

# NINTH ANNUAL REPORT 2011-2012

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**FACOR STEELS LIMITED**



## 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**

**Mohandas S. Adige**

**Vibhu Bakhru**

**Rajkamal Rao**

**Amit G. Pandey**  
General Manager (Legal) &  
Company Secretary

### Executives

**D.B. Moharil**  
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 & Associates  
Chartered Accountants

### 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

## Contents :

Corporate Information and Index .....	1	Balance Sheet.....	25
Notice to Members .....	2	Statement of Profit & Loss .....	26
Directors' Report .....	6	Cash Flow Statement.....	27
Management Discussions and Analysis.....	10	Notes on Financial Statement .....	28
Corporate Governance Report .....	12	Principal Addresses of the Company.....	42
Auditors' Report to Members .....	22	Proxy Form	

## NOTICE TO MEMBERS

Notice is hereby given that the NINTH 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 Monday the 24<sup>th</sup> of September, 2012 at 12.30 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 31<sup>st</sup> March 2012 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. Vibhu Bakhru, who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. 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:

5. To appoint Mr. Mohandas S. Adige (who was appointed as an Additional Director by the Board of Directors of the Company under Article 107 of the Articles of Association of the Company and who holds office under the said Article and Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956 alongwith a deposit of Rs 500/- from a Member signifying his intention to propose Mr. Mohandas S. Adige as a candidate for the office of Director) as a Director of the Company and in that behalf to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

“RESOLVED THAT pursuant to the relevant provisions of the

Companies Act 1956 including Section 257, Mr. Mohandas S. Adige be and is hereby elected and appointed as a Director of the Company liable to retire by rotation.”

6. To appoint Mr. Rajkamal Rao (who was appointed as an Additional Director by the Board of Directors of the Company under Article 107 of the Articles of Association of the Company and who holds office under the said Article and Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956 alongwith a deposit of Rs 500/- from a member signifying his intention to propose Mr. Rajkamal Rao as a candidate for the office of Director) as a Director of the Company and in that behalf to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

“RESOLVED THAT pursuant to the relevant provisions of the Companies Act 1956 including Section 257, Mr. Rajkamal Rao be and is hereby elected and appointed as a Director of the Company liable to retire by rotation.”

7. 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, 310 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. M. D. Saraf as Managing Director of the Company for a period of 5 years with effect from 14-8-2012 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. M. D. 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. 5 to 7 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. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 21<sup>st</sup> September, 2012 to Monday, 24<sup>th</sup> September, 2012 both days inclusive.
4. Members are requested to notify immediately any change in their address/bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company viz., Link Intime India Private Limited, (Unit: FACOR Steels Limited) C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup(W), Mumbai-400 078, Maharashtra in respect of their physical share holding, if any. While intimating change of address to Depositories and Registrar and Share Transfer Agents please indicate your client ID No./Folio No., as may be applicable. The address should be complete with Pin Code No.
5. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company are requested to submit Form No. 2B duly filled in and signed to the above Registrar & Transfer Agents. The Form can be had from the Share Department at the Registered Office of the Company at 46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur – 440 028
6. Shareholders intending to require information about accounts and operations of the company, to be explained at the meeting, are requested to furnish the queries to the Company Secretary at least 10(ten) days in advance of the Annual General Meeting so that the same could be complied in time.
7. 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.
8. The Company's securities are admitted in the National Securities Depository Ltd. and Central Depository Services Ltd. and the ISIN No., allotted to the Company by them in respect of Equity Shares is INE 829G01011.
9. Non-resident Indian Members are requested to inform the Registrar and Transfer Agents of the Company their Depository particulars about:
  - a) The change in their residential status on return to India for permanent settlement.
  - b) The details of the bank account in India with complete name, branch, account type, account no. and address of the bank.
10. All documents referred-to in the accompanying notice are 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.
11. Securities and Exchange Board of India (SEBI) has made it mandatory for submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrars and Transfer Agents quoting reference of their folio no.
12. Members who hold shares in physical form in multiple folios in identical names or joint names in the same order of names are requested to send the share certificates to the Registrar and Transfer Agent of the Company for consolidation into a single folio.
13. The Ministry of Corporate Affairs (MCA) has vide its circular nos.17/2011 and 18/2011 dated 21<sup>st</sup> April, 2011 and 29<sup>th</sup> April, 2011 respectively, undertaken a "Green Initiative in Corporate Governance" and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/ updating their email addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Registrar and Transfer Agent of the Company i.e. Link Intime India Private Limited.

**Registered Office:**

46 A & B, MIDC, Industrial Estate,  
Hingna Road,  
Nagpur – 440028

By ORDER OF THE BOARD

Amit Pandey  
General Manager (Legal) &  
Company Secretary

Dated: 14<sup>th</sup> August, 2012

## ANNEXURE TO THE NOTICE

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

### Item No.5 & 6

Mr. Mohandas S. Adige and Mr. Rajkamal Rao were appointed as Additional Directors of the Company w. e. f. 7/11/2011 and 6/02/2012 respectively. Pursuant to Section 260 of the Companies Act, 1956 read with Article 107 of Articles of Association of the Company, they hold office as Directors only until the forthcoming Annual General Meeting of the Company. The Company has received notices alongwith requisite deposit under Section 257 of the Companies Act, 1956, from members in respect of the above candidates, proposing their appointment as Directors of the Company.

Mr. Adige is a Metallurgical Engineering Graduate (1967) from Banaras Hindu University. He underwent special training at Firth Brown Ltd. and its associate companies in Sheffield, UK for over a year and also attended a course in Iron & Steel Technology (part of M.Met) at the Sheffield University (1972/73). He has Diplomas in Operations, & Financial Management from the Jamnalal Institute of Management Studies Bombay University.

He was the Deputy Managing Director of Mahindra Ugine Steel Co. Ltd. (MUSCO) for two years and retired as the Managing Director of Nagpur Power & Industries Ltd. (earlier Khandelwal Ferroalloys) in 2006.

Mr. Rajkamal Rao is aged around 64 years and is a science graduate from Agra University and also holds PGDPA and FI (Mech.) E. (London) degrees. He is Fellow Member of the Institute of Rail Transport FIE(India). Mr. Rajkamal Rao has held various important posts in the Engineering Department in the Indian Railways. He has rich experience in engineering products required for Indian Railways.

The Board is of the view that continued association of Mr. Mohandas S. Adige and Mr. Rajkamal Rao as Directors of the Company will be of immense benefit to the Company and hence the above Resolutions in Item no.5 and Item no. 6 of this notice are commended for approval of the Members.

None of the Directors except Mr. Mohandas S. Adige and Mr. Rajkamal Rao are concerned or interested in the Resolutions.

### Item No.7

The Board of Directors in their meeting held on 14<sup>th</sup> August, 2012 has approved the re-appointment of Mr. M. D. Saraf as Managing Director of the company for another period of 5 years w.e.f 14<sup>th</sup> August, 2012. The Remuneration Committee has also approved the terms

and conditions including remuneration payable to Mr. M. D. Saraf as Managing Director for a period of 5 years w.e.f. 14<sup>th</sup> August, 2012, subject to approval of the members.

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 95,000/- per month in the scale of Rs 75,000 – 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 actual. 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 1<sup>st</sup> of April, 2013.

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. N. D. Saraf (being brother of Mr. M. D. Saraf), Mr. Anurag Saraf (being son of Mr. M. D. Saraf) & Mr. M. D. Saraf whose appointment is being considered be deemed to be concerned or interested in this resolution.

The Particulars set out above may be treated as an abstract of the draft Agreement between the said Vice Chairman and Managing

Director and the Company pursuant to Section 302 of the Companies Act, 1956.

The Draft Agreement between the Company and Mr. M. D. 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. 7 of the accompanying Notice is commended for your approval.

**Registered Office:**

46 A & B, MIDC, Industrial Estate,  
Hingna Road,  
Nagpur – 440028

Dated: 14<sup>th</sup> August, 2012

By ORDER OF THE BOARD

Amit Pandey  
General Manager (Legal) &  
Company Secretary

## DIRECTORS' REPORT TO THE MEMBERS

The Directors submit the **NINTH ANNUAL REPORT** on the business and operations of the Company and the Audited Statements of Accounts for the year ended 31st March, 2012.

### FINANCIAL RESULTS:

	For the year ended 31.3.2012 (Rs. in lacs)	For the Previous year ended 31.3.2011 (Rs in lacs)
Gross Profit / (Loss)	(348.16)	334.27
Depreciation / Amortization	543.42	547.80
Adjustments relating to earlier years	(25.26)	(130.87)
	<u>(866.32)</u>	<u>(82.66)</u>
Provision /(Credit) for MAT/FBT/DEF.TAX/WT	0.18	271.34
Profit/(Loss) after tax for the year	(866.50)	(354.00)

### OVERALL PERFORMANCE:

The year 2011-12 did not see much increase in domestic demand of special alloy steels as compared to 2010-11. However, there was an increase in export demand by almost 18% in 2011-12 as compared to 2010-11. The competition continued to grow with most of the Steel Plants coming up with Blast Furnaces, Sponge Iron and Captive Power units thereby affecting the demand supply situation and the net realization to the company. The increased interest rate affected the sales of Auto industries that started looking at various sops and incentives from the Govt. to keep the momentum of production and sales.

On the production level in 2011-12 the production of Steel Melting Shop (SMS) was lower by almost 4000 Tons and that of Rolling Mill was lower by 2000 MT as compared to 2010-11, however, in Forge production there was an increase by almost 200 MT as compared to 2010-11. The most encouraging feature in Forged segment was that sales increased by almost 18% and Exports also increased by 15%. The Working capital requirement increased with increase in input cost whereas there was no equivalent increase in Steel prices. The development of new products continues to remain a major thrust for the company for critical end applications and import substitution which gave higher realization.

The stiff competition coupled with sluggish economic conditions has had adverse impact on the working of the company, which has resulted in company posting a net loss of Rs. 866.50 lacs for the year 2011-12.

### DIVIDEND:

In the absence of profit, your directors are unable to declare any dividend for the year 2011-2012.

### PROSPECTS:

The Indian economy is facing a very challenging environment and the GDP growth rate is constantly on decline which is not a good sign for domestic market, further the value of Indian Rupee has also declined in the currency market which has made imports dearer and export attractive. In order to ensure better returns your company now

is focusing more on exports of its products and also tapping domestic market for substituting imports of niche products, where margins are expected to be higher with less competition from domestic steel plants. In order to achieve desired results your company has entered into an agreement for long term co-operation with M/s INTECO Special Melting Technologies GmbH, (INTECO) a company based in Austria, Europe, which specializes in transfer of technology for alloyed and special steel, including special melting technology, Secondary Metallurgy, forging, Heat Treatment and supply of relevant equipments relating to steel making.

You company has also entered into the open die forged products material in a big way thereby increasing the customer's base and product range in 2011-12. In the year under review several new products that meet the requirement of high end Automobile applications, energy and oil and gas sector have been added. The company is constantly exploring business opportunity in these markets and is being recognized as a reputed manufacturer.

The company also diversified into special shapes and sizes of forged products as per the requirement of customers.

