stock Exchange (Rupees)		BSE Sensex	
	High	Low	High	Low
April'2008	7.99	5.29	17480.74	15297.96
May'2008	7.15	5.25	17735.70	16196.02

Month	Bombay Stock Exchange (Rupees)		BSE Sensex	
	High	Low	High	Low
June'2008	5.75	4.11	16632.72	13405.54
July'2008	5.50	3.63	15130.09	12514.02
August'2008	5.85	4.16	15579.78	14002.43
September'2008	4.50	2.59	15107.01	12153.55
October'2008	3.28	1.87	13203.86	7697.39
November'2008	2.89	1.80	10945.41	8316.39
December'2008	2.60	1.80	10188.54	8467.43
January'2009	2.68	1.60	10469.72	8631.60
February'2009	1.91	1.47	9724.87	8619.22
March'2009	1.53	1.05	10127.09	8047.17

viii) Registrar and Transfer Agent:

Registrar & Transfer Agent (RTA) : Link Intime India Pvt. Limited.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W),
Mumbai – 400 078

Share Transfer System : Transfer of shares in physical form are normally processed within a period of 30 days from the date of lodgment with the approval of the Share Transfer Committee of the Board of Directors subject to the documents being valid and complete in all respects.

ix) Distribution of Shareholding as on 31st March 2009:

No. of equity shares held	2008 – 2009			2007 – 2008		
	No. of shareholders	No. of shares held	% of issued equity share capital	No. of shareholders	No. of shares held	% of issued equity share capital
Upto 500	47982	5310973	2.57	48325	5351258	2.59
501 to 1000	7847	7347958	3.56	7625	7154811	3.46
1001 to 2000	3858	6617962	3.20	3507	6050154	2.93
2001 to 3000	1425	3859822	1.87	1236	3364013	1.63
3001 to 4000	594	2229260	1.08	501	1893246	0.92
4001 to 5000	986	4830181	2.34	914	4502923	2.18
5001 to 10000	985	7862336	3.81	832	6653564	3.22
10001 to above	800	168465187	81.57	736	171553710	83.07
Total	64477	206523679	100.00	63676	206523679	100.00

x) Dematerialisation of shares and liquidity as on 31st March:

No. of equity shares held	2008 – 2009			2007 – 2008		
	No. of shareholders	No. of shares held	% of issued equity share capital	No. of shareholders	No. of shares held	% of issued equity share capital
Physical Mode	23664	452128	0.22	24306	1515956	0.73
Electronic Mode	40813	206071551	99.78	39370	205007723	99.27
Total:	64477	206523679	100.00	63676	206523679	100.00

xi) **Shareholding pattern as on 31st March:**

Category	2008 – 2009		2007 – 2008	
	No. of shares held	Percentage of Shares held	No. of shares held	Percentage of Shares held
Promoters, their relatives, associates etc. and persons acting in concert.	137677098	66.66	137677098	66.66
Financial Institutions/Banks	2005347	0.97	2091814	1.01
State Government Company / State Financial Corporation	0	0.00	0	0.00
Mutual Funds/ UTI	2869	0.00	1150438	0.56
Insurance Companies	47231	0.02	47231	0.02
Bodies Corporate	9423679	4.57	13354191	6.47
Others	57367455	27.78	52202907	25.28
Total:	206523679	100.00	206523679	100.00

xii) **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:**

The Company has not issued any GDRs /ADRs / Warrants. None of the instruments issued by the Company is pending for conversion into equity shares.

xiii) **Plant Locations:**

The mini steel plant of the company is located at 46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur – 440028 (Maharashtra) Telephone No : 07104 – 235701 – 08, Fax No. : 07104 – 235709, email: info@facorsteel.com.

xiv) **Address for Correspondence:****For matters relating to Company's Shares**

Link Intime India Pvt. Ltd,
C-13 Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W),
MUMBAI – 400 078
Tel.No.: +91-22-25963838
Fax No.: +91-22-25946969
E-mail : mumbai@linkintime.co.in

For other matters

Registered Office:
Facor Steels Ltd.
46 A&B, MIDC Industrial Estate,
Hingna Road, Nagpur – 440 028
Tel.No. : +91-07104-235701 - 708
Fax.No.: +91-07104-235709
E-mail : info@facorsteel.com

DECLARATION

As provided in clause 49 of the Listing Agreement with the Stock Exchange, it is hereby declared that all the Board Members and Senior Management personnel of the Company have affirmed the Compliance with the Code of Conduct for the year ended 31st March, 2009.

Place : Nagpur
Date : 27.07.2009

N. D. Saraf
Chairman & Whole Time Director

COMPLIANCE CERTIFICATE**To the Members of
Facor Steels Limited**

We have examined the compliance of conditions of Corporate Governance by FACOR STEELS LIMITED, for the year ended on 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement.

On the basis of the records maintained by the Company and furnished to us and the information and explanations given to us by the Company, we state that there were no investor grievances pending against the Company for a period exceeding one month.

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

For SALVE & CO,
Chartered Accountants

C.A. S.D. PARANJPE,
Partner
Membership No. 41472

Place : NAGPUR
Date : 27th July, 2009

AUDITORS' REPORT**To The Members of****FACOR STEELS LIMITED**

We have audited the attached Balance Sheet of "Facor Steels Limited" as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both annexed thereto. 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.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, (together 'the order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account of the Company;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account 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;
 - (v) On the basis of the written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto (specially Note No.15) 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in the case of Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of cash flows for the year ended on that date.

For SALVE & CO,
Chartered Accountants

C.A. S.D. PARANJPE,
Partner
Membership No. 41472

Place : NAGPUR
Date : 27th July, 2009

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 2 of the Auditors' Report of even date to the Members of FACOR Steels Ltd on the financial statements for the year ended 31st March, 2009.

