



**FACOR STEELS LIMITED**



**Standing : Left to Right**

Mr. Amit Pandey, Mr. C.V. Raghavan, Mr. P.K. Kukde, Mr. Anurag Saraf,  
Mr. M.B. Thaker, Mr. Vibhu Bakhru, Mr. R.V. Dalvi

**Sitting : Left to Right**

Mr. Vinod Saraf, Mr. A.S. Kapre, Mr. N.D. Saraf, Mr. Arye Berest, Mr. M.D. Saraf



## Board of Directors

**Narayandas Saraf**  
Chairman &  
Wholetime Director

**M. D. Saraf**  
Vice Chairman &  
Managing Director

**Vinod Saraf**  
Managing Director

**Anurag Saraf**  
Joint Managing Director

**A. S. Kapre**

**M. B. Thaker**

**Arye Berest**

**P. K. S. Nair**  
Nominee of Bank of India

**P. K. Kukde**

**Vibhu Bakhru**

**Ashim Saraf**  
Alternate Director to  
Mr. Arye Berest

**Amit G. Pandey**  
Company Secretary

## Executives

**R. V. Dalvi**  
Director (Technical)

**C. V. Raghavan**  
Chief Finance Officer

**S. C. Parija**  
Executive Vice President

## Bankers

Bank of India

Central Bank of India

State Bank of India

Syndicate Bank

State Bank of Bikaner & Jaipur

Indian Overseas Bank

## Solicitors

Mulla & Mulla, and  
Craigie Blunt & Caroe

## Auditors

Salve & Co.,  
Chartered Accountants

## Internal Auditor

**M. M. Jain**  
Chartered Accountant

**Register & Share Transfer  
Agents**  
(for Both Physical & Electronic)

**Intime Spectrum Registry Limited**  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Road,  
Bhandup (W),  
MUMBAI- 400 078  
Phone No. 022-2596 3838  
Fax No. 022-2594 6969  
E-mail : [isrl@intimespectrum.com](mailto:isrl@intimespectrum.com)

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## NOTICE TO MEMBERS

Notice is hereby given that the FIFTH 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 Wednesday, the 17th of September, 2008 at 12.15 p.m to transact, with or without modification as may be permissible, the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 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. A. S. Kapre, who retires from Office by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Anurag Saraf, who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Messrs Salve & Company, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors.

### SPECIAL BUSINESS:

5. To appoint Mr. P. K. Kukde (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. P. K. Kukde 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 P. K. Kukde be and is hereby elected and appointed as a Director of the Company liable to retire by rotation.”

6. To appoint Mr. Vibhu Bakhru (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. Vibhu Bakhru 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. Vibhu Bakhru 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: (To be voted only by Postal Ballot)**

“RESOLVED that pursuant to provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereafter referred to as “the Board” which expression shall include any Committee thereof or any sub-delegation to a Director[s]) for mortgaging and/or charging, subject to such consents, if any, as may be necessary from the existing mortgagees and charge holders, on such terms and conditions and at such time or times and in such form and manner and with such ranking as to priority, as the Board may in its absolute discretion think fit, the whole or substantially the whole of the Company's any one or more Undertaking(s) or of all the Undertakings, including the present and/or future properties, wheresoever situate, whether movable or immovable, belonging or to belong to the Company, comprised in any Undertaking or Undertakings of the Company, as the case may be, to or in favour of all or any of the Financial Institution(s) or Bank (s) or other lender(s), as security for any Loans or Financial Assistance/Working Capital Facilities granted or to be granted by or any obligation incurred or to be incurred towards such Financial Institution(s) or Bank(s) or other lender(s). as the

case may be, subject to the limit of Rs. 300 Crores as per the resolution passed by the Company under Section 293(1)(d) of the Companies Act, 1956 at its Annual General Meeting held on 23rd October, 2004 together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, remuneration of trustees, premium on prepayment, costs, charges, expenses including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and any other moneys payable to them in connection therewith under their respective heads of agreement(s)/loan agreement(s)/letter(s) of sanction/memorandum of terms and conditions, Debenture Trust Deed(s), Subscription Agreement(s) or any other document entered into/to be entered into by the Company in respect of the loans / other financial assistance, etc. granted/to be granted to the Company and as may be agreed to by the Board and in particular in favour of the following Consortium Banks or any other new Bank(s) joining/forming part of the Consortium Banks in future for funding the working capital and term loan facilities for the Company, to secure Working Capital facilities (including Term Loans) from Consortium Banks as under:-