With the combined strategy of increasing export, catering to domestic market in niche segment to substitute imports and increasing sales of forged products in the open die segment, your company hopes to achieve better results in future.

### FINANCE:

The Company has not accepted any fixed deposit from the public during the year under review. However, continued losses posted by the company for the consecutive third year has considerably affected the fund flow of the company. In order to improve the net worth of the company Inter-corporate Deposit (ICD) worth Rs.10 Crores belonging to Promoter Group entities was converted into 5% Redeemable Cumulative Preference Shares during the year under review. Further, steps are being taken by the Company to effectively manage the finances and it is expected that with the improvement in the production level the finance position of the company will also stabilize.

### COST AUDITOR:

The Board of Directors on recommendation of the Audit Committee has appointed Mr. Shridhar K. Phatak, a Practicing Cost Accountant, as Cost Auditor of the company for the financial year 2012-13 to carry out cost audit of the company's Mini Steel Plant situated at Nagpur. Necessary approval of the Central Government in respect of appointment of Mr. Shridhar K. Pathak as Cost Auditor of the Company has been received by the Company. As required under the provisions of Section 224(1B) read with Section 233 (B)(2) of the Companies Act, 1956, the Company has obtained written confirmation from Mr. Shridhar K. Phatak to the effect that he is eligible for appointment as Cost Auditor under Section 233B of the Companies Act, 1956. The Audit Committee has also received a certificate from the Cost Auditor certifying his independence and arm's length relationship with the Company.



**INDUSTRIAL RELATIONS:**

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

**DIRECTORS:**

Mr. N. D. Saraf and Mr. Vibhu Bakhru, Directors of the Company, retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.

Mr. G.L.N. Sastry, Nominee Director, Bank of India, ceased to be director on board of the company w.e.f. 30<sup>th</sup> June, 2011 consequent to his retirement from service of the bank of India on achieving superannuation. Mr. P. K. Kukde resigned from Directorship of the Company w.e.f. 7<sup>th</sup> November, 2011. The Board has placed on record its sincere appreciation of the services rendered by Mr. G. L. N. Sastry and Mr. P. K. Kukde during their tenure as Directors of the Company.

During the year Mr. Mohandas S. Adige & Mr. Rajkamal Rao were appointed Additional Directors by the Board of Directors of the Company under Article 107 of the Articles of Association of the Company w.e.f. 07.11.2011 & 06.02.2012 respectively. The Additional Directors hold office under the said Article and Section 260 of the Companies Act, 1956 upto the date of ensuing Annual General Meeting. The Company has received notices from members under section 257(1) of the Companies Act, 1956, signifying their intention to propose candidature of Mr. Mohandas S. Adige & Mr. Rajkamal Rao, for the office of Directors of the Company at the forthcoming Annual General Meeting.

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, in selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonably and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2012 and of the profit of the Company for the year ended on that date;
- 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.

**PRESENTATION OF FINANCIAL RESULTS:**

Pursuant to Notification dated 28<sup>th</sup> February, 2011 issued by the Ministry of Corporate Affairs, the format for disclosure of financial

statement prescribed under Schedule VI to the Companies Act, 1956 has been substantially revised. The financial results of the Company for the year ended 31<sup>st</sup> March, 2012 have, therefore, been disclosed as per the revised Schedule VI. Previous year's figures have also been restated to confirm with the current year's presentation.

**AUDITORS:**

M/s Salve & Company, Chartered Accountants retire as Statutory Auditors of the Company at the ensuing Annual General Meeting and have given their consent for re-appointment as the Statutory Auditors of the Company for the year 2012-13. Pursuant to the provision of Section 224(1B) of the Companies Act, 1956, the Company has obtained written consent from the above auditors that their re-appointment if made, would be in conformity with the limits specified in the said section.

**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. 60,00,000/- per annum or Rs.5,00,000/- 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 wish to express their appreciation for the continued support and co-operation received from Central and State Government, Financial Institutions, Banks, Customers, Suppliers and the Shareholders of the Company. The Directors also appreciate the value and contributions made by every employee of the company in the operations of the company.

On behalf of Board of Directors,

Vinod Saraf

Anurag Saraf

Nagpur

Managing Director      Jt. Managing Director

Dated : 14<sup>th</sup> August, 2012

## 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 : In 16" Mill Furnace burner design modified to reduce oil consumption.
- 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. : Rs.500/- per MT based on reduction of Approx. 10 Liter/Ton in 16" Mill.
- 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 : Development of Stainless Steel Flats in Grade X20Cr13 Turbine Blade application for BHEL.
- b. Benefits derived as a Result of above R & D. : Under development. Will be developed within 3 months.
- c. Future plan of action. : To develop complete technology and do commercial production.
- d. Expenditure on Research & Development. : Rs. 10 Lacs.
- e. Technology absorption, adaptation and innovation. : X20CrMoBVn11 A/c. BHEL, Trichy Micro Alloy Steel for Delphi, M12-023A
- i) Efforts, in brief, made towards Technology absorption, adaption and innovation. : All inhouse experiments/trials conducted to achieve properties & desired results of above grades.
- ii) Benefits derived as a result of above efforts. : Product Mix was broadened due to inclusion of these products.
- iii) Information regarding technology imported during the last five years. : None

### 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 developed.
- 2) Total Foreign Exchange used and earned (2011-2012): **(Rs.in Lacs)**
- |                                 |                |
|---------------------------------|----------------|
| i) CIF value of imports         | <b>929.78</b>  |
| Expenditure in Foreign Currency | <b>89.42</b>   |
| ii) Foreign Exchange earned     | <b>5373.44</b> |

On behalf of Board of Directors,

Vinod Saraf  
Managing Director

Anurag Saraf  
Joint Managing Director

Nagpur  
Dated: 14<sup>th</sup> August, 2012

## FORM 'A'

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

PARTICULARS	STEEL	
	CURRENT YEAR 2011-2012	PREVIOUS YEAR 2010-2011
<b>A. POWER AND FUEL CONSUMPTION:</b>		
1. ELECTRICITY		
a) Purchased		
Units (KWH in lacs) .....	468.32	529.26
Total Amount (Rs. in Lacs) .....	2948.62	2442.12
Average rate per unit (Rs.) .....	6.30	4.61
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) .....	3446.87	4537.17
Total cost (Rs.in Lacs) .....	1306.36	1250.75
Average Rate (Rs./K. Liters) .....	37905.14	27566.75
4. Others/Internal Generation .....	-	-
<b>B. CONSUMPTION PER UNIT OF PRODUCTION:</b>		
ELECTRICITY (KWH per tonne)		
Rolled & Forged Products .....	1333.000	1335.000
FURNACE OIL (K.Liter per tonne)		
Rolled & Forged Products .....	0.084	0.084
Coal (Specify quality) .....	-	-
Others (Specify) .....	-	-

## MANAGEMENT DISCUSSIONS AND ANALYSIS

### INDUSTRY STRUCTURE, DEVELOPMENT AND OTHER RELATED MATTERS

The Indian economy is going through a challenging phase and GDP growth rate is constantly on decline and feeling inflationary pressures. Uncertain policy environment and sluggish growth has affected the Alloys Steel Industry badly during the financial year 2011-12. The industry growth in 2011-12 remained fairly sluggish and most of the Alloy Steel producers either made a loss or reported lower profit in 2011-12 as compared to 2010-11. The growth of Alloys steel Industry is largely dependent upon the growth of Automobile Sector. The original equipment manufacturers like Tata Motors, Ashok Leyland started reducing their production from December, 2011. The leader in the passenger vehicle segment Maruti Suzuki reduced their production due to trouble in their Manesar plant in October-November, 2011 which affected many Forgers / vendors dependent on Maruti Suzuki. Overall the passenger vehicle segment recorded growth of 3.6% over the last year sales figures and major gainers were Mahindra & Mahindra, Hyundai and Toyota Kirloskar Motors Limited.

The three wheeler segment continues to be in doldrums and reported negative growth of 2.4%. The slow growth rate in domestic economy and the volatile state of global economy has adversely affected the consumption of steel during the year under review. The government's initiative to push infrastructure and power projects by extending certain incentives is expected to provide impetus to the steel consumption, Further, it is expected that entry of some global automobile companies in the domestic market and improvement in the power and infrastructure sector will give boost to steel consumption and improve the overall industry situation.

### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

#### FINANCIAL PERFORMANCE: (RS. IN LACS)

	2011-2012	2010-2011
TOTAL INCOME	31497.56	27826.72
EBIDT	438.98	1056.45
INTEREST	787.14	722.18
DEPRECIATION	543.42	547.80
ADJUSTMENTS RELATING TO EARLIER YEARS	(25.26)	(130.87)
PBT	(866.32)	(82.66)
MAT/FBT/DEFERRED/ WEALTH TAX	0.18	271.34
PAT	(866.50)	(354.00)
EPS	(0.42)	(0.17)

The financial performance of the company during the year under review has declined significantly due to reduction in the margins and stiff competition from other steel manufacturers. The higher input

costs of metallic, power, furnace oil and adverse exchange variation could not be passed on to the customers due to sluggish demand and competitive pressure which has adversely affected the performance of the company. The company however, has improved its turnover and has reported turnover of Rs.31497.56 lacs against Rs.27,826.72 lacs of the previous year. In the operational side the performance of the Company was as follows:

#### OPERATIONAL PERFORMANCE:

(Rs. In Lacs)

YEAR	STEEL MELTING SHOP PRODUCTION (GROSS) (M T)	ROLLING MILL SHOP PRODUCTION (GROSS) (M T)	FORGE SHOP PRODUCTION (GROSS) (M T)	TOTAL SALE	
				QUANTITY	VALUE (RS. IN LACS)
2011-2012	34926	40836**	2903	31090	30858.36*
2010-2011	38585	53709**	3110	32655	26814.06*

\* INCLUDES VALUE OF BY-PRODUCT SALE

\*\*INCLUDES CONVERSION JOB WORK

#### OPPORTUNITIES, THREATS, RISKS AND CONCERN:

The forecast for Alloy Steel production which is mainly dependent on the Auto Sector is not as good as previous year and the demand is expected to be slow during the period from April to September'2012. The raw material prices continue to be highly fluctuating especially with respect to Imports which are affected by weaker rupee and strong dollar. This increase in import prices has affected overall cost of material as the prices of Scrap, Sponge Iron and Nickel is largely dependent on imported landed cost. Such increase affected the cost of production where as the price increase acceptance is generally delayed by 2-3 months by the Industry. Further, due to adversity in demand supply situation most of the competitors continue to sell at lower prices In spite of increase in input cost. Company expects competitive pressure on pricing to increase with more capacity available vis-à-vis demand. Under the prevailing circumstances company's margins can be protected by continued addition of new grades in the niche market with maximum concentration on Forged products, exports and high end applications in Auto sector which can give high value addition and higher realization to the changed product mix.