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All the fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) The Company has not disposed off any major part of fixed assets during the year.
- ii) a) Physical verification of inventory has been conducted at reasonable intervals by the Management.
- b) In our opinion, 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) The Company is maintaining proper records of inventory and no material discrepancies were noticed by the Management on physical verification.
- iii) a) The Company has not granted any loans, secured or unsecured, to the Companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, and therefore Clauses 4(iii)(a), (iii) (b), (iii) (c) and (iii) (d) of the said Order are not applicable.
- b) 1) The Company has taken unsecured loans from nine companies covered in the Register maintained under Section 301 of the Act. The maximum amount involved and the year end balance (including interest) of such loan aggregate to Rs. 3585.21 lacs and Rs. 3026.81 lacs respectively.
- 2) In our opinion, the rate of interest and other terms and conditions of such loans are not prima-facie prejudicial to the interest of the Company.
- 3) In respect of the aforesaid loan, the Company is regular in payment of interest and principal during the year.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) There were no contracts or arrangements referred to in Section 301 of the Act (except loans reported under paragraph (iii)(2) (a) above) that needed to be entered in the Register required to be maintained under that section and therefore Clause 4(v)(b) of the said Order is not applicable.
- vi) The Company has not accepted any fixed deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies (Acceptance of Deposit) Rules 1975.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) The Company has made and maintained the cost records, as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the Company's products to which the said rules are made applicable. We have not, however, made a detailed examination of the records.
- ix) a) 1) According to the records examined by us, the Company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, with the appropriate authorities. No amounts are outstanding for transfer to the Investors Education and protection Fund under Section 205C of the Companies Act, 1956.
- 2) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2009 for a period of more than 6 months from the date they became payable.

- b) On the basis of our examination of the documents and records, there are no dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty and Cess which have not been deposited on account of any dispute except the following:

Nature of dues	Rs./ Lacs	Forum where the dispute is pending	Period to which the amount related (various Years covering the period)
Customs Duty	0.72	Commissioner of Central Excise and Customs BBSR	
Excise Duty	48.86	Customs, Excise & Service Tax Appellate Tribunal West Zonal Bench Mumbai.	Jan' 96 to Feb' 2000
Excise Duty	200.41	Customs, Excise & Service Tax Appellate Tribunal West Zonal Bench Mumbai.	Sep' 01 to Nov' 03
Excise Duty	1.02	Customs, Excise & Service Tax Appellate Tribunal West Zonal Bench Mumbai.	Dec' 2000
Excise Duty	125.62	High Court Mumbai	1995-96 to 1999-2000

- x) The Company was registered on 13th May, 2004 and therefore the information regarding accumulated losses etc. is not required to be given.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company and, therefore, Clauses 4(xiii)(a), (xiii) (b), (xiii) (c) and (xiii) (d) of the said Order are not applicable.
- xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.
- xvi) Term loan raised during the year were applied for the purpose for which the loans were obtained.
- xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion, the funds raised on short-term basis have not been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix) During the period covered by our audit report, the Company has not issued any secured debentures.
- xx) The Company has not raised any money by public issues during the year.
- xxi) According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For SALVE & CO,
Chartered Accountants

C.A. S.D. PARANJPE,
Partner
Membership No. 41472

Place : NAGPUR
Date : 27th July, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

		(Rupees in lacs)	
		31st March, 2009	31st March, 2008
		Schedules	
I SOURCES OF FUNDS :			
(1) SHAREHOLDERS' FUNDS :			
(a) Share Capital	A	2,065.24	2,065.24
(b) Reserves and Surplus	B	<u>269.15</u>	<u>429.55</u>
		2,334.39	2,494.79
(2) LOAN FUNDS :			
(a) Secured Loans	C	3,215.46	2,927.50
(b) Unsecured Loans	D	<u>4,716.39</u>	<u>2,803.20</u>
		7,931.85	5,730.70
(3) DEFERRED TAX LIABILITIES (Net) (Refer Note 7)		<u>129.60</u>	<u>36.39</u>
	TOTAL	<u>10,395.84</u>	<u>8,261.88</u>
II APPLICATION OF FUNDS :			
(1) FIXED ASSETS :	E		
(a) Gross Block		6,804.06	5,834.75
(b) Less: Depreciation/Amortisation		<u>3,517.69</u>	<u>3,149.93</u>
(c) Net Block		<u>3,286.37</u>	<u>2,684.82</u>
(d) Capital Work-in-Progress		<u>2,523.84</u>	<u>1,147.51</u>
		5,810.21	3,832.33
(2) INVESTMENTS	F	0.01	0.01
(3) CURRENT ASSETS, LOANS & ADVANCES :	G		
(a) Inventories		5,887.89	8,532.76
(b) Sundry Debtors		1,947.26	2,389.57
(c) Cash and Bank Balances		396.90	901.17
(d) Other Current Assets		0.10	0.06
(e) Loans & Advances		<u>1,784.54</u>	<u>2,478.44</u>
		<u>10,016.69</u>	<u>14,302.00</u>
Less: CURRENT LIABILITIES AND PROVISIONS	H		
(a) Liabilities		5,728.16	9,807.37
(b) Provisions		<u>69.89</u>	<u>65.09</u>
		<u>5,798.05</u>	<u>9,872.46</u>
NET CURRENT ASSETS		4,218.64	4,429.54
(4) PROFIT & LOSS ACCOUNT		<u>366.98</u>	<u>-</u>
	TOTAL	<u>10,395.84</u>	<u>8,261.88</u>
NOTES FORMING PART OF THE ACCOUNTS	K		