1) Bank of India	Rs. 5142 lacs
2) Central Bank of India	Rs. 1837 lacs
3) State Bank of India	Rs. 1838 lacs
4) State Bank of Bikaner & Jaipur	Rs. 427 lacs
5) Syndicate Bank	Rs. 1293 lacs
6) Indian Overseas Bank	Rs. 3374 lacs
<b>Total-</b>	<b><u>Rs. 13911 lacs</u></b>

and also such further additions to the aforesaid limits as may be made/granted by the said Bank(s) including any new Bank(s) joining/forming part of the consortium in future, from time to time, subject to the condition that the aggregate amount of Working Capital Facilities including term loans to be secured in respect of borrowings from all the aforesaid Banks shall not exceed Rs. 30,000 lacs with liberty and authority to the Directors to accept the change in the limits of individual Banks consequent to such further additions to the above limits within the aforesaid overall maximum limit of Rs.30,000 lacs, together with interest at the respective agreed rates, compound interest and additional interest, wherever applicable, liquidated damages, costs, charges, expenses and all other moneys payable by the Company to BOI, CBI, SBI, SBBJ, SB and IOB respectively or any other new Bank(s) joining/forming part of the Consortium in future under their respective loan agreement(s)/letter(s) of sanction or any other document/agreement entered into/to be entered into by the Company in respect of the said Working Capital Facilities including term loans as may be agreed to by the Board of Directors.

RESOLVED FURTHER THAT the securities to be created by the Company, as aforesaid may rank pari passu with / subservient to the mortgages and/or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board of Directors or its Committee and as may be agreed to between the concerned parties.

RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board of Directors or its Committee or Persons authorized by the Board be and is/are hereby authorized to finalise, settle and execute with any or all concerned Banks or other lender(s) as aforesaid such agreements/documents/ deeds/writings and papers and any other documents as may be necessary in relation to or for creating the mortgages and/or charges as aforesaid, including documents for any pari passu or other arrangement and for reserving the aforesaid right and to do all such acts, deeds matters and things as it / they may, in its/their absolute discretion consider necessary, desirable or expedient for implementing this resolution and to resolve any question, difficulty or doubt relating thereto in order to give effect to this resolution or to decide otherwise, if so considered by the Board to be in the best interest of the Company.”

8. To consider and, if thought fit, to pass, the following resolutions, which will be proposed as a **Special Resolution: (To be voted only by Postal Ballot)**

“RESOLVED that in partial modification of the Special Resolution No. 10 passed by the Members of the Company by Postal Ballot at the 4th Annual General Meeting held on 26th September, 2007 and pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 as are applicable and subject to such other approvals, sanctions and permissions as may be necessary and subject to such conditions as may be prescribed while granting such approvals, permissions, sanctions,



consent of the Company be and is hereby given to the Board of Directors to give guarantees and/or to continue the guarantees already given to the following consortium banks as well as to any new bank(s) joining/forming part of the consortium in future for Term Loans and other fund based and non-fund based Working Capital Facilities availed/ to be availed from them by Ferro Alloys Corporation Limited(FACOR) and Facor Alloys Ltd.(FAL) as per details in respect of the said facilities given below:

	<u>Amount of Fund based and Non-fund based Working Capital Facilities availed/ to be availed from Consortium Banks by:</u>	
	<u>FACOR</u> (Rs./Lacs)	<u>FAL</u> (Rs./Lacs)
Bank of India . . . . .	4040	3412
Central Bank of India . . . . .	1154	1121
State Bank of India . . . . .	1494	1206
Syndicate Bank . . . . .	1039	895
Indian Overseas Bank . . . . .	3050	2463
State Bank of Bikaner & Jaipur . . . . .	337	276
<b>Total . . . . .</b>	<b>11114</b>	<b>9373</b>

subject to a maximum limit of Rs.300 crores in respect of FACOR and Rs.200 crores in respect of FAL for all the above Banks as well as to any new bank(s) joining/forming part of the Consortium in future taken together, with liberty to Board of Directors to provide guarantee for such further limits as and when granted by individual Banks over and above their respective aforesaid limits within the overall limits of Rs.300 crores and Rs.200 crores in respect of FACOR and FAL respectively notwithstanding that the aggregate of the loans and investments so made or guarantees or securities so given to all bodies corporate may exceed the limits prescribed in the said Section.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to determine the actual sum upto which guarantees may be given and also to determine the time and manner of giving such guarantees and to do all such acts, deeds, matters and things as the Board, in its absolute discretion, may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or to decide otherwise, if so considered by the Board to be in the best interest of the Company.”