Looking at the scenario, the dependence on the auto industry is highly risky due to wild fluctuations in the demand pattern resulting in marginal increase in sales of the same. The new area therefore, to be pursued are exports of stainless steel rolled products, forged products, tool steel market and steel required for Oil, Gas and Power Sector. In export special emphasize will be given on development of profiles and other products such as Hot rolled, Annealed and Pickled Wire rods of stainless steel. In Tool steel area also, OEM market where only imports are used shall be specifically explored. In order to achieve this, your company has entered into a long term co-operation with

M/s INTECO Special Melting Technologies GmbH, (INTECO) a company based in Austria, Europe, which specializes in transfer of technology for alloyed and special steel, including special melting technology, Secondary Metallurgy, forging, Heat Treatment and supply of relevant equipments relating to steel making.

The forecast for Auto sector growth as projected by SAIM for 2012-13 is as under:-

Segment	Financial Year 2012 Growth (Dec-11 Est.)
Cars	0-2%
UVs	9-11%
Vans	8-10%
<b>PV Total</b>	<b>2-4%</b>
LCV Goods	28-30%
MHCV Goods	12-14%
Passenger Buses	0-2%
<b>Total CV</b>	<b>18-20%</b>
2W	13-15%
3 W Goods	14-16%
3 W Passenger	(4) – (6)
<b>3 W Total</b>	<b>0-2%</b>
<b>Auto Total</b>	<b>11-13%</b>

However, due to slow down during the period April to Sept, these figures are likely to be affected.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

Keeping in view the size and nature of its business your company has an adequate internal control system. The Internal Audit of the Company is carried out by an independent agency which submits its report to the Audit Committee which reviews and submits its finding to the Board of Directors on quarterly basis. 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 in compliance with all applicable regulations. Your company also takes quarterly compliance certificates in respect of applicability of various laws from the concerned departmental heads and executives and the same is placed before the Board of Directors for its observation, review and suggestions if any.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS:**

Industrial relations in the company were cordial throughout the year 2011-2012. Total employee strength of the Company at the end of financial year 2011-2012 was 664. Apart from the above employees the company hires services of apprentices, trainees and contract workers from time to time. Regular training and skill development of employees and workers are undertaken by the Human Resource Department.

**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 ON CODE OF GOVERNANCE:

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under clause 49 of the Listing Agreement with the Stock Exchange. FSL is committed to the core principles of Corporate Governance and has adopted a code of conduct for its employees, including the Managing Director and the Executive Directors and other Board Members. FSL has also adopted the Anti-corruption Manual, which governs the conduct of its employees including the Directors and applies equally to all its business transactions throughout the country and abroad.

Your company is committed to do its business in a fair and transparent manner with fairness and integrity and all types of bribery and other unethical business practices are prohibited. Both the code of conduct and the Anti Corruption Manual are available in the company's website.

### 2. BOARD OF DIRECTORS:

The Company has an Executive Chairman and the composition of the Board of Directors of the company complies with the norms as set out by the Listing Agreement and has been strictly adhered to at all times. As on 31 March, 2012, the Company had an optimum ratio of independent and non-independent members as required by the listing agreement.

The composition of the Directors as on 31<sup>st</sup> March 2012 is as follows:-

Name and Particulars	Category	No of Board Meetings attended	Whether last AGM Attended	No. of Outside Directorship held in Public Companies	Outside Committee Position Held	
					Member	Chairman
Mr. N. D. Saraf, Chairman & Whole Time Director	Executive*	2	Yes	2	-	-
Mr. M. D. Saraf, Vice Chairman & Managing Director	Executive*	6	Yes	4	-	-
Mr. Vinod Saraf, Managing Director	Executive*	5	Yes	2	-	-
Mr. Anurag Saraf Joint Managing Director	Executive*	5	No	3	-	-
Mr. A.S. Kapre	Non-Executive Independent	6	Yes	2	1	3
Mr. M.B. Thaker	Non-Executive Independent	5	No	1	3	-
Mr. Arye Berest	Non-Executive Non-Independent	Nil	No	2	-	-
Mr. Vibhu Bakhru	Non-Executive Independent	1	No	2	-	-
Mr. P. K. Kukde@	Non-Executive Independent	Nil	No	2	-	-
Mr. G. L. N. Sastry@@	Non-Executive Independent	Nil	NA	Nil	-	-
Mr. Mohandas S. Adige #	Non-Executive Independent	3	NA	8	6	2
Mr. Rajkamal C. Rao ##	Non-Executive Independent	2	NA	Nil	-	-

\* Represent Promoters.

@ Ceased to be director w. e. f. 07.11.2011,

@@ Ceased to be director w. e. f. 30.06.2011

# Appointed as Additional Director w. e. f. 07.11.2011,

## Appointed as Additional Director w. e. f. 06.02.2012

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 matters to be discussed at the Board Meeting are included in the Agenda in consultation with the Chairman of the Company. The Managing Director briefs the Board at every Meeting on the overall performance of the Company followed by presentation by Senior Executives of the Company. All the major decisions of the company are reviewed by the Board of Directors, such as capital expenditures, investments, budgets of the company, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances if any, review of major legal issues, adoption of quarterly/ half yearly/ annual financial results, minutes of Audit Committee, Remuneration Committee, Shareholders/ Investors Grievance Committee, etc.

#### 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 2011-2012 the Board met 6 times on 20<sup>th</sup> April' 2011, 29<sup>th</sup> July' 2011, 15<sup>th</sup> September 2011, 7<sup>th</sup> November' 2011, 6<sup>th</sup> February' 2012, and 17<sup>th</sup> March'2012 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. The Code of Conduct is also uploaded in the company's website: [www.facorsteel.com](http://www.facorsteel.com)

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

### 3. COMMITTEES OF THE BOARD

#### A. AUDIT COMMITTEE:

##### Composition, Meetings and Attendance

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. Anurag Saraf, who is Joint Managing Director of the Company. Mr. Vinod Saraf was a Member of the Audit Committee till 31.10.2011 and thereafter he ceased to be a member consequent upon his resignation from the post. Mr. Anurag Saraf became member of the Audit Committee w. e. f. 7<sup>th</sup> November, 2011. Mr. A. S. Kapre is the Chairman of the Committee.

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.

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.

There were four (4) meetings held of Audit Committee during the financial year 2011-2012 on 20<sup>th</sup> April, 2011, 29<sup>th</sup> July, 2011, 7<sup>th</sup> November, 2011 and 6<sup>th</sup> February, 2012 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	No
Mr. Vinod Saraf, Member @	Executive	2	0	Yes
Mr. Anurag Saraf, Member #	Executive	1	1	No

@ Ceased to be Member w. e. f. 31<sup>st</sup> October, 2011

# Appointed as Member w. e. f. 07.11.2011

**B. REMUNERATION COMMITTEE:**

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.

The Remuneration Committee is composed of Mr. A. S. Kapre, Mr. M. B. Thaker and Mr. Mohandas S. Adige. All the members of Remuneration Committee are Independent Directors. Mr. P. K. Kukde ceased to be member of the Committee w. e. f. 7<sup>th</sup> November, 2011 due to his resignation from Directorship of the Company. Mr. Mohandas S. Adige, Additional Director, was thereafter inducted in the Remuneration Committee w. e. f. 6<sup>th</sup> February, 2012. Mr. A. S. Kapre, Independent Director is the Chairman of Remuneration Committee.

The Committee had two meetings on 20<sup>th</sup> April, 2011 and 29<sup>th</sup> July, 2011 to consider revision in the remuneration payable to the Managing/ Whole time Directors 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	2	2	Yes
Mr. M. B. Thaker, Member	Independent	2	2	No
Mr. P. K. Kukde, Member @	Independent	2	0	No
Mr. Mohandas S. Adige #	Independent	0	0	N.A.

@ Ceased to be Member w. e. f. 7<sup>th</sup> November, 2011

# Appointed as Member w. e. f. 6<sup>th</sup> February, 2012

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.

Details of remuneration paid to Executive Directors for the year 2011-12 are as under:-

Name of Director	Total Remuneration including perquisites and allowances	Period of Agreement
Mr. N. D. Saraf, C & WTD	16,47,826.80	5 years w.e.f 1 <sup>st</sup> May, 2011
Mr. M. D. Saraf, VC & MD	13,38,350.89	5 years w.e.f 11 <sup>th</sup> August, 2007
Mr. Vinod Saraf, MD	14,30,686.80	5 years w.e.f 1 <sup>st</sup> August, 2009
Mr. Anurag Saraf, JMD	17,24,370.80	5 years w.e.f 1 <sup>st</sup> August, 2011
<b>Total:</b>	<b>59,22,265.45</b>	

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 2011-2012, 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.65,000/- *	-
Mr. M.B. Thaker	Rs.60,000/- *	2647
Mr. Vibhu Bakhru	Rs. 5,000/-	-
Mr. Mohan S Adige	Rs.15,000/-	-
Mr. Rajkamal Rao	Rs.10,000/-	-
<b>Total</b>	<b>Rs. 1,55,000/-</b>	

\* 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.



**C. SHARE HOLDERS / INVESTORS' 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.

The Shareholders' Grievance Committee is headed by Mr. A. S. Kapre, an Independent Director. The other members of the Committee are Mr. M. B. Thaker and Mr. Anurag Saraf. Mr. Vinod Saraf was a Member of the Shareholders' Grievance Committee till 31.10.2011 and thereafter he ceased to be a member consequent upon his resignation from the post. Mr. Anurag Saraf was appointed as member of the Committee on 7<sup>th</sup> November, 2011. 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. Anurag Saraf *	Member		1
Mr. M.B. Thaker	Member		1
Mr. Vinod Saraf **	Member		Nil

\* Appointed as Member of the Committee w. e. f. 07.11.2011

\*\* Ceased to be Member w. e. f. 31<sup>st</sup> October, 2011

Status of Investors' complaints received and resolved during the year 2011-12 is as under:-

Investors complaints received	Resolved	Not solved to the satisfaction of Shareholders	No. of pending complaints
7	7	Nil	Nil

Mr. Amit G. Pandey, General Manager (Legal) & Company Secretary, acts as the Secretary to the Remuneration Committee and is also designated as the Compliance Officer of the Company.

**4. GENERAL BODY MEETINGS:**

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
6 <sup>th</sup> AGM	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028	Tuesday, 15 <sup>th</sup> September, 2009 at 12.15 p.m.	No	No
7 <sup>th</sup> AGM	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028	Monday, 20 <sup>th</sup> September, 2010 at 12.30 p.m.	No	No
8 <sup>th</sup> AGM	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028	Thursday, 15 <sup>th</sup> September, 2011 at 12.30 p.m.	Yes	No

On 17<sup>th</sup> March, 2012 Extra-ordinary General Meeting of the Shareholders was held at the Registered office of the Company and the Authorised Share Capital of the Company was increased from Rs. 40 to Rs. 50 by creation of additional 10,00,000 (ten lakhs) 5% Redeemable Cumulative Preference Shares of Rs.100/- (Rupees hundred) each ranking pari passu with the existing 15,00,000 (fifteen lakhs) 5% Redeemable Cumulative Preference Shares of Rs.100/- each. The additional 10 lakhs 5% Redeemable Preference Shares of Rs.100/- each were issued and allotted to the following promoter group entities.