As per our report of even date attached,

For **SALVE AND CO.**
Chartered Accountants

C.A. S.D. PARANJPE
Partner
Membership No. 41472

NAGPUR, 27th July, 2009

Amit G. Pandey
Company Secretary

NAGPUR, 27th July, 2009

For and on behalf of the Board,

N.D.SARAF
Chairman & Wholetime Director

VINOD SARAF
Managing Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

		(Rupees in lacs)	
	Schedules	31st March, 2009	31st March, 2008
INCOME :			
Sale of Products and other Income :	I	37,154.26	47,783.24
EXPENDITURE :			
Manufacturing and other Expenses	J	36,216.03	46,329.98
Depreciation/Amortisation (Refer Note 4)		371.08	329.47
Interest (Refer Note 5)		988.01	784.52
TOTAL EXPENDITURE		37,575.12	47,443.97
PROFIT/(LOSS) before taxes		(420.86)	339.27
Provision for Taxes			
Current year Income Tax (MAT) (Refer Note 6)		-	37.14
Tax for earlier years		(2.51)	-
Fringe Benefit Tax		14.97	11.48
Deferred Tax (Refer Note 7)		93.21	13.93
Wealth Tax		0.85	-
		106.52	62.55
PROFIT/(LOSS) for the year after Tax		(527.38)	276.72
Balance brought forward from last year		160.40	(116.32)
Balance carried to Balance Sheet		(366.98)	160.40
Basic and diluted earning per equity share (in Rs)			
(Face value Re. 1/-per share)		(0.26)	0.13
NOTES FORMING PART OF THE ACCOUNTS	K		

As per our report of even date attached,

For **SALVE AND CO.**
Chartered Accountants

C.A. S.D. PARANJPE
Partner
Membership No. 41472

NAGPUR, 27th July,2009

Amit G. Pandey
Company Secretary

NAGPUR, 27th July,2009

For and on behalf of the Board,

N.D.SARAF
Chairman & Wholetime Director

VINOD SARAF
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	2008-2009	(Rupees in lacs) 2007-2008
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	(420.86)	339.27
Adjustment for :		
Depreciation	371.08	329.47
Interest on Deposits of others	(18.86)	(13.23)
Interest	988.01	784.52
Profit on Sale of Fixed Assets (Net)	0.78	0.27
	<u>1,341.01</u>	<u>1,101.03</u>
Operating Profit before Working Capital changes	920.15	1,440.30
Adjustment for :		
Trade and Other receivables	1,169.52	(675.34)
Inventories	2,644.87	(2,173.40)
Trade payables	(4,074.41)	2,046.92
	<u>(260.02)</u>	<u>(801.82)</u>
Cash generated from operations	660.13	638.48
Interest paid	(930.26)	(770.88)
Direct taxed paid/adjusted	(45.50)	(54.38)
	<u>(975.76)</u>	<u>(825.26)</u>
Cash flow before extraordinary items	(315.63)	(186.78)
Extraordinary items	-	-
Net Cash flow from Operating Activities (A)	<u>(315.63)</u>	<u>(186.78)</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(2,349.97)	(1,346.72)
Sale of Fixed Assets	0.23	0.04
Interest and Dividend Income	17.70	13.28
Net Cash flow from Investing Activities (B)	<u>(2,332.04)</u>	<u>(1,333.40)</u>
	<u>(2,647.67)</u>	<u>(1,520.18)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Long and Short term borrowings	2,143.40	2,353.01
Proceeds from Share Capital	-	(88.60)
Net Cash used in Financing Activities (C)	<u>2,143.40</u>	<u>2,264.41</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(504.27)</u>	<u>744.23</u>
Cash and Cash equivalents (Opening Balance)	901.17	156.94
Less :- Cash and Cash equivalents (Closing Balance)	396.90	901.17
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(504.27)</u>	<u>- 744.23</u>

As per our report of even date attached,

For **SALVE AND CO.**

Chartered Accountants

C.A. S.D. PARANJPE

Partner

Membership No. 41472

NAGPUR, 27th July, 2009

Amit G. Pandey

Company Secretary

NAGPUR, 27th July, 2009

For and on behalf of the Board,

N.D.SARAF

Chairman & Wholtime Director

VINOD SARAF

Managing Director

AUDITORS' CERTIFICATE

We have examined the above Cash Flow statement of FACOR STEELS LIMITED for the year ended 31st March, 2009. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 27th July 2009 to the members of the company.

Nagpur, 27th July, 2009

For SALVE AND CO
Chartered Accountants

C.A. S.D.PARANJPE

Partner

Membership No.41472

SCHEDULES

Annexed to and forming part of the Balance Sheet and Profit and Loss Account

		(Rupees in lacs)	
		31st March, 2009	31st March, 2008
SCHEDULE A			
SHARE CAPITAL			
AUTHORISED:			
240,000,000	Equity Shares of Re 1/- each	2,400.00	2,400.00
600,000	Redeemable Preference Shares of Rs. 100/- each	600.00	600.00
TOTAL		3,000.00	3,000.00
ISSUED, SUBSCRIBED, CALLED & PAID-UP:			
206,523,679	Equity Shares of Re 1/- each fully paid-up	2,065.24	2,065.24
TOTAL		2,065.24	2,065.24
SCHEDULE B			
RESERVES AND SURPLUS			
CAPITAL RESERVE			
Opening Balance		269.15	207.05
Discount availed on pre-mature redemption of 0.01% Redeemable Preference Shares		-	62.10
		269.15	269.15
SURPLUS AS PER PROFIT & LOSS ACCOUNT		-	160.40
TOTAL		269.15	429.55
SCHEDULE C			
SECURED LOANS			
FROM BANKS:			
PLR-4% Funded Interest Term Loan Accounts (FITL)		361.12	528.05
Add: Interest accrued and due (Refer Note below)		4.63	3.12
		365.75	531.17
0% Funded Interest Term Loan Accounts (FITL) (Refer Note below)		195.02	310.02
Cash Credit Accounts		2,350.09	2,055.04
Export Packing Credit Accounts (Refer Note below)		304.60	31.27
		2,654.69	2,086.31
TOTAL		3,215.46	2,927.50
NOTES :			
Secured by hypothecation of stocks of raw-materials, finished products, book debts and other receivables and by way of first charge on fixed assets of the company and guaranteed by two Directors. These are also secured by Inter-company guarantees by Ferro Alloys corpn. Ltd. and Facor Alloys Ltd. as well as by pledge of promoters' shareholding.			
SCHEDULE D			
UNSECURED LOANS			
Hire Purchase Credits		150.59	132.63
Inter Corporate Deposits / Loans		2,954.00	2,654.00
Add: Interest accrued and due		72.81	16.57
		3,026.81	2,670.57
External commercial Borrowings /(ECB Loan)		1,538.99	
Add: Interest accrued and due		-	-
TOTAL		1,538.99	-
		4,716.39	2,803.20