**NOTES:**

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos. 5 to 8 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. With respect to Resolutions at item Nos. 7 & 8 of the Notice, Members are requested to vote only by Postal Ballot in terms of Section 192-A of the Companies Act, 1956 read with the aforesaid Postal Ballot Rules. A Postal Ballot Notice alongwith the Form and pre-paid postage envelope are enclosed for the said purpose. Votes cast otherwise than in the said Postal Ballot Form will be rejected. Please read the instructions in the Postal Ballot Form carefully.  
  
The result of the Postal Ballot on the said resolutions will be announced at the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday 11th September, 2008 to Wednesday 17th September, 2008 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., Intime Spectrum Registry 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

## NOTICE



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 46A&B, MIDC Industrial Estate, Hingna Road, Nagpur 440028
6. Shareholders intending to require information about accounts to be explained at the meeting are requested to furnish the queries to the Company at least 10(ten) days in advance of the Annual General Meeting.
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.

Registered Office:

46 A & B, MIDC, Industrial Estate,  
Hingna Road,  
Nagpur 440028  
Dated: 30th July, 2008

By ORDER OF THE BOARD

Amit Pandey  
Company Secretary

### ANNEXURE TO THE NOTICE

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

**Item No.5 & 6**

Mr. P. K. Kukde and Mr. Vibhu Bakhru were appointed as Additional Directors of the Company w.e.f. 27/10/2007 and 01/07/2008 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. P.K. Kukde is aged around 65 years and is a highly qualified professional with Masters degree in Electrical Engineering and is also a PhD Research Scholar in Electrical Engineering from University of Roorkee. He has worked in the capacity of Executive Director of Tata Power Limited and has more than 35 years of rich experience in Power Generation, Transmission & Distribution. Mr. Kukde has been actively associated with many Power projects and has also headed many committees formulated by Central & State Governments on issues such as Renovation, Modernization, Operation and Maintenance of Power Plants. He is also the recipient of CBIPs prestigious "Diamond Jubilee Award" for 'Outstanding Contribution in Energy Sector in India'.

Mr. Vibhu Bakhru is aged around 41 years and is a renowned Advocate. He is member of the Bar Council of India and is also a member of the Institute of Chartered Accountants of India. Mr. Bakhru practices as an Advocate in the Delhi High Court and the Supreme Court of India. He has rich experience in dealing with legal aspects of commercial, corporate and taxation laws.

## ANNEXURE TO THE NOTICE



The Board is of the view that continued association of Mr. P.K. Kukde and Mr. Vibhu Bakhru 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. P.K. Kukde and Mr. Vibhu Bakhru are concerned or interested in the Resolutions.

### Item No. 7

In order to meet the requirement of funds for financing of capital expenditure/working capital requirements and/ or general corporate purposes, including expansion and diversification, the Company has to raise funds from time to time from Banks /Financial Institutions/Investment Institutions/Bodies Corporate/Individual(s)/ any other agency or agencies, etc. which are normally required to be secured by a mortgage / charge over the immovable / movable properties of one or more units of the Company in such form and manner as may be determined by the Board of Directors of the Company or its Committee, from time to time in consultation with the Lenders /Agents/ Trustees..

Since the mortgaging and/or charging by the Company of its immovable and movable properties to secure borrowings from different classes of lenders as mentioned in the resolution may be regarded as disposal of the Company's properties/Undertakings, it is desirable to pass a resolution in general meeting of the Company u/s 293(1)(a) of the Companies Act, 1956 for the creation of such mortgage/charge. A Resolution in this regard is being proposed in Item No.7 of the Notice for your acceptance.