<u>PROMOTER GROUP ENTITY</u>	<u>NO. OF PREFERENCE SHARES</u>
1. Dass Papers Private Limited	60000.00
2. Vineet Infin. Pvt. Ltd.	225000.00
3. S. D. Ores Pvt. Ltd.	332000.00
4. Suchitra Investments & Leasing Limited	383000.00
<b>TOTAL</b>	<b>1000000.00</b>

Accordingly the existing Clause V of the Memorandum of Association of the Company and Article 5 of Articles of Association of the Company were amended and now the Authorised Share Capital of the Company consists of 25,00,00,000 (twenty five crore) equity shares of Re.1/- each and 25,00,000 (twenty five lakhs) 5% Redeemable Cumulative Preference Shares of Rs.100/- each.

## 5. 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.

### iii) SEBI Code of Conduct:

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 30<sup>th</sup> 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, General Manager (Legal) & Company Secretary, has been appointed as the Compliance Officer for monitoring adherence to the Regulations.

### iv) 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.

### v) 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.

### vi) Disclosure of information as per SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 2011:

List of persons, who constitute the Group as defined under erstwhile MRTTP 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	24.	Deepee Sales Corporation
2.	Facor Alloys Limited	25.	Investar Ltd.
3.	Facor Power Limited	26.	Super Vision Ltd.
4.	Facor Realty and Infrastructure Ltd.	27.	Precisetec Ltd.
5.	Facor Energy India Limited	28.	Teracota Consultancy Services Ltd.
6.	Facor Electric Limited	29.	Imagetec Ltd.
7.	Facor Solar Limited	30.	Globalscale Investments Ltd.
8.	Rai Bahadur Shreeram And Co. Pvt. Ltd.	31.	Tusta Trading Company Inc.
9.	Shreeram Durgaprasad Ores Pvt. Ltd.	32.	Trusta Trading Co. AG
10.	Saraf Bandhu Pvt. Ltd.	33.	Cornell Corporation SA.
11.	Best Minerals Ltd.	34.	FAL Employees Welfare Trust
12.	GDP Infrastructure Pvt. Ltd. (Formerly Saraf Mor & Company Pvt. Ltd.)	35.	FACOR Employees Welfare Trust
13.	Vidharba Iron & Steel Corpn. Ltd.	36.	ARKA Resources Pvt. Ltd. (Formerly Metique Marketing (India) Pvt. Ltd.)
14.	Shreeram Shipping Services Pvt. Ltd.	37.	NDS Minerals Private Ltd.
15.	Suchitra Investment & Leasing Ltd.	38.	ARK Mercantile Private Ltd.
16.	Dass Papers Pvt. Ltd.	39.	Vanita Enterprises Private Ltd.
17.	Premier Commercial Corpn.	40.	Raghavendra Sarkar Venture Pvt. Ltd.
18.	Geedee Sales Services	41.	YMR Enterprise Pvt. Ltd.
19.	Godavaridevi Saraf & Sons	42.	V& G Commercial Pvt. Ltd.
20.	BEC Power Pvt. Ltd.	43.	Mezeron Enterprises Pvt. Ltd.
21.	Facor Minerals Pte. Ltd. Singapore	44.	Facor Minerals (Netherlands) B. V.
22.	Vakrangee Press Limited	45.	Pioneer Facor IT Infradevelopers Pvt. Limited
23.	Facor Energy Limited		

**6. MEANS OF COMMUNICATIONS:**

The financial results, important announcements, declarations are communicated to the Shareholders by means of advertisements in leading national dailies. The quarterly results of the company are published in all India editions of Financial Express and Sakal, local Marathi language newspaper in Nagpur where the registered office of the company is situated.

The Company also posts the vital information such as financial results, shareholding pattern, important information, declarations etc. on its website at [www.facorsteel.com](http://www.facorsteel.com) which is 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.

**7. GENERAL SHAREHOLDERS INFORMATION:**

Date of AGM	Time	Venue
24 <sup>th</sup> September, 2012	12.30 p.m.	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur 440 028, Maharashtra State

**Particulars of Directors proposed to be appointed / re-appointed in the forthcoming Annual General Meeting as required under Clause 49 IV(G) (i) of the Listing Agreement:-**

Name of Director	Date of Birth	Date of Appointment	Experience In specific Functional Areas	Qualifications	List of Other Public Limited Companies in which Directorship held as on 31-3-2012	Chairman/ Member of the committee of Board of other public Limited Companies on which he was a Director as on 31-3-2012.	No. of shares held
Mr. N. D. Saraf	9-08-1938	28-4-2006	Rich experience in various aspects of business operations	1st year B. Com	FACOR Power Ltd. Gannon Dunkerley & Co. Ltd.	Nil	1588
Mr. Vibhu Bakhru	2-11-1966	01.07.2008	Over 19 years Rich Experience in Legal and Accounts	C. A., LLB	Hindustan Everest Tools Limited. Filatex India Ltd.	Nil	Nil
Mr. Mohandas S. Adige	7-11-1944	07-11-2011	40 years of cross functional experience in the metal industry with particular exposure to the Alloy Steel Industry including techno-commercial areas of project management/ technology transfer/ exports	B E (Met.), Part of M. Met from Sheffield University Dip. in Operations & Financial Management	Nagpur Power & Industries Ltd. Birla Cotsyn Ltd. Birla Precision Technologies Ltd. Birla Shloka Edutech Ltd. Melstar Information Technologies Ltd. Birla Pacific Medspa Ltd. Artefact Projects Ltd. Birla Energy Infra Ltd.	Audit Committee (Chairman and other five Cos. Member), Shareholders' Grievances Committee (Chairman) & Remuneration Committee (Member)	Nil
Mr. Rajkamal C. Rao	29-12-1948	06-02-2012	Rich experience in the engineering products required for Indian Railway.	B. Sc., PGDPA, FI (Mech.) E. (London)	Nil	Nil	Nil

Financial Year ending : 31<sup>st</sup> March, 2012  
 Date of Book Closure : 21<sup>st</sup> September, 2012 to 24<sup>th</sup> September, 2012(both days inclusive)  
 Dividend payment date : Not applicable since no dividend is recommended by the Board

**Listing Details:**

Name of Stock Exchange	Stock Code	ISIN No.
Bombay Stock Exchange Ltd.	532657	INE829G01011

**Market Price Data:**

Month	Bombay Stock Exchange(Rupees)		BSE Sensex	
	High	Low	High	Low
April'2011	2.14	1.63	19811.14	18976.19
May'2011	1.90	1.64	19253.87	17786.13
June'2011	2.68	1.70	18873.39	17314.38
July'2011	2.15	1.74	19619.65	18131.86
August'2011	1.93	1.41	18440.07	15765.53
September'2011	1.79	1.44	17211.80	15801.01
October'2011	1.74	1.41	17908.13	15745.43
November'2011	1.60	1.13	17702.26	15478.69
December'2011	1.40	1.09	17003.71	15135.86
January'2012	1.46	1.06	17258.97	15358.02
February'2012	1.53	1.23	18523.78	17061.55
March'2012	1.33	1.01	18040.69	16920.61

**Registrar & Transfer Agents (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.

**Distribution of Shareholding as on 31<sup>st</sup> March:**

No. of equity shares held	2011 – 2012			2010 – 2011		
	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	42862	4265183	2.07	43932	4478766	2.17
501 to 1000	6303	5911176	2.86	6658	6241813	3.02
1001 to 2000	3372	5800531	2.81	3529	6086266	2.95
2001 to 3000	1326	3592347	1.74	1364	3698091	1.79
3001 to 4000	597	2236458	1.08	615	2307887	1.12
4001 to 5000	923	4524058	2.19	946	4639226	2.25
5001 to 10000	1016	8045181	3.90	1047	8287169	4.01
10001 to above	915	172148745	83.35	895	170784461	82.69
<b>Total</b>	<b>57314</b>	<b>206523679</b>	<b>100.00</b>	<b>58986</b>	<b>206523679</b>	<b>100.00</b>

**Dematerialisation of shares and liquidity as on 31<sup>st</sup> March:**

No. of equity shares held	2011– 2012			2010– 2011		
	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	22248	377715	0.18	22636	398178	0.19
Electronic Mode	35066	206145964	99.82	36350	206125501	99.81
<b>Total:</b>	<b>57314</b>	<b>206523679</b>	<b>100.00</b>	<b>58986</b>	<b>206523679</b>	<b>100.00</b>

**Shareholding pattern as on 31<sup>st</sup> March:**

Category	2011 - 2012		2010 - 2011	
	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.	136677098	66.18	136677098	66.18
Financial Institutions/Banks	19438	0.01	19458	0.01
State Government Company / State Financial Corporation	0	0.00	0	0.00
Mutual Funds/ UTI	2869	0.00	2869	0.00
Insurance Companies	4110	0.00	4110	0.00
Bodies Corporate	6781489	3.28	7729177	3.74
Others	63038675	30.53	62090967	30.07
<b>Total:</b>	<b>206523679</b>	<b>100.00</b>	<b>206523679</b>	<b>100.00</b>

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

**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.

**Address for Correspondence:**

For matters relating to Company's Shares	For other matters
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 <b>Helpline for Shareholders</b> Tel. No.:- 022-2594 6970 E-mail :- rnt.helpdesk@linkintime.co.in	<b>Registered Office:</b> 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

**Useful Information for Shareholders****a) Registration of Email Addresses:**

The Company strongly advocates for the 'Green Initiative in Corporate Governance' of the Ministry of Corporate Affairs, whereby Companies are permitted to send Notices / documents including Annual Report comprising Balance Sheet, Profit & Loss Account, Directors Report, Auditors Report etc. in electronic mode (hereinafter 'documents'), provided the Company has obtained email addresses of its members for sending these documents through email by giving an advance opportunity to every shareholder to register their email address and changes therein from time to time with the Company.

Accordingly, Members are requested to support this green initiative by registering/ updating their email addresses to:

- The Registrars and Share Transfer Agents, M/s. Link Intime India Pvt.Ltd., Mumbai in respect of shares in physical & form; and
- Their Depository Participants in respect of shares in electronic form.