SCHEDULE E
FIXED ASSETS
(Rupees in lacs)

PARTICULARS	GROSS BLOCK AT COST			DEPRECIATION/AMORTISATION				NET BLOCK		
	As at 01.04.2008	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2009	Up to 31-3-2008	For the Year	Deductions/ Adjustments	Upto 31-03-2009	As at 31-03-2009	As at 31-03-2008
GOODWILL	1,545.00	-	-	1,545.00	602.10	154.50	-	756.60	788.40	942.90
BUILDINGS	636.89	4.25	-	641.14	289.35	18.40	-	307.75	333.39	347.54
PLANT AND MACHINERY	3,327.71	828.19	0.82	4,156.08	2,111.20	159.92	0.03	2,271.09	1,884.99	1,216.51
OFFICE AND OTHER EQUIPMENTS	160.64	27.65	3.51	184.78	91.91	18.90	3.29	107.52	77.26	68.73
FURNITURE AND FIXTURES	32.82	7.16	-	39.98	26.15	2.09	-	28.24	11.74	6.67
VEHICLES	131.69	105.39	-	237.08	29.22	17.27	-	46.49	190.59	102.47
	5,834.75	973.64	4.33	6,804.06	3,149.93	371.08	3.32	3,517.69	3,286.37	2,684.82
WORK - IN - PROGRESS	1,147.51	1,965.36	589.03	2,523.84	-	-	-	-	2,523.84	1,147.51
TOTAL	6,982.26	2,939.00	593.36	9,327.90	3,149.93	371.08	3.32	3,517.69	5,810.21	3,832.33
Previous Year	5,657.06	1,478.92	153.72	6,982.26	2,841.67	329.47	21.21	3,149.93	3,832.33	-

Notes:

- (a) Depreciation on Fixed assets capitalised upto 30.06.1986 as per written down value method and depreciation on addition thereafter as per straight line method has been charged at the rates of Depreciation as per Schedule XIV of Companies Act 1956 as amended.
- (b) Additions to Plant & Machinery include Rs. 22.48 lacs for Forklift and Hydraulic mobile crane acquired on Hire-Purchase.
- (c) Addition to Vehicles include Rs 105.39 lacs for Cars acquired on Hire Purchase.

		31st March, 2009	(Rupees in lacs) 31st March, 2008
SCHEDULE F			
INVESTMENTS - Long Term			
a) IN GOVERNMENT SECURITIES : (At Cost)			
l) 6 Years National Saving Certificates (Face Value Rs.0.01 lac) (Unquoted)		0.01	0.01
	TOTAL	<u>0.01</u>	<u>0.01</u>
(a) Aggregate carrying cost of unquoted Investments		0.01	0.01
(b) National saving certificate is pledged with Government authority		0.01	0.01
SCHEDULE G			
CURRENT ASSETS, LOANS AND ADVANCES			
(a) INVENTORIES :			
Stores, Spare Parts, Loose Tools and Stock-in-Trade (As per inventory taken, valued and as certified by Managing Director) :			
Stores and Spare Parts (At Cost)		1,492.74	1,035.27
Loose Tools (At Cost)		19.47	16.95
Stock-in-Trade:			
Work-in-Process (At Cost or Net realisable value whichever is lower)	1,223.09		2,961.72
Finished Products (At Cost or Net realisable value whichever is lower)	<u>2,563.72</u>		<u>2,864.18</u>
	<u>3,786.81</u>		<u>5,825.90</u>
Raw Materials (At Cost)	<u>588.87</u>		<u>1,654.64</u>
	<u>4,375.68</u>		<u>7,480.54</u>
		5,887.89	8,532.76
(b) SUNDRY DEBTORS :			
Unsecured and considered good (Unless otherwise stated):			
Debts outstanding for a period exceeding six months :			
Considered good	107.24		35.87
Considered doubtful	<u>46.46</u>		<u>46.46</u>
		153.70	82.33
Other Debts		<u>1,840.02</u>	<u>2,353.70</u>
		<u>1,993.72</u>	<u>2,436.03</u>
Less: Provision for bad and doubtful debts		<u>46.46</u>	<u>46.46</u>
		1,947.26	2,389.57
(c) CASH AND BANK BALANCES:			
Cash in hand		7.76	10.19
With Scheduled Banks:			
In Current Accounts	308.66		750.45
In Fixed Deposit Accounts	76.41		130.05
In Cash Credit Accounts	2.28		10.40
In Packing Credit Account	1.71		-
In Margin Money Accounts	0.08		0.08
		<u>389.14</u>	<u>890.98</u>
		396.90	901.17
(d) OTHER CURRENT ASSETS :			
Interest accrued on Fixed Deposits		0.10	0.06
(e) LOANS AND ADVANCES :			
Unsecured and considered good (Unless otherwise stated)			
(i) Advance Tax including TDS (Net of provisions)	96.99		54.29
(ii) Advances recoverable in cash or in kind or for value to be received (Refer Note 14)	1,447.48		2,135.48
(iii) Claims Recoverable	57.09		98.17
(iv) Deposits	<u>182.98</u>		<u>190.50</u>
		<u>1,784.54</u>	<u>2,478.44</u>
	TOTAL	<u>10,016.69</u>	<u>14,302.00</u>
Fixed Deposit Receipts lodged with Banks as security for Letters of Credit/ Guarantees.		27.40	25.05

		(Rupees in lacs)	
		31st March, 2009	31st March, 2008
SCHEDULE H			
CURRENT LIABILITIES AND PROVISIONS			
(a) CURRENT LIABILITIES :			
Bills Discounted	753.01		845.15
Sundry Creditors*	4,564.23		8,510.16
Managerial Remuneration payable	0.22		2.52
Other Liabilities	410.70		449.54
		5,728.16	9,807.37
(b) PROVISIONS :			
For Gratuity	48.60		48.60
For P.L.Encashment	21.29		16.49
		69.89	65.09
TOTAL		5,798.05	9,872.46

Note:

* Small scale industrial undertakings to whom Rs.41.81 lacs are due for a period exceeding 30 days have been identified based on the information available with the Company and are as follows :

S.S. Metal & Alloys, Refracast Metallurgicals Pvt. Ltd., Refmet Technologies Pvt. Ltd., Triplem Engineers Pvt. Ltd., Spareage Seals Ltd., Cenlub Industries Ltd.