### Item No. 8

The Members, through postal ballot, result of which was declared in the 4th Annual General Meeting held on 26th September 2007, have already approved giving of Guarantee to the Consortium banks viz. Bank of India, Central Bank of India, State Bank of India, State Bank of Bikaner & Jaipur and Syndicate Bank to secure the borrowings made/to be made by group Companies Ferro Alloys Corporation Ltd. (FACOR) and Facor Alloys Ltd.,(FAL) from the said Consortium Banks. Indian Overseas Bank (IOB) has recently joined the consortium and is in the process of sanctioning working capital facilities to FACOR and FAL against their proposals pending with the said Bank. The facilities to be granted to FACOR and FAL will be subject to their furnishing corporate guarantee of your Company. FACOR and FAL have accordingly requested your Company to provide the guarantee to IOB.

FACOR and FAL have already given their guarantees to IOB and other members of Consortium against the limits sanctioned by them to your Company. In view of this, it is only appropriate that your Company also considers their request and furnish guarantee to IOB and other Consortium members for the limits sanctioned / to be sanctioned to FACOR and FAL as detailed in the Resolution. As the guarantee to be given to Consortium banks together with the guarantees, securities, loans and investments already given/made by the Company so far exceed the limit prescribed under Section 372 A of the Companies Act, 1956, approval of the members is required for the same. Hence the Resolution as in item No. 8 of this notice is commended for your approval.

None of the Directors except Mr. N.D.Saraf, Mr. M.D.Saraf, Mr.Vinod Saraf, Mr. Anurag Saraf, Mr. Arye Berest, Mr.A.S.Kapre and Mr. M.B. Thaker who are also Directors and/ or members of FACOR and FAL are concerned or interested in the resolution.

#### Registered Office:

46 A & B, MIDC, Industrial Estate,  
Hingna Road,  
Nagpur 440028  
Dated: 30th July, 2008

By ORDER OF THE BOARD

Amit Pandey  
Company Secretary



# DIRECTORS' REPORT TO THE MEMBERS



The Directors submit the FIFTH ANNUAL REPORT on the business and operations of the Company and the Audited Statements of Accounts for the year ended 31st March, 2008.

## FINANCIAL RESULTS:

	<b>For the year ended 31.3.2008 (Rs in lacs)</b>	For the Previous year ended 31.3.2007 (Rs.in lacs)
Gross Profit/(Loss)	<b>741.45</b>	976.79
Depreciation / Amortization	<b>329.47</b>	317.51
Adjustments relating to earlier years	<b>72.71</b>	9.34
	<b>339.27</b>	649.94
Provision /(Credit) for MAT/FBT/DEF.TAX	<b>62.55</b>	110.31
Profit/(Loss) after tax for the year	<b>276.72</b>	539.63

## OVERALL PERFORMANCE:

The overall performance of the company during the year has witnessed a considerable fall due to various internal and external factors. The company witnessed good growth during the first 9 months and looked set for posting good results for the year. However, breakdown of transformer in the month of November 2007 coupled with sudden and rapid increase in input prices eroded the profitability of the company to a large extent in the last quarter of the year as the company could not pass on the impact of rise in input prices to its existing customer immediately as the industry in which the company operates is able to realize the increase only with a gap of one to two months. Your company inspite of such adverse situations has managed to register a net profit of Rs. 276.72 lakhs for the year. During the year the turnover of the Company has increased from Rs. 41976.97 lakhs of the previous year to Rs. 47052.47 lakhs. The performance of the Company in the Export front was even better with a total export of Rs. 5275.84 lakhs for the year as against Rs. 3134.58 lakhs of the previous year. The company expects that it would continue to march towards higher turnover and profitability in the coming years and is hopeful and committed to post better results ahead.

## DIVIDEND:

The Directors are of the view that resources of the company need to be conserved for its future growth plans and hence are unable to recommend any dividend for the financial year ended 31st March 2008.

## PROSPECTS:

The demand supply position in special steel sector continued to be favourable during the year and this trend is likely to continue in the coming years also. The beginning of the year 2008 has witnessed huge hike in prices of basic raw material like sponge iron, scarp, ferro alloys, ferro chrome, manganese etc. however, the demand for special steel continues to be good and the industry is witnessing higher capacity utilization, expansion and higher realization to meet the demand in this sector. It is expected that the present trend of demand for special steels will continue to be supported by strong growth in auto & auto component sector and forging industries.