So that upon registration of the email address, the Company could send notices and other documents, in electronic form, to such shareholders

## 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 31<sup>st</sup> March, 2012.

Place : Nagpur  
Date : 14.08.2012

Vinod Saraf  
Managing 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 31<sup>st</sup> March, 2012 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  
(Registration No 109003W)**

**Place : NAGPUR  
Date : 14<sup>th</sup> August, 2012**

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

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

We have audited the attached Balance Sheet of "Facor Steels Limited" as at 31<sup>ST</sup> March, 2012, 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 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>ST</sup> March, 2012 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 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 31<sup>ST</sup> March, 2012;
    - (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,  
(Registration No 109003W)**

**Place : NAGPUR  
Date : 14<sup>th</sup> August, 2012**

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



**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 31<sup>st</sup> March, 2012.

- 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 (iii) (b), (iii) (c) and (iii) (d) of the said Order are not applicable.
- e) 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.1784.75 lacs and Rs. 781.37 lacs respectively.
- f) 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.
- g) In respect of the aforesaid loan, the interest and principal amounts are repayable after 31<sup>st</sup> March 2014 and carries 0% interest effective from 1<sup>st</sup> August 2009.
- 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) (e) above) that needed to be entered in the Register required to be maintained under that section and therefore Clause (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 31<sup>st</sup> March, 2012 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)
Excise Duty	30.67	Customs, Excise & Service Tax Appellate Tribunal West Zonal Bench Mumbai.	Jan' 96 to Feb' 2000
Excise Duty	185.41	Customs, Excise & Service Tax Appellate Tribunal West Zonal Bench Mumbai.	Sep' 01 to Nov' 03

- x) The accumulated losses at the end of the financial year are less than 50% of its net worth and company has incurred cash losses during the financial year. However the Company has not incurred cash losses in the immediate preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions & banks except in the case of PLR-4% Funded Interest Term Loan a sum of Rs. 47.79 lacs due in the month of March' 2012 was paid in June' 2012.
- 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 (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) The company has not raised any term loan during the year.
- 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) During the period Company has made Preferential allotment of 1000000 5% Redeemable Cumulative Preference shares of Rs. 100/- each to company covered in the Register maintained under Section 301 of the Act. In our opinion, Prices at which shares have been issued is not prejudicial to the interest of the Company.
- 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,**  
**( Registration No 109003W)**

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

**Place : NAGPUR**  
**Date : 14<sup>th</sup> August, 2012**

**BALANCE SHEET AS AT 31ST MARCH, 2012**

	Note No.	As at 31st March, 2012	(Rs. in lacs ) As at 31st March,, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital.....	2	4,565.24	3,565.24
Reserves and Surplus.....	3	(1,977.80)	(1,111.30)
		<b>2,587.44</b>	<b>2,453.94</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings.....	4	2,841.91	3,283.39
Deferred Tax Liabilities (Net) (Refer Note 29).....	5	465.60	465.60
Long Term Provisions.....	6	71.61	55.53
		<b>3,379.12</b>	<b>3,804.52</b>
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings.....	7	3,619.94	3,714.38
Trade Payables.....	8	8,377.04	7,498.29
Other Current Liabilities.....	9	727.45	773.52
		<b>12,724.43</b>	<b>11,986.19</b>
		<b>18,690.99</b>	<b>18,244.65</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Tangible Assets.....	10	5,442.83	5,482.88
Intangible Assets.....	10	324.90	479.40
Capital Work -in-Progress.....		7.82	42.38
		<b>5,775.55</b>	<b>6,004.66</b>
Non-Current Investments.....	11	440.00	440.00
Long Term Loans and Advances.....	12	72.22	132.50
		<b>6,287.77</b>	<b>6,577.16</b>
<b>CURRENT ASSETS</b>			
Inventories.....	13	7,844.46	7,069.00
Trade Receivables.....	14	2,519.03	2,721.10
Cash and Cash Equivalents.....	15	404.61	378.96
Short Term Loans and Advances.....	16	1,374.89	1,135.00
Other Current Assets.....	17	260.23	363.43
		<b>12,403.22</b>	<b>11,667.49</b>
		<b>18,690.99</b>	<b>18,244.65</b>

Significant Accounting Policies &  
Notes on Financial Statements

1 to 42

As per our report of even date attached,  
For SALVE AND CO.  
Chartered AccountantsC.A. S.D. PARANJPE  
Partner  
Membership No. 41472  
Nagpur, 14th August, 2012AMIT G. PANDEY  
G. M. (Legal) & Company Secretary

Nagpur, 14th August, 2012

For and on behalf of the Board

VINOD SARAF  
Managing DirectorANURAG SARAF  
Joint Managing Director

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		( Rs. in lacs )	
	Note No.	Year Ended 31st March,2012	Year Ended 31st March, 2011
<b>INCOME</b>			
Revenue from Operations .....	18	34,838.18	30,044.76
Less:Excise duty .....		3,417.50	2,380.98
		<u>31,420.68</u>	<u>27,663.78</u>
Other Income .....	19	76.88	162.94
<b>Total Revenue</b> .....		<b>31,497.56</b>	<b>27,826.72</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed .....	20	20,685.76	18,212.31
Changes in Inventories of Finished Goods and Work-in-Progress	21	(335.22)	(1,650.55)
Employee Benefits Expense .....	22	1,737.77	1,560.22
Finance Costs .....	23	787.14	722.18
Depreciation and Amortisation Expense.....	24	543.42	547.80
Other Expenses .....	25	8,945.01	8,517.42
<b>Total Expenses</b> .....		<b>32,363.88</b>	<b>27,909.38</b>
Profit/(Loss) Before Tax .....		<b>(866.32)</b>	<b>(82.66)</b>
<b>Tax Expenses</b>			
Current Tax (Refer Note 30 )		-	-
Tax for Earlier Years .....		0.18	1.44
Deferred tax (Refer Note 29)		-	269.90
		<u>0.18</u>	<u>271.34</u>
<b>Profit/(Loss) for the year</b> .....		<b>(866.50)</b>	<b>(354.00)</b>
<b>Earnings per equity share of face value of Re 1/- each</b>			
Basic and Diluted ( in Rs. ) .....	26	(0.42)	(0.17)
Significant Accounting Policies & Notes on Financial Statements.....	1 to 42		

As per our report of even date attached,  
For SALVE AND CO.  
Chartered Accountants

C.A. S.D. PARANJPE  
Partner  
Membership No. 41472  
Nagpur, 14th August,2012

AMIT G. PANDEY  
G. M. (Legal) & Company Secretary  
Nagpur, 14th August, 2012

For and on behalf of the Board

VINOD SARAF  
Managing Director

ANURAG SARAF  
Joint Managing Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**  
**PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

	2011-12	2010-11	(Rs. in lacs)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit/(Loss) before tax	(866.32)	(82.66)	
Adjustment for:			
Depreciation .....	543.42	547.80	
Exchange difference on translation (Net) .....	88.98	(9.81)	
Interest and Dividend Income .....	(30.73)	(19.63)	
Finance Costs .....	787.14	722.18	
Profit/Loss on Sale of Fixed Assets (Net) .....	0.13	11.81	
	<u>1,388.94</u>	<u>1,252.35</u>	
<b>Operating Profit before Working Capital Changes</b>	<b>522.62</b>	<b>1,169.69</b>	
Adjustment for:			
Trade and Other Receivables .....	138.35	(173.53)	
Inventories .....	(775.46)	(1,805.56)	
Trade Payables .....	846.91	690.55	
	<u>209.80</u>	<u>(1,288.54)</u>	
<b>Cash Generated from Operations</b>	<b>732.42</b>	<b>(118.85)</b>	
Direct Taxes Paid/Adjusted	33.05	25.95	
	<u>33.05</u>	<u>25.95</u>	
<b>Net Cash Flow from Operating Activities</b>	<b>765.47</b>	<b>(92.90)</b>	
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets .....	(314.74)	(59.90)	
Sale of Fixed Assets .....	0.30	16.15	
Sale of Investments .....	-	0.01	
Interest and Dividend Income .....	26.91	10.39	
<b>Net Cash Flow (used in) /from Investing Activities</b>	<b>(287.53)</b>	<b>(33.35)</b>	
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of Share Capital (Net) .....	1,000.00	1,500.00	
Proceeds from Long and Short Term Borrowings .....	(531.47)	(604.19)	
Finance Costs Paid .....	(789.74)	(834.74)	
Effects of Exchange Rate Change .....	(88.98)	9.81	
<b>Net Cash Flow (used in)/from Financing Activities</b>	<b>(410.19)</b>	<b>70.88</b>	
<b>Net Increase/(Decrease) in Cash and Cash Equivalents.....</b>	<b>67.75</b>	<b>(55.37)</b>	
<b>Opening Balance of Cash and Cash Equivalents .....</b>	<b>74.29</b>	<b>129.66</b>	
<b>Closing Balance of Cash and Cash Equivalents .....</b>	<b>142.04</b>	<b>74.29</b>	
<b>Net Increase/(Decrease) in Cash and Cash Equivalents.....</b>	<b>67.75</b>	<b>(55.37)</b>	

As per our report of even date attached,  
 For SALVE AND CO.  
 Chartered Accountants

For and on behalf of the Board

VINOD SARAF  
 Managing Director

C.A. S.D. PARANJPE  
 Partner  
 Membership No. 41472  
 Nagpur, 14th August,2012

AMIT G. PANDEY  
 G. M. (Legal) & Company Secretary  
 Nagpur, 14th August, 2012

ANURAG SARAF  
 Joint Managing Director

**AUDITORS' CERTIFICATE**

We have examined the above Cash Flow statement of FACOR Steels Limited for the year ended 31st March,2012. 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 14th August 2012 to the members of the company.

For SALVE AND CO  
 Chartered Accountants

Nagpur, 14th August,2012

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

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Corporate Information

Facor Steels Limited ("The Company") is a Public Limited Company incorporated in India under the Companies Act, 1956. It is part of Worldwide reputed FACOR Group of Industries. The Company is listed at Bombay Stock Exchange. The Company, is one of the leading Producers of Carbon/Alloy steel/Stainless and special steel. The products are manufactured at its works in Nagpur and caters both domestic and international market. The products are meant for critical industrial application.

#### (b) Basis of Preparation of Financial Statements

These accounts have been prepared under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

#### (c) Fixed Assets

All fixed assets are valued at cost net of recoverable taxes 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.

#### (d) Intangible asset

Intangible asset acquired separately are measured at cost less amortisation and impairment losses, if any, Intangible assets are amortised on a straight line basis over the estimated useful life.

#### (e) 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.

#### (f) Foreign Exchange Transactions

- (i) Transactions in foreign exchange are translated to Indian Rupees at the rate of exchange ruling on the date of transaction.
- (ii) 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.
- (iii) Other outstanding foreign currency liabilities and receivables are translated at the year end rates and the difference in translation is recognized in the Statement of Profit and Loss.

#### (g) Investments

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

#### (h) Current Assets

Finished Goods and Stock-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.

#### (i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Sales comprise sale of goods and services, conversion charges and exports. Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are inclusive of excise duty but net of trade discounts and VAT. However, excise duty relating to sales is reduced from gross turnover for disclosing net turnover. Export benefits are recognised on accrual basis as per schemes specified in Foreign Trade Policy, as amended from time to time. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### (j) Employee Benefits

- (i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

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

(ii) Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The gratuity expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of gratuity benefits are charged to the Statement of Profit and Loss.

**(k) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**(l) 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 asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

**(m) Contingent liabilities**

Contingent Liabilities are not recognised but are disclosed in the notes.