		(Rupees in lacs)	
		Year Ended 31st March, 2009	Year Ended 31st March, 2008
SCHEDULE I			
SALE OF PRODUCTS AND OTHER INCOME			
Sales less Returns		36,510.70	46,912.01
Export Incentives		115.35	156.12
Interest on Deposits (Gross) [Income tax deducted at source Rs. 1.13 lacs (Previous Year : Rs. 0.01)]		7.91	0.28
Other Interest (Gross)		10.95	12.95
Miscellaneous Receipts (Refer Note 3)		517.06	797.34
Profit / (Loss) on Fixed Assets Sold/Discarded (Net)		(0.78)	(0.27)
Adjustments relating to earlier years (Net)		(6.93)	(95.19)
TOTAL		37,154.26	47,783.24

		(Rupees in lacs)	
		Year Ended 31st March, 2009	Year Ended 31st March, 2008
SCHEDULE J			
MANUFACTURING AND OTHER EXPENSES			
Purchase of Semi Finished Product		625.91	472.10
Raw Material Consumed :			
Opening Stocks:	1,654.64		1,994.99
Add : Purchases	<u>23,562.95</u>		<u>38,692.77</u>
		25,217.59	40,687.76
Less : (i) Sales and Internal Consumption	157.47		100.42
(ii) Closing Stock (At Cost)	<u>588.87</u>		<u>1,654.64</u>
		<u>746.34</u>	<u>1,755.06</u>
		24,471.25	38,932.70
Payments and Other Benefits to Employees :			
Salaries, Wages and Bonus (Refer Note 8)	1,174.23		1,112.80
Provident Fund & ESI Contributions	8.05		5.01
Staff Gratuity & Superannuation	0.87		9.12
Welfare Expenses	<u>102.89</u>		<u>100.29</u>
		1,286.04	1,227.22
Operating and Other Expenses :			
Power and Fuel	2,728.17		3,209.17
Production and Handling Expenses	305.44		377.59
Freight, Shipment and Sales Expenses	1,001.79		1,070.57
Excise Duty (Net)	(26.91)		9.00
Compensation to mini steel plant	21.00		21.00
Lease rent paid to SKM	4.50		18.00
Stores and Spares	1,896.26		1,909.86
Sampling and Analysis	13.92		23.33
Works Expenses (Refer Note 9)	963.40		480.09
Transport Expenses	12.73		5.87
Repairs and Maintenance to Plant and Machinery	546.07		453.67
Repairs and Maintenance to Buildings	37.44		27.01
Insurance	25.52		23.19
Rent	23.95		9.38
Rates and Taxes	36.00		35.82
Commission and Brokerage on Sales	95.98		88.91
Donations	0.31		23.37
Subscriptions	2.56		3.61
Payments to Auditors (Refer Note 10)	1.66		1.15
Directors' Sitting Fees	1.50		1.92
Office Establishment Expenses (Refer Note 11)	53.58		136.80
Bad Debts Written Off	-		147.75
Tools Consumed	<u>4.71</u>		<u>6.50</u>
		7,749.58	8,083.56
Provision for Bad & Doubtful Debts & Advances		-	(147.75)
Directors' Remuneration (Refer Note 12)		44.16	54.64
Decrease/(Increase) in Stock :			
a) Opening Stock	5,825.90		3,533.41
b) Less : Closing Stock	<u>3,786.81</u>		<u>5,825.90</u>
		2,039.09	(2,292.49)
TOTAL		<u>36,216.03</u>	<u>46,329.98</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**SCHEDULE : K****CONTINGENT LIABILITIES AND NOTES****1 Significant Accounting Policies :**

(a) Accounting Concepts :

- (i) These accounts have been prepared under the historical cost convention on accrual basis of accounting in accordance with the generally accepted Accounting Standards and the provisions of the Companies Act, 1956, as adopted consistently by the Company.
- (ii) Accounting policy not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles followed by the Company.

(b) Sales :

Sales comprise sale of goods and services, Inter-unit transfers and exports.

(c) Research and Development :

Research and Development costs (other than cost of fixed assets acquired) are charged as expenses in the year in which they are incurred.

(d) Employees Retirement Benefits :

Company's contribution to Provident Fund and Superannuation Fund is charged to Profit and Loss Account. Liability for Gratuity and unutilised leave benefits to employees is provided on the basis of Actuarial Valuation.

(e) Fixed Assets :

All fixed assets are valued at cost less depreciation. Roll-over charges on forward exchange contracts and loss or gain on conversion of foreign currency liabilities for acquisition of fixed assets are added to or deducted from the cost of fixed assets.

(f) Depreciation :

Depreciation is provided on different fixed assets on the basis of 'straight line method' and 'written down value method' at rates prescribed in Schedule XIV to the Companies Act, 1956, as clarified in Note (a) to Schedule 'E' to the Accounts.

(g) Current Assets :

Finished Goods and Work-in-Process are valued at cost or net realisable value whichever is lower. Other inventories are valued at cost. All other items of current assets are stated after provisions for any diminution in value.

(h) Investments :

Long term investments are stated at cost and provision for diminution is made, if such diminution is other than temporary in nature.

(i) Foreign Exchange Transactions :

- (a) Transactions in foreign exchange are translated to Indian Rupees at the rate of exchange ruling on the date of transaction.
- (b) All foreign currency liabilities related to acquisition of Fixed Assets remaining unsettled at the end of the year are converted at contract rates, Where covered by foreign exchange contracts and at year end rates in other cases and the difference in translation is adjusted in the carrying cost of such assets.
- (c) Other outstanding foreign currency liabilities and receivables are translated at the year end rates and the difference in translation is recognized in the Profit & Loss A/c.