Your company has already initiated modernization of its existing steel melting facilities by installing equipments like automatic mould level control (AMLC) and proposes to install Mould EMS. This will lead to better surface quality and better internal soundness enabling the company to improve its capability for producing more critical grades with stringent quality requirements & with better yields.

Considering the strong demand for forged rounds in manufacturing heavy-duty gears, rolls, equipments of sugar, wind mills and cement industries etc., your company has already embarked on a forging project of open die type, which is being commissioned besides the existing steel melting facility of the company. This will increase the production of value added products of the company by 11,000 MT per annum and widen the company's product and size range. The successful commissioning of the Forging project will also reduce Company's dependence on auto & auto component sector and ensure sustainable business in the coming years.

In the export front the performance of your company has been robust and it is expected to continue the same in the coming years. The growth in exports has been both in terms of value and volume. Your company foresees strong demand for carbon and alloy steel long product in the export market and in order to tap this market the company has already started exporting these products alongwith stainless steel products.

# DIRECTORS' REPORT TO THE MEMBERS



## FINANCE:

The Company has not accepted any fixed deposit from the public during the year under review. During the year your company was successful in getting funds to the tune of US\$ 2 million as External Commercial Borrowing from Israel Discount Bank, London under automatic route permitted by the Reserve Bank of India. The Company has started utilization of the money availed under ECB for funding the forge round bar project and for modernization of its steel melting shop.

## COST AUDITOR:

The Directors have appointed Mr. Shridhar K. Phatak, a practicing Cost Accountant, as Cost Auditor for the financial year 2008-09 for the Company's Mini Steel Plant at Nagpur for which Central Government's approval is awaited.

## INDUSTRIAL RELATIONS:

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

## DIRECTORS:

Mr. P. K. Kukde & Mr. Vibhu Bakhru were inducted in the Board as Additional Directors w. e. f. 27.10.07 and 01.07.2008 respectively. Notices have been received from member's alongwith deposit of Rs.500/- each, under section 257 of the companies Act, 1956 signifying their intention to propose Mr. P. K. Kukde & Mr. Vibhu Bakhru for the Office of the Director.

Mr. B C Bhartia and Mr. R V Dalvi resigned from the Board w. e. f. 11.08.07 and 1.11.07 respectively.

Necessary resolutions in regard to above appointment have been included in the Notice of ensuing AGM.

Mr. A.S. Kapre and Mr. Anurag Saraf, Directors of the Company, retire by rotation and, being eligible offer themselves for re-election.

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

## DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

## AUDIT COMMITTEE:

The Audit Committee formed by the Board of Directors of the Company consists of Mr. A.S. Kapre, Mr. M.B.Thaker, who are Non-Executive Independent Directors of the Company, and Mr. Vinod Saraf who is Managing Director. Mr. A.S. Kapre is its Chairman. The committee's role, terms of reference and the authority and powers are in conformity with the requirements of the Companies Act 1956 and the Listing Agreement.

## AUDITORS:

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

## AUDITOR'S REPORT:

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

## 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

# DIRECTORS' REPORT TO THE MEMBERS



the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked Annexure 'A' which forms part of this Report.

## PARTICULARS OF EMPLOYEES:

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

## CORPORATE GOVERNANCE:

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

## ACKNOWLEDGEMENT AND APPRECIATION:

The Directors are thankful to the continuous support and co-operation received by the company from Central & State Government, Financial Institutions, Banks, Customers, Suppliers, Investors and other Stakeholders. It places on record its sincere appreciation for the efforts and contribution made by its dedicated and committed team of employees and workmen at all the levels.