**2. SHARE CAPITAL**

(Rs. in lacs )

	As at 31st March, 2012	As at 31st March, 2011
<b>Authorised Share Capital:</b>		
250,000,000 (Previous Year-250,000,000 ) Equity Shares of Re 1/- each	2,500.00	2,500.00
25,00,000 (Previous Year-1,500,000) 5% Redeemable Cumulative Preference Shares of Rs. 100 each	2,500.00	1,500.00
<b>TOTAL</b>	<b>5,000.00</b>	<b>4,000.00</b>
<b>Issued, Subscribed and Paid up:</b>		
206,523,679 (Previous Year - 206,523,679)Equity Shares of Re 1/- each fully paid-up	2,065.24	2,065.24
2,500,000 (Previous Year-1,500,000) 5% Redeemable Cumulative Preference Shares of Rs. 100 each fully paid up	2,500.00	1,500.00
<b>TOTAL</b>	<b>4,565.24</b>	<b>3,565.24</b>

**2.1 Details of Shareholders holding more than 5% Equity shares held:**

Name of the Shareholder	As at 31st March,2012		As at 31st March, 2011	
	No. of Shares	% held	No. of Shares	% held
R.B.Shreeram & Co. Pvt. Ltd.	28,030,712	13.57%	28,030,712	13.57%
Cornell Corporation	19,058,774	9.23%	19,058,774	9.23%

**2.2 Details of Shareholders holding more than 5% Preference shares held:**

Name of the Shareholder	As at 31st March,2012		As at 31st March, 2011	
	No. of Shares	% held	No. of Shares	% held
R.B.Shreeram & Co. Pvt. Ltd.	1,500,000	60.00%	1,500,000	100.00%
Vineet Infin Pvt. Ltd.	225,000	9.00%	-	-
S.D. Ores Pvt. Ltd.	332,000	13.28%	-	-
Suchitra Investment & Leasing Limited	383,000	15.32%	-	-

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

## 2.3 Reconciliation of Equity shares outstanding at the beginning and at the end of the reporting period:

(Rs. In lacs)

Particulars	As at	As at	As at	As at
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	No. of Shares	No. of Shares	Amount	Amount
Shares outstanding at the beginning of the year	206,523,679	206,523,679	2065.24	2065.24
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	206,523,679	206,523,679	2065.24	2065.24

## 2.4 Reconciliation of Preference shares outstanding at the beginning and at the end of the reporting period:

(Rs. In lacs)

Particulars	As at	As at	As at	As at
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	No. of Shares	No. of Shares	Amount	Amount
Shares outstanding at the beginning of the year	1,500,000	-	1500.00	-
Shares issued during the year	1,000,000	1,500,000	1000.00	1,500.00
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,500,000	1,500,000	2500.00	1,500.00

## 2.5 Terms/rights attached to Equity Shares:

The Company has only one class of Equity Shares having par value of Re. 1/- per share. Each holder of Equity Share is entitled to one vote per share.

In the event of liquidation of the company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

## 2.6 Terms/rights attached to Preference Shares:

The Company has only one class of 5% Redeemable Cumulative Preference Shares having par value of Rs. 100/- per share. The company has allotted 1500000 (nos.) 5% Redeemable cumulative Preference Share of Rs. 100/- each to R.B. Shreeram & co. Pvt. Ltd. On 4th March 2011 and 1000000 (nos.) to other Promoter group entity on 17th March 2012.

The said 5% Redeemable Cumulative Preference Shares ( hereinafter called "Preference Shares") shall have the following rights,privileges and conditions attaching thereto. Viz.

- a) The Preference Shares shall confer upon the holders thereof the right out of the profits of the company resolved under the Articles of Association to a fixed cumulative Preferential dividend at the rate of 5% per annum (free of income tax but subject to deduction of taxes at the prescribed rates) on the capital for the time being paid thereon including in a winding up, to repayment of such capital and all arrears of such fixed dividend accrued upto commencement of the winding up (whetherearned or declared or not) in priority to the equity shares, but shall not confer any further right to participate in the profits or assets.
- b) Subject to the provisions of the Act, the said Preference Shares shall be redeemable in the manner following:
  - (i) The company may on the expiry of six years from the date of allotment thereto and after giving three months notice to the holders of the Preference shares, apply any profits or monies of the company which may be lawfully applied for the purpose of redemption of the Preference Shares for the time being issued and outstanding at par, together with a sum equal to the arrears of fixed dividend thereon,(whether earned or declared or not),upto the date of redemption.



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

- (ii) The said Preference Shares shall be redeemed in five annual installments commencing from the seventh year from the date of allotment thereof.
- (iii) The Company shall be at liberty to create and issue, from time to time, further Preference Shares ranking pari passu in all respects with the said Preference Shares."

2.7 During the year 2007-08 company has reached One Time Settlement (OTS) with relevant Preference Share holder for pre-mature redemption of 150705- 0.01% Redeemable Preference Shares of Rs. 100/- each.

**3. RESERVES AND SURPLUS**

	As at 31st March, 2012	As at 31st March, 2011
Capital Reserve		
Balance as at the beginning and end of the year	269.15	269.15
Statement of Profit and Loss		
Balance as at the beginning of the year	(1,380.45)	(1,026.45)
Add: Profit/(Loss) for the year	(866.50)	(354.00)
Balance as at the end of the year	<u>(2,246.95)</u>	<u>(1,380.45)</u>
<b>TOTAL</b>	<u>(1,977.80)</u>	<u>(1,111.30)</u>

**4. LONG TERM BORROWINGS**

	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
	Non-Current	Non-Current	Current	Current
<b>Secured</b>				
From Bank : Rupee Term Loan Account (Refer Note 4.1 & 4.2 )				
<b>PLR-4% Funded Interest Term Loan Account (FITL)</b>	-	-	47.79	112.75
Add: Interest Accrued and due	-	-	-	1.07
	-	-	<u>47.79</u>	<u>113.82</u>
<b>Amount disclosed under the head 'Other Current liabilities'(Refer Note 9)</b>	-	-	(47.79)	(112.75)
<b>Amount disclosed under the head 'Other Current liabilities'(Refer Note 9)</b>	-	-	-	(1.07)
	-	-	-	-
<b>0% Funded Interest Term Loan Account (FITL) (Refer Note 4.3)</b>	-	184.20	204.46	-
<b>Amount disclosed under the head 'Other Current liabilities'(Refer Note 9)</b>	-	-	(204.46)	-
	-	184.20	-	-
<b>Unsecured</b>				
From Banks				
External commercial Borrowing (Israel Discount Bank London) (Refer Note 4.4)	1,545.91	1,345.19	-	-
Deferred payment liabilities	-	-	-	6.79

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

**4. LONG TERM BORROWINGS**

(Rs. in lacs)

	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
	Non-Current	Non-Current	Current	Current
<b>Amount disclosed under the head 'Other Current liabilities'(Refer Note 9)</b>	-	-	-	(6.79)
Loans and Deposits from related parties				
Inter corporate Deposits/Loans (Refer Note 4.5 & 4.6)	781.37	1,784.75	-	-
Less:: Interest Accrued and due <b>Amount disclosed under the head Other Current liabilities (Refer Note 9)</b>	(27.37)	(30.75)	-	-
	<b>754.00</b>	<b>1,754.00</b>	-	-
Others (Refer Note 4.7 )	<b>542.00</b>	-	-	-
<b>TOTAL</b>	<b>2,841.91</b>	<b>3,283.39</b>	-	-

- 4.1 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 promoter’s shareholding.
- 4.2 PLR-4% FITL Payable in equal 14 half yearly instalments. The Company has not paid Rs. 47.79 lacs last instalment and interest thereon to CBI vizag which was due in march 2011 and there is default in payment. However same is paid in June 2012.
- 4.3 0% Funded interest term loans due for payment as on March 2013.
- 4.4 External Commercial Borrowing (ECB loan) outstanding USD 3000000 lacs (Pre. Yr. USD 3000000 lacs) repayable in 5 equal Annual instalments w.e.f April’2014.
- 4.5 During the year the Inter corporate deposits/loan of Rs. 1000 lacs from related parties converted into 5% Redeemable cumulative Preference shares of Rs. 100/- each.
- 4.6 Inter corporate Deposits/ Loans repayable after 31st march 2014 and carrying 0% interest w.e.f. August 2009.
- 4.7 Other loans taken in August 2011 and repayable after 31st march 2014 .

**5. DEFERRED TAX LIABILITIES (NET)**

(Rs. in lacs)

	As at 31st March, 2012	As at 31st March, 2011
<b>Deferred Tax Assets</b>		
Disallowance u/s 43B of the Income Tax Act, 1961 to be allowed on payment basis	28.53	19.48
Unabsorbed Depreciation	36.40	-
	<b>64.93</b>	<b>19.48</b>
<b>Deferred Tax Liability:</b>		
Difference between Book and Income Tax depreciation	530.53	485.08
<b>Net Deferred Tax Liabilities</b>	<b>465.60</b>	<b>465.60</b>

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

	As at 31st March, 2012	(Rs. in lacs) As at 31st March, 2011
<b>6. LONG TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
For Gratuity (Funded) (Refer Note 27)	48.56	38.75
For P.L.Encashment (Unfunded)	23.05	16.78
<b>TOTAL</b>	<b>71.61</b>	<b>55.53</b>
<b>7. SHORT TERM BORROWINGS</b>		
<b>From Banks (Secured)</b>		
Cash Credit / Packing Credit Accounts (Refer Note 7.1)	2,986.56	2,729.30
Bills Discounted	633.38	985.08
	<b>3,619.94</b>	<b>3,714.38</b>
<b>TOTAL</b>	<b>3,619.94</b>	<b>3,714.38</b>
7.1 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 promoter's shareholding.		
<b>8. TRADE PAYABLES</b>		
Micro, Small and medium Enterprises	10.32	7.38
Trade Payables	8,366.72	7,490.91
<b>TOTAL</b>	<b>8,377.04</b>	<b>7,498.29</b>
8.1 Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are as follows.		
Principal Amount Outstanding	10.32	7.38
Interest due on above	1.31	0.22
Principal amount paid during the year beyond appointed day	78.04	34.19
Interest paid during the year beyond the appointed day	0.40	-
Amount of Interest due and payable for the period of delay in making payment without adding the interest specified under the Act	-	-
Amount of interest accrued and remaining unpaid at the end of the year	0.36	1.03
Amount of further interest remaining due and payable even in the succeeding years,until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	1.67	1.25
The above information regarding micro,small and medium enterprises has been determined on the basis of information available with the company.		
<b>9. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long- Term debt	252.25	119.54
Interest Accrued but not due on loans	1.85	1.89
Interest Accrued and due on loans	27.37	31.82
Other Payables *	445.98	620.27
<b>TOTAL</b>	<b>727.45</b>	<b>773.52</b>

\* Includes statutory dues, security deposits and advance from customers.

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

## 10. FIXED ASSETS

(Rs. in lacs)

PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 1.04.2011	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2012	Upto 1.04.2011	For the Year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>(A) TANGIBLE ASSETS:</b>										
BUILDINGS	1,159.87	6.53	-	1,166.40	362.34	35.86	-	398.20	768.20	797.53
PLANT AND MACHINERY	7,169.74	335.54	-	7,505.28	2,750.55	306.43	-	3,056.98	4,448.30	4,419.19
OFFICE AND OTHER EQUIPMENTS	283.73	5.31	0.99	288.05	163.50	26.61	0.56	189.55	98.50	120.23
FURNITURE AND FIXTURES	44.57	1.92	0.23	46.26	31.35	1.41	0.23	32.53	13.73	13.22
VEHICLES	202.87	-	-	202.87	70.16	18.61	-	88.77	114.10	132.71
	8,860.78	349.30	1.22	9,208.86	3,377.90	388.92	0.79	3,766.03	5,442.83	5,482.88
<b>(B) INTANGIBLE ASSETS:</b>										
GOODWILL	1,545.00	-	-	1,545.00	1,065.60	154.50	-	1,220.10	324.90	479.40
<b>TOTAL (A + B)</b>	10,405.78	349.30	1.22	10,753.86	4,443.50	543.42	0.79	4,986.13	5,767.73	5,962.28
Previous Year	7,371.10	3,080.81	46.13	10,405.78	3,913.87	547.80	18.17	4,443.50	5,962.28	-

## Notes:

10.1 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.