(j) Provision for Current and Deferred Tax :

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

2 Contingent Liabilities :

- (a) Estimated amount of contracts on Capital Account remaining to be executed and not provided for in accounts is Rs.119.79 lacs (Previous- Year Rs.598.73 lacs).
- (b) Claims not acknowledged as debts since disputed Rs.376.63lacs(Previous Year Rs.251.01 lacs). Amounts already paid under protest Rs.33.61 lacs (Previous Year : Rs.28.61 lacs) have been debited to Advance Account.

(c) Counter guarantees in favour of Consortium Banks in respect of their outstandings with Ferro Alloys Corporation Limited and Facor Alloys Limited. Due to the nature of the liability, its financial impact is not ascertainable.

- 3 Miscellaneous receipts includes Rs.509.74 lacs (Previous year Rs. 792.18 lacs) towards conversion charges received.
- 4 Depreciation includes Rs.154.50 lacs (Previous year Rs.154.50 lacs) towards amortisation of goodwill as per the Accounting Standard AS 14 issued by the Institute of Chartered Accountants of India (ICAI)

		(Rupees in Lacs)	
		2008-09	2007-08
5	Interest includes :		
	Interest on Fixed Loans	48.58	63.03
	Others	939.43	721.49
		988.01	784.52

6 No provision for current Income-Tax is considered necessary in view of the brought forward Business loss and unabsorbed depreciation. In view of current year book loss no provision for Minimum Alternate Tax is required.

7 The Deferred Tax Assets/(Liabilities) as on 31-03-2009 as per the AS 22 issued by the ICAI.

		(Rupees in Lacs)		
		As at 01/04/2008	Debited/(Credited) during the year	As at 31/03/2009
A)	<u>Deferred Tax Assets:-</u>			
I)	Disallowance u/s.43B of the Income Tax Act, 1961 to be allowed on payment basis	65.68	4.71	70.39
B)	<u>Deferred Tax Liabilities:-</u>			
	Difference between Book and Income Tax depreciation	172.74	278.95	451.69
	Net Deferred Tax Assets (A-B):	(107.06)	(274.24)	(381.30)
	Tax on above	(36.39)	(93.21)	(129.60)

		2008-09	2007-08
8	Salaries, Wages & Bonus includes reimbursement for services.	973.64	952.96

9	Works Expenses includes Directors' Travelling.	21.33	8.89
---	--	-------	------

10	Payments to Auditors include:		
	Audit Fees	1.50	1.00
	Other matters	0.15	0.15
	Expenses reimbursed	0.01	-
		1.66	1.15

11 As in earlier years, common administrative expenses incurred during the financial year ended 31-03-2009 allocated to this Company and shown as Office Establishment Expenses are as under.

		(Rupees in Lacs)	
		2008-09	2007-08
	Account Head		
1	Salaries, Wages and Bonus	30.02	73.94
2	Provident Fund & ESI Contribution	2.04	6.40
3	Gratuity and Superannuation	3.66	12.75
4	Welfare Expenses	3.85	8.39
5	Power and Fuel	1.04	2.69
6	Repairs and Maintenance to Buildings	1.85	0.39
7	Insurance	0.08	0.27
8	Rent	1.25	2.78
9	Rate and Taxes	0.17	0.36
10	Commission & Brokerage on others	-	0.04
11	Donations	0.01	-
12	Office establishment expenses	9.61	28.79
		53.58	136.80

12 (a) The Company has been advised that the computation of net profits for the purpose of directors' remuneration under Section 349 of the Companies Act, 1956 need not be enumerated since no commission has been paid to the Directors. Fixed monthly remuneration paid to the Directors are well within the limits prescribed under Schedule XIII to the Companies Act, 1956.

		(Rupees in Lacs)	
		2008-09	2007-08
(b) Directors' Remuneration being minimum remuneration is as under :			
(i) Salaries		35.00	40.61
(ii) Contribution to Provident Fund and Superannuation		4.60	5.34
(iii) Perquisites in cash		4.56	8.69
	TOTAL	44.16	54.64
Estimated value of Other Perquisites		8.60	10.33

The above amounts do not include provision for Gratuity and Privilege Leave encashment benefits which is based on actuarial valuation done on an overall company basis.

		(Rupees in Lacs)	
13 Payment to Cost Auditor:			
Audit fees		0.20	0.20
Expenses Reimbursed		0.03	0.03
		0.23	0.23

14 Loans and Advances includes Rs.75.58 lacs (previous year Rs.75.58) towards advance paid against supply of scrap by overseas supplier against which company has initiated action for recovery towards quality dispute.

15 In accordance with the accounting policy followed by the Company, Excise Duty in respect of goods manufactured by the Company is being accounted for at the time of removal of goods from the factory. Such Excise Duty payable on goods awaiting clearances from the factory is estimated at Rs.296.79 lacs (previous year Rs. 657.45 lacs). However, the said liability, if accounted, would have no impact on the results for the year.

16 In the absence of necessary information with the Company relating to registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be compiled and disclosed.

17 Particulars of Licensed and Installed Capacity :
 Licensed and Installed Capacities are not applicable, since the plant is taken on leave and licence from Vidarbha Iron & Steel Corporation Ltd. (VISCO).

		(Rupees in Lacs)			
		2008-09		2007-08	
		Quantity in M.T.	Value Rs. in lacs	Quantity in M.T.	Value Rs. in lacs
18 (a) Production in M. Tons (excluding quantity used for internal consumption):					
Blooms/ Ingots			12779		17856
Rolled Product			27876		38208
(b) Purchases					
Steel Product		1761	625.91	1814	472.10
(c) Sales :					
Blooms / Ingots		10762	12427.97	14441	19989.34
Rolled Product		26783	24073.97	36778	26910.52
By Products			8.76		12.15
			36510.70		46912.01
(d) Stock Particulars-goods produced/sold (after adjustment of shortages / excesses):					
Blooms / Ingots	Opening Stock	2619	2843.93	2335	1352.28
	Closing Stock	1925	1050.96	2619	2843.93

		2008-09		2007-08	
		Quantity	Value	Quantity	Value
		in M.T.	Rs. in lacs	in M.T.	Rs. in lacs
Rolled Product	Opening Stock	2969	2354.72	3317	1817.73
	Closing Stock	2850	2283.85	2969	2354.72
By Products	Opening Stock	-	627.25	-	363.40
	Closing Stock	-	452.00	-	627.25
		2008-09		2007-08	
		Quantity	Value	Quantity	Value
		in M.T.	Rs. in lacs	in M.T.	Rs. in lacs
19	Consumption of important basic Raw Materials :				
	Scrap	25365	16217.57	39043	29566.21
	Sponge Iron	11648	2421.12	13812	2098.45
	Ferro Nickle	167	1643.25	210	3143.18
	Ferro Alloys	2283	3027.86	3170	3344.85
	Lime stone	4887	184.40	6824	225.09
	Coke & Charcoal	565	111.09	726	101.61
	Miscellaneous	689.00	865.96		453.31
			<u>24471.25</u>		<u>38932.70</u>
		Rs. in lacs	Percentage	Rs. in lacs	Percentage
20	(a) 1. Value of Consumption of imported Raw Materials	3577.95	14.62	8739.22	22.45
	2. Value of Consumption of indigenous Raw Materials	20893.30	85.38	30193.48	77.55
		<u>24471.25</u>	<u>100.00</u>	<u>38932.70</u>	<u>100.00</u>
	(b) 1. Value of Consumption of imported Components and Spare Parts	11.30	2.96	14.15	5.63
	2. Value of Consumption of indigenous Components and Spare Parts	370.64	97.04	237.21	94.37
		<u>381.94</u>	<u>100.00</u>	<u>251.36</u>	<u>100.00</u>
		(Rupees in Lacs)			
21	C.I.F. Value of Imports :			2008-09	2007-08
	(a) Raw materials			2254.90	5995.37
	(b) Capital goods			296.05	501.59
	(c) Components and spare parts			-	6.75
				<u>2550.95</u>	<u>6503.71</u>
22	Earnings in Foreign Exchange on account of Exports of Goods on F.O.B. basis			6497.95	5275.84
23	Expenditure in Foreign Currency :				
	(a) Commission on Sales			54.86	51.98
	(b) Travelling Expenses			5.83	2.76
	(c) Directors Travelling Expenses			2.92	3.35
	(e) Others			22.55	4.98
				<u>86.16</u>	<u>63.07</u>
24	Amounts remitted during the year in foreign currencies on account of dividends.			Nil	Nil

25 Segment Information:

The Management Information System of the Company identifies and monitors Steel Product as the business segment. The company is managed organisationally as a single unit. In the opinion of the management, the company is primarily engaged in the business of Steel Product. As the basic nature of these activities are governed by the same set of risk and return, these constitute and are grouped as single segment as per Accounting Standard AS-17 dealing with segment reporting issued by ICAI.

26 Previous Year's figures have been re-grouped wherever necessary.

27 Related Party Disclosure:-

I List of related parties:-

A Name and nature of relationship of the related party where control exists:-

Vidarbha Iron and Steel Corporation Limited (VISCO)- Associates

B Enterprises, over which Key management personnel and their relatives exercise significant influence, with whom transactions have taken place during the year.

- | | | | |
|----|--------------------------------------|----|--------------------------------------|
| 1 | Ferro Alloys Corporation Limited | 2 | Facor Alloys Limited |
| 3 | Rai Bahadur Shreeram & Co. Pvt. Ltd. | 4 | Dass Papers Pvt. Ltd. |
| 5 | Orchard Consultancy Pvt. Ltd. | 6 | Godavari Devi Saraf & Sons. |
| 7 | S.D. Ores Pvt. Ltd. | 8 | Suchitra Investment & Leasing Ltd. |
| 9 | Saraf Bandhu Pvt. Ltd. | 10 | Facor Power Ltd. |
| 11 | GDP Infrastructure Pvt. Ltd. | 12 | Queen Consultancy Services Pvt. Ltd. |

C Key Management Personnel :

- | | | |
|---|--------------|-----------------------------------|
| 1 | N.D. Saraf | Chairman & Whole Time Director |
| 2 | M.D. Saraf | Vice chairman & Managing Director |
| 3 | Vinod Saraf | Managing Director |
| 4 | Anurag Saraf | Joint Managing Director |

II Transactions with Related Parties during the year ended 31-3-2009 in the ordinary course of business.

(Rupees in lacs)

Particulars	With Vidarbha Iron & Steel Co Ltd. Associates		With Key Management Personnel		With Enterprises where Significant influence exists	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
i) Purchase of goods	-	-	-	-	109.43	169.79
ii) Sale of Goods	-	-	-	-	-	-
iii) Rent paid	-	-	-	-	1.35	0.60
iv) Interest paid	-	-	-	-	291.34	166.48
v) Reimbursement of expenses	998.72	989.74	-	-	-	-
vi) Unsecured Advances given	-	-	-	-	-	-
vii) Finance received	-	-	-	-	300.00	2,029.00
viii) Directors Remuneration	-	-	52.76	64.97	-	-
ix) Outstanding balances as on 31-03-2009						
a) Loans & advances given	-	-	-	-	-	-
b) Unsecured Loans taken	-	-	-	-	3,026.81	2,670.57
c) Sundry creditors	322.61	417.67	0.22	2.52	152.51	120.86

28 Balance Sheet abstract and Company's General Business Profile :

I REGISTRATION DETAILS

REGISTRATION NO.	146283	State Code :	11
Balance Sheet Date	31.03.2009		

II CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue	NIL	Rights Issue	NIL
Bonus issue	NIL	Private Placement	NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities	1619389	Total Assets	1619389
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SOURCES OF FUNDS

Paid up Capital	206524	Reserves and Surplus	26915
Secured Loans	321546	Un-Secured Loans	471639
Deferred Tax Liabilities	12960		