10.2 Additions and adjustment in Plant & machinery includes Rs. 201.60 lacs (net loss) [previous year Rs.11.70 lacs (net loss) ] on account of exchange difference during the year.

## 11. NON-CURRENT INVESTMENTS

(Rs. in lacs)

	As at 31st March, 2012	As at 31st March, 2011
<b>Trade Investments : (At Cost)</b>		
<b>In 0.01% Class 'A' Redeemable Preference Shares- Unquoted, fully paid up</b>		
2,454,133 (Previous Year-2,454,133) Wardha power co. Limited of Rs. 10 each	245.41	245.41
<b>In Equity Shares - Unquoted, fully paid up</b>		
1,945,867 (Previous Year-1,945,867) Wardha power co. Limited of Rs. 10 each	194.59	194.59
<b>TOTAL</b>	<b>440.00</b>	<b>440.00</b>
Aggregate amount of Unquoted Investments (Refer Note 31 )	440.00	440.00

## 12. LONG TERM LOANS AND ADVANCES

(Unsecured and Considered Good )

Capital Advances	9.75	5.00
Security Deposits	33.64	33.94
Others		
Advance Income Tax (Net of Provisions)	28.83	93.56
<b>TOTAL</b>	<b>72.22</b>	<b>132.50</b>

## 13. INVENTORIES

(As per Inventory taken, valued and as certified by the Management)

( At Cost unless otherwise stated)

Raw Materials	1,133.75	691.36
Work-in-Progress (At Cost or Net realisable value whichever is lower)	3,086.67	2,947.34
Finished Goods (At Cost or Net realisable value whichever is lower)	2,493.08	2,297.19
Stores and Spare Parts	1,107.77	1,113.30
Loose Tools	23.19	19.81
<b>TOTAL</b>	<b>7,844.46</b>	<b>7,069.00</b>

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

**14. TRADE RECEIVABLES**

(Unsecured)

(Rs. in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Over six months		
Considered good	401.81	455.34
Considered doubtful	49.45	49.45
	<u>451.26</u>	<u>504.79</u>
Less: Provision for Bad & doubtful debt	49.45	49.45
	<u>401.81</u>	<u>455.34</u>
Others (Considered good)	2,117.22	2,265.76
<b>TOTAL</b>	<u><b>2,519.03</b></u>	<u><b>2,721.10</b></u>

**15. CASH AND CASH EQUIVALENTS**

Cash in hand	10.74	4.02
Cheques in hand	1.18	-
With Scheduled Banks:		
In Current Accounts	130.12	69.20
In Margin Money Accounts:(With maturity upto 3 months)	-	1.07
	<u>142.04</u>	<u>74.29</u>
In Fixed Deposit		
With maturity of more than 3 months but less than 12 months	4.50	60.00
With maturity more than 12 months	<u>258.07</u>	<u>244.67</u>
	<u>262.57</u>	<u>304.67</u>
<b>TOTAL</b>	<u><b>404.61</b></u>	<u><b>378.96</b></u>

15.1 Fixed Deposit Receipts lodged with Banks as security deposit for Letters of Credit/Guarantees Rs.262.57 lacs (Previous Year Rs. 304.67 lacs)

**16. SHORT TERM LOANS AND ADVANCES**

(Unsecured and Considered Good )

Others	1,374.89	1,135.00
<b>TOTAL</b>	<u><b>1,374.89</b></u>	<u><b>1,135.00</b></u>

**17. OTHER CURRENT ASSETS**

Interest accrued on Fixed Deposits	13.14	9.33
RLC claim Receivable from MSEDCL (Refer Note 33)	188.92	295.74
Claims Recoverable	58.17	58.36
<b>TOTAL</b>	<u><b>260.23</b></u>	<u><b>363.43</b></u>

**18. REVENUE FROM OPERATIONS**

Sale of products, less returns	34,275.86	29,195.04
Other Operating revenue		
Sale of Services	404.61	731.11
Export Incentives	157.71	118.61
	<u>562.32</u>	<u>849.72</u>
<b>TOTAL</b>	<u><b>34,838.18</b></u>	<u><b>30,044.76</b></u>

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

## 18.1 PARTICULARS OF SALE OF PRODUCTS

(Rs. in lacs)

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Blooms/Ingots	2,562.47	342.79
Rolled Product	27,962.51	26,152.87
Forge Round bars	3,750.88	2,699.38
<b>TOTAL</b>	<b>34,275.86</b>	<b>29,195.04</b>

## 19. OTHER INCOME

## INTEREST INCOME:

Interest on Deposits	23.09	13.76
Other Interest	7.64	5.87
	<b>30.73</b>	<b>19.63</b>

Miscellaneous receipts	20.89	2.63
Foreign Exchange Gain (Net)	-	9.81
Liabilities/Provisions no longer required written back (Net)	25.26	130.87

## TOTAL

76.88

162.94

## 20. COST OF MATERIALS CONSUMED

Opening stock of Materials	691.36	520.07
Add: Purchases (Including purchase of blooms)	21,158.40	18,566.05
	<b>21,849.76</b>	<b>19,086.12</b>
Less: Sale of Materials	30.25	182.45
Closing stock of Materials	1,133.75	691.36
	<b>1,164.00</b>	<b>873.81</b>
Cost of Materials Consumed	<b>20,685.76</b>	<b>18,212.31</b>

## 20.1 PARTICULARS OF MATERIALS CONSUMED

Scrap	13,245.10	10,807.91
Sponge Iron	1,293.51	2,061.54
Ferro Nettle	1,881.69	1,468.92
Ferro Alloys	2,991.67	2,482.40
Lime Stone	232.08	198.65
Coke & Charcoal	10.17	103.74
Blooms	246.70	280.91
Other	784.84	808.24
<b>TOTAL</b>	<b>20,685.76</b>	<b>18,212.31</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**21. CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN PROCESS**

(Rs. in lacs)

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Closing stock:		
Finished Goods	2,493.08	2,297.19
Work-in-Progress	<u>3,086.67</u>	<u>2,947.34</u>
	<b>5,579.75</b>	5,244.53
Opening stock:		
Finished Goods	2,297.19	1,712.34
Work-in-Progress	<u>2,947.34</u>	<u>1,881.64</u>
	<b>5,244.53</b>	3,593.98
Decrease/(Increase) in Inventories	<u>(335.22)</u>	<u>(1,650.55)</u>
<b>22. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus (Refer Note 28)	1,426.86	1,352.17
Contribution to Provident and Other Funds	114.20	13.10
Welfare Expenses	135.30	135.73
Directors' Remuneration	61.41	59.22
<b>TOTAL</b>	<u>1,737.77</u>	<u>1,560.22</u>
<b>23. FINANCE COSTS</b>		
Interest	787.14	722.18
<b>24. DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation	388.92	393.30
Amortisation	154.50	154.50
<b>TOTAL</b>	<u>543.42</u>	<u>547.80</u>
<b>25. OTHER EXPENSES</b>		
Power and Fuel	4,254.98	3,692.87
Production and Handling Expenses	383.60	408.74
Freight, Shipment and Sales Expenses	817.36	805.32
Lease rent	21.00	21.00
Stores and Spares	1,973.14	2,143.46
Works Expenses	638.52	566.60
Transport Expenses	14.32	13.21
Repairs and Maintenance to Plant and Machinery	508.42	644.98
Repairs and Maintenance to Buildings	16.27	16.10
Insurance	34.62	30.96
Rent	27.98	27.09
Rates and Taxes	34.45	38.82
Comission and Brokerage on Sales	69.99	48.38
Donations	-	0.10
Payments to Auditors	2.40	2.07
Directors' Sitting Fees	1.65	1.25
Foreign Exchange Loss (Net)	88.98	-
Loss on sale of Fixed Assets Sold Discarded (Net)	0.13	11.81
Miscellaneous Expenses	<u>57.20</u>	<u>44.66</u>
<b>TOTAL</b>	<u>8,945.01</u>	<u>8,517.42</u>

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

## 25.1 PAYMENTS TO AUDITORS

	Year Ended 31st March, 2012	(Rs. in lacs) Year Ended 31st March, 2011
<b>(A) Statutory Auditor</b>		
Audit Fees	1.50	1.50
Tax Audit Fees	0.15	0.15
Certification and Consultation Fees	0.12	-
Reimbursement of Expenses	-	0.09
<b>Sub-Total ( A )</b>	<b>1.77</b>	<b>1.74</b>
<b>(B) Cost Auditor</b>		
Audit Fees	0.60	0.30
Reimbursement of Expenses	0.03	0.03
<b>Sub-Total ( B )</b>	<b>0.63</b>	<b>0.33</b>
<b>TOTAL ( A + B )</b>	<b>2.40</b>	<b>2.07</b>
<b>26. EARNINGS PER SHARE BASIC AND DILUTED</b>		
(i) Net Profit/(Loss) after Tax	(866.50)	(354.00)
(ii) Weighted average number of equity shares (Nos. in lacs)	2,065.24	2,065.24
(iii) Earnings per Share: ( Rs. per share)	(0.42)	(0.17)

## 27. Disclosure pursuant to Accounting Standard - 15 ( Revised) "Employee Benefits" :

The company provides for Gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme, the Gratuity fund trust, administered and managed by the Life Insurance corporation of India (LIC), make payment to vested employees at retirement, death or termination of employment of an amount based on the respective employees salary and the tenure of employment.

Liability for employee benefit has been determined by an actuarial valuation in conformity with the principles set out in the accounting standard 15 (Revised) the details of which are as under.

Particulars	2011-12 Gratuity	(Rs. In lacs) 2010-11 Gratuity
<b>Amount to be Recognised in Balance sheet</b>		
Present value of Funded Obligation	334.54	31.39
Fair value of Plan Assets	285.98	2.35
<b>Net Liability</b>	<b>48.56</b>	<b>29.04</b>
Amounts in Balance sheet		
Liability	48.56	29.04
Assets	-	-
<b>Net Liability</b>	<b>48.56</b>	<b>29.04</b>
<b>Expense To Be Recognised in the Statement of Profit and Loss</b>		
Current Service Cost	2.12	2.81
Interest on Defined Benefit Obligation	1.19	2.37
Expected Return on Plan Assets	(274.61)	(0.43)
Net Actuarial Losses/(Gains) Recognised in Year	349.66	3.25
<b>Total, Included in "Employee benefits expense"</b>	<b>78.36</b>	<b>8.00</b>
<b>Reconciliation of Benefit Obligations and Plan Assets For the Period</b>		
<b>Change in Defined Benefit Obligation</b>		



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

(Rs. In lacs)

Particulars	2011-12 Gratuity	2010-11 Gratuity
<b>Opening defined Benefit Obligation</b>	<b>14.89</b>	<b>29.69</b>
Current Service Cost	2.12	2.81
Interest Cost	1.19	2.37
Acturial Losses/(Gains)	349.66	3.25
Benefit Paid	(33.32)	(6.73)
<b>Closing Defined Benefit Obligation</b>	<b>334.54</b>	<b>31.39</b>
<b>Change in Fair Value of Assets</b>		
<b>Opening Fair Value of Plan Assets</b>	<b>2.35</b>	<b>5.15</b>
Expected return on Plan Asset	274.61	0.43
Acturial Gains/(Losses)		
Contribution by Employer	42.34	3.50
Benefit Paid	(33.32)	(6.73)
<b>Closing Fair Value of Plan Assets</b>	<b>285.98</b>	<b>2.35</b>
<b>Principal Acturial Assumptions</b>		
Discount Rate (p.a.)	8.00%	8.00%
Salary Escalation Rate (p.a.)	5.00%	5.00%

The Previous year figures covers only benefits to Employees on the Rolls of Facor Steels Ltd.

- 28 Salaries,Wages & Bonus includes reimbursement for services to Vidarbha Iron & Steel corporation Ltd.(VISCO) upto 30th Sept 2011 Rs. 568.08 lacs. (Previous year Rs. 1064.45 lacs) w.e.f. 1st oct' 2011 the services of all such employees have been transferred to the company. Further the Provision for company's obligation under the employee's leave policy is provided on actual basis for the period from Oct'11 to March'12.
- 29 The Deferred Tax Assets on unabsorbed depreciation has been recognised as timing difference to the extent of Deferred tax liability arising in the current year.
- 30 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.
- 31 The Company has entered into a Power Delivery agreement with Wardha Power Company Limited (WPCL) for procurment of power for its manufacturing activity at the term set out in the said agreement for twenty five years from the commencement of commercial operation of power plant to be declared by WPCL. As per the terms of another related agreement with WPCL, the company has invested Rs. 440 lacs(Previous year Rs. 440 lacs) shown under Non current investments (Note 11 ) in the class A Equity shares of 1945867 of Rs10 each aggregating to Rs19458670- and 2454133 no of 0.01% redeemable class A preference shares aggregating to Rs 24541330. Therefore said shares are/shall be under lien with WPCL.Upon the expiry of Power Delivery agreement. Class A Equity Shares and Class A Redeemable Preference Shares will be bought back by WPCL for total consideration of Rs. 1.
- 32 During the year Company has issued 1000000 (nos.)(Previous year 1500000(nos.)) 5% Redeemable Cumulative Preference Shares of Rs. 100/- each to Promoter group entities against Inter Corporate Deposit worth Rs. 1000 lacs (Previous year 1500 lacs).
- 33 Maharashtra Electricity Regulatory Commission (MERC) vide its order dated 27th April 2007 has directed Maharashtra State Electricity Distribution company Limited (MSEDCL) to refund, Regulatory Liability Charges (RLC)collected by it during the period commencing December 2003 to September 2006, to selected consumer category within which the company gets covered. In the Financial year 2010-11 company has recognised refund of Rs.41924123/- of which Rs. 18892046/-(previous year 29573589/-) is outstanding as on 31.03.2012 and the same is grouped under other current assets.
- 34 Short term 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.

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

	2011 - 12		2010 - 11	
	Rs. in lacs	Percentage	Rs. in lacs	Percentage
<b>35</b> (a) 1. Value of Consumption of imported Raw Materials	<b>3,633.83</b>	<b>17.57</b>	2,701.49	14.83
2. Value of Consumption of indigenous Raw Materials	<b>17,051.93</b>	<b>82.43</b>	15,510.82	85.17
	<b>20,685.76</b>	<b>100.00</b>	18,212.31	100.00
(b) 1. Value of Consumption of imported Components and Spare Parts:	<b>11.48</b>	<b>4.35</b>	13.23	4.18
2. Value of Consumption of indigenous Components and Spare Parts:	<b>252.33</b>	<b>95.65</b>	303.42	95.82
	<b>263.81</b>	<b>100.00</b>	316.65	100.00
<b>36</b> C.I.F. Value of Imports :				(Rs. In lacs)
			<b>2011 - 12</b>	<b>2010 - 11</b>
(a) Raw Materials			<b>919.28</b>	1,123.93
(b) Components, Stores and Spare Parts			<b>10.50</b>	27.08
			<b>929.78</b>	1,151.01
<b>37</b> Expenditure in Foreign Currency :				
(i) Commission on Sales			<b>38.80</b>	8.52
(ii) Travelling Expenses			<b>1.54</b>	1.48
(iii) Subscription			<b>2.42</b>	2.38
(iv) Cash Discount			<b>13.27</b>	4.70
(v) Interest paid on Loan			<b>29.82</b>	22.97
(vi) Legal & Professional charges			<b>3.57</b>	5.50
			<b>89.42</b>	45.55
<b>38</b> Earnings in Foreign Exchange on account of Export of Goods on F.O.B. basis			<b>5,373.44</b>	3,802.46

**39 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.

**40 CONTINGENT LIABILITIES AND COMMITMENTS**

(I) Contingent Liabilities :

- (a) Estimated amount of contracts on Capital Account remaining to be executed and not provided for in accounts Rs.15.25 lacs (Previous Year Rs.20 lacs).
- (b) Claims against the Company not acknowledged as debts, since disputed Rs.249.29 lacs (Previous Year Rs.249.29 lacs). Amounts already paid under protest Rs. 33.21lacs (Previous year Rs. 33.21 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.

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

**41 Related Party Disclosure:-**

I List of related parties:-

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

**Vidarbha Iron and Steel Corporation Limited (VISCO)- Associates**

B Enterprise, 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 Products 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. |
| 13 Vineet Infin Pvt. Ltd.              |   |

C Key Management Personnel :

- |                         |  |
|-------------------------|--|
| i) <b>N.D. Saraf</b>    | <b>Chairman &amp; Whole Time Director</b>    |
| ii) <b>M.D.Saraf</b>    | <b>Vice Chairman &amp; Managing Director</b> |
| iii) <b>Vinod Saraf</b> | <b>Managing Director</b>                     |
| iv) <b>Anurag Saraf</b> | <b>Joint Managing Director</b>               |

II Transactions with Related Parties during the year ended 31-03-2012 in the ordinary course of business.

( Rs. in lacs )

Particulars	With Vidarbha Iron & Steel Co Ltd. Associates		With Key Management Personnel		With Enterprise where Significant influence exists	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
i) Purchase of Goods	1,197.88	285.18			-	276.72
ii) Rent paid/(received)					1.32	1.32
iii) Reimbursement of expenses	589.08	1,085.45				
iv) Power and Electricity charges					22.30	20.78
v) Finance received/(repaid)					(3.38)	300.00
vi) Directors remuneration			78.61	75.78		
vii) Balances outstanding at the year end						
a) Unsecured loans taken/(Given)					781.37	1,784.75
b) Trade Payables	392.23	561.58			244.90	250.42
c) Director Remuneration Payable:			1.17	2.96		

42 The revised Schedule VI to the Companies Act, 1956 has become effective from 1-04-2011 for preparation and presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Accordingly, the figures for the previous year have been reclassified, wherever necessary to conform with the current year's classification.

## 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 & 232341  
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 : 91-22-66910822, 23, 24, 26, 27  
Gram : FACORSALES  
E-Mail : fsmumbai@facorsteel.com  
Fax : 91-22-26526079

### Shri Arun Mahalpurkar

Dy. General Manager

### Kolkata

Everest House, 17th Floor, Block - 'G'  
46-C, Jawaharlal Nehru 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, 2nd Floor,  
Royapettah Chennai - 600 014  
Phone : 91-44-28411092-96  
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

Dy. 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, 2302481  
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 : 91-020-30780744, 30780746,  
27126441

E-Mail : fslpune@facorsteel.com

Fax : 91-020-30780743

#### Shri K.P. Nand Kumar

Dy. Manager [Marketing]

## EMAIL ID REGISTRATION FORM FOR RECEIVING DOCUMENTS & COMMUNICATIONS OVER E-MAIL

I/we, the shareholder(s), whose name(s) is/are listed below request for sending soft copies of Annual Report and other communications as and when required to be sent to me/us at the email ID, particulars whereof are as under:-

Name of the First/Sole Shareholder	
Name of the First Joint Shareholder	
Name of the Second Joint Shareholder	
Name the Third Joint Shareholder	
Folio No./Client ID & DP ID	
E-mail ID for sending communications	

I/We hereby declare that the particulars given above are correct and complete. If the soft copies of communication are not received at all for reasons of incomplete or incorrect information, or due to technical fault/ flaw, I/we would not hold the Company responsible for non-receipt of documents / communications.

Signature of the First/Sole Shareholder	Signature of the First Joint Shareholder	Signature of the Second Joint Shareholder	Signature of the Third Joint Shareholder
<b>(As per specimen signatures registered with the Company(for shares in physical form); and Depository Participant (for shares held in electronic form)</b>			

Place:

Date

### Instructions:

- Please send the duly completed and signed form (in original) to:
  - The Registrar and Transfer Agents of the Company (*in case of shares held in physical form*) at the following address:-  
Link Intime India Pvt. Ltd.,  
C-13 Pannalal Silk Mills Compound,  
LBS Road, Bhandup (West),  
MUMBAI – 400 078
  - The Depository Participants (*in case of shares held in electronic form*)
- For any change of email particulars, fresh form needs to be submitted in the same format.
- Please send the duly signed forms in original. Fax/Scanned copy of the signed forms shall not be accepted.
- Please note that any change in email particulars revokes previous email details registered with the Depository Participants or the Registrar and Transfer Agents of the Company, as the case may be.



**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 \_\_\_\_\_

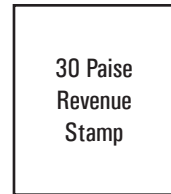
of \_\_\_\_\_ in the District of \_\_\_\_\_

as my / our proxy to vote for me / us and on my / our behalf at the **Ninth Annual General Meeting** of the Company to be held at 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur- 440 028 on **Monday the 24<sup>th</sup> of September, 2012 at 12.30 P.M.** and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

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**

**Regd. Office:** 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur- 440 028 (Maharashtra)

Please fill the Attendance Slip and hand it over at the entrance of the meeting venue.

DP. Id*	
Client Id*	

Regd. Folio No.	
No. of Shares held	

Name and Address of the Shareholder

\_\_\_\_\_  
\_\_\_\_\_

I/We hereby record my/our presence at the **Ninth Annual General Meeting** of the Company to be held at 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur- 440 028 on **Monday the 24<sup>th</sup> of September, 2012 at 12.30 P.M.** and at any adjournment thereof.

Signature of the shareholder or proxy

\*Applicable for investors holding shares in Electronic form.

## BOOK POST

If undelivered please return to :  
**FACOR STEELS LIMITED**  
46 A & B, MIDC, Industrial Estate  
Hingna Road  
Nagpur - 440 028 (Maharashtra)