APPLICATION OF FUNDS

Net Fixed Assets	581021	Investments	1
Net Current Assets	421864	Misc. Expenditure	NIL
Accumulated Losses	36698	Deferred Tax Assets (Net)	NIL

IV PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover (Gross Revenue)	3715426	Total Expenditure	3757512
Profit (+)/Loss(-) Before Tax	- 42086	Profit (+)/Loss(-) After Tax	- 52738
Earning per Share (Rs.)	- 0.26	Dividend Rate	NIL

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)	Products Description
722830-00	OTHER BARS AND RODS NOT FURTHER WORKED THAN HOT-ROLLED, HOT - DRAWN FOR EXTRUDED OF OTHER STEEL
722210-00	BARS AND RODS NOT FURTHER WORKED THAN HOT-ROLLED, HOT-DRAWN OR EXTRUDED OF STAINLESS STEEL
721800-00	SEMI FINISHED PRODUCTS OF STAINLESS STEEL

As per our report of even date attached,

For **SALVE AND CO.**
Chartered Accountants

C.A. S.D. PARANJPE
Partner
Membership No. 41472

NAGPUR, 27th July,2009

Amit G. Pandey
Company Secretary

NAGPUR, 27th July,2009

For and on behalf of the Board,

N.D.SARAF
Chairman & Wholetime Director

VINOD SARAF
Managing Director

PRINCIPAL ADDRESS OF THE COMPANY

Registered Office and Works

Nagpur
 46 A & B MIDC, Industrial Estate
 Hingna Road, Nagpur - 440028
 Maharashtra
 Phone : 91-7104-235701-08
 Gram : FACOR STEEL
 E-Mail : info@facorsteel.com
 Fax : 91-7104-235709

Corporate & Head Office

Tumsar
 Shreeram Bhawan
 Tumsar - 441 912
 Dist : Bhandara [Maharashtra]
 Phone : 91-7183-232251, 232233 & 233090
 Gram : FACOR
 E-Mail : facorho@facorgroup.in
 Fax : 91-7183-232271

Regional Office

Mumbai
 168, C.S.T.Road
 Kalina, Santacruz [East]
 Mumbai - 400 098
 Phone : 91-22-26528869, 66910823
 Gram : FACORSALES
 E-Mail : facor@mtnl.net.in
 Fax : 91-22-26526079

Shri Arun Mahalpurkar
 Dy. General Manager

Kolkata

Everest House, 17th Floor,
 46-C, Chowringhee Road,
 Kolkata - 700 071
 Phone : 91-33-40103400
 Gram : FACORAGENT
 E-Mail : facorkol@dataone.in
 Fax : 91-33-40103434

Shri Pratap Lodge
 General Manager [East Zone]

Chennai

37F, Whites Road, 2 Middle Floor
 Chennai - 600 014
 Phone : 91-44-28411092-6
 Gram : FACORAGENT
 E-Mail : facoralloys@vsnl.net
 Fax : 91-44-28411097

Shri R.G.Chari
 General Manager [South Zone]

New Delhi

Corporate One – Suite 401
 Plot No. 5, Jasola
 New Delhi - 110 044
 Phone : 91-11-40701000
 Gram : FACOR
 E-Mail : facordelhi@facorgroup.in
 Fax : 91-11-4162 4880

Shri Ishwar Das
 Manager [Administration]

Other Offices

Visakhapatnam
 Manganese House
 Harbour Road
 Visakhapatnam - 530 001
 Phone : 91-891-2569011/13
 Gram : FACOR
 E-mail : facoralloys@eth.net
 Fax : 91-891-2564077

Shri Naresh Kumar
 Asst. General Manager [Finance]

Nagpur

Shreeram Bhawan
 Ramdaspath
 Nagpur - 440 010
 Phone : 91-712-2436920 -23
 Gram : FACOR
 Fax : 91-712-2432295

Shri H.S.Shah
 Dy. General Manager

Bhubaneswar

GD-2/10, Chandrasekharpur
 Bhubaneswar - 751 023
 [Orissa]
 Phone : 91-674-2302881/ 882
 Gram : FACOR
 E-Mail : facorbbsr@dataone.in
 Fax : 91-674-2302612

Shri M.V.Rao
 Resident Manager

Pune

Parshwanath Industrial Premises
 Orion Computer Services Building,
 1st Floor, Office No. 11, T-71/1A/1B,
 'G' Block, Telco Road, Bhosari, MIDC,
 Pune - 411 026
 Phone : 91-020-30780741-42
 E-Mail : facorpune@facorsteel.com
 Fax : 91-020-30780743

Shri Casmillo Fernandes
 Manager [Marketing]

FACOR STEELS LIMITED
NAGPUR- 440 028 (MAHARASHTRA)
PROXY FORM

I/We _____
of _____ in the District of _____
being a Member / Members of FACOR STEELS LIMITED hereby appoint _____

_____ of _____ in the District of _____
or failing him _____

_____ of _____ in the District of _____
or failing him _____

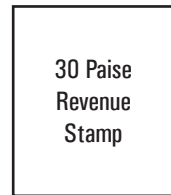
_____ of _____ in the District of _____

as my / our proxy to vote for me / us and on my / our behalf at the **Sixth Annual General Meeting** of the Company to be held at 46-A & B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028 (Maharashtra) on **Tuesday, the 15th September, 2009 at 12.15 p. m.** and at any adjournment thereof.

Signed this _____ day of _____ 2009

Ledger Folio Nos. /Client ID No. _____

No. of Shares held _____



Shareholder's Signature

NOTES

- [a] If a member is unable to attend the Meeting, he may sign this form and send it to the Company Secretary, FACOR STEELS LIMITED, Nagpur-440 028 (Maharashtra), so as to reach him not less than 48 hrs before the time of holding the meeting.
- [b] This form should be signed across the stamp as per the specimen signature registered with the Company.



FACOR STEELS LIMITED

46 A & B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028, Maharashtra

Ph: +91-7104-235701-08 Fax: +91-7104-235709

E-mail: info@facorsteel.com