On behalf of Board of Directors,

New Delhi  
Dated: 30th July, 2008

N.D.SARAF  
CHAIRMAN & WHOLETIME DIRECTOR

## ANNEXURE 'A' TO THE DIRECTORS'REPORT

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

### A. CONSERVATION OF ENERGY:

- |  |  |
|--|--|
| a) Measures taken  | i] Solution Annealing Furnace batch size increased.<br>ii] Heat treatment Cycles modified to shorten time<br>iii] Spindle Oil Consumption reduced by improvement in feeding system |
| b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.                          | : NIL  |
| c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods. | : It is expected that the above measures may result in reduced energy consumption and reduction in cost of production.   |
| d) Total energy consumption and energy consumption per unit of production in prescribed form 'A'.                                  | : As per Form A attached   |

### B. TECHNOLOGY ABSORPTION:

Research and development:

- |  |                  |
|--|------------------|
| a. Specific areas in which R & D carried out by the Company. | : NIL            |
| b. Benefits derived as a result of above R & D.              | : NOT APPLICABLE |
| c. Future plan of action                                     | : NIL            |



- d. Expenditure on Research & Development. : NIL
- e. Technology absorption, adaptation and innovation :
  - i) Efforts, in brief, made towards Technology absorption, adaptation and innovation. : Not Applicable
  - ii) Benefits derived as a result of above efforts. : Not Applicable
  - iii) Information regarding technology imported during the last five years. : No technology has been imported during last five years.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- 1) Activities relating to exports initiatives taken to increase exports, development of new exports markets for products and services and export plans. : New stainless steel grades were developed depending upon customers' new requirements to establish niche export markets. The Directors and Executives do undertake foreign tours to keep abreast of the latest developments in technology and to develop new export market, establish contacts with overseas parties, renew relationship with customers and to study export potential.
- 2) Total Foreign Exchange used and earned (2007-2008):
  - (Rs.in Lacs)
  - i) CIF value of imports 6002.12
  - Expenditure in Foreign Currency 63.07
  - ii) Foreign Exchange earned 5275.84

On behalf of Board of Directors,

New Delhi  
Dated: 30th July, 2008

N.D.SARAF  
CHAIRMAN & WHOLETIME DIRECTOR

## FORM 'A'

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

PARTICULARS	STEEL	
	CURRENT YEAR 2007-2008	PREVIOUS YEAR 2006-2007
<b>A. POWER AND FUEL CONSUMPTION:</b>		
1. ELECTRICITY		
a) Purchased		
Units (KWH in lacs)	563.08	563.29
Total Amount (Rs. in Lacs)	2408.98	2330.32
Average rate per unit (Rs.)	4.28	4.14
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)	3849.72	3760.04
Total cost (Rs. in Lacs)	800.19	687.25
Average Rate (Rs./K.Liters)	20785.72	18277.71
4. Others/Internal Generation	—	—
<b>B. CONSUMPTION PER UNIT OF PRODUCTION:</b>		
ELECTRICITY (KWH per tonne)		
Rolled Products	1018.000	1054.000
FURNACE OIL (K.Liter per tonne)		
Rolled Products	0.059	0.062
Coal (Specify quality)	—	—
Others (Specify)	—	—



## INDUSTRY STRUCTURE, DEVELOPMENT AND OTHER RELATED MATTERS

The present status of steel industry, special steel industry in particular is on positive side due to the growth in demand from the auto sector and heavy engineering sector like sugar, cement, power etc., The trend of demand growth is expected to continue in special steel sector inspite of the raising prices due to higher consumption level in automobile and auto component industry. The present growth of 8.5 to 9% is likely to continue during the financial year 2008-2009 and the production of total steel is estimated to touch 60 Million tones by the end of 2009.

The Steel industry across the globe is in a continuous process of consolidation and as a result the prices of steel products have witnessed steep rise during the year 2007-08. The increase in the prices has been mainly attributable to high input cost of raw material such as scrap, iron ore, coke, ferro chrome, ferro manganese, ferro silicon etc. This has been a major cause of concern not only for the steel industries but also for the government as it has an inflationary effect on the economy as a whole. The Governments decision to reduce excise duty on steel products from 16% to 14% and removal of import duty from scrap has helped the industry in offsetting the cost of input material, which has shown an upward trend of 25-35%. It also has a favourable impact on capital costs at a time when steel industry is witnessing major capacity expansion. However, input cost in the domestic market continues to be stronger due to high international prices.

Your company has also undertaken expansion of its capacity and is installing open die forging plant besides its steel melting facility. The forging plant is likely to be commissioned by the end of 2008. This facility will increase the capacity of the plant for higher realization products by 10000 - 12000 MT per annum. The raw material required for forging will be produced inhouse and the company has already set up ingot casting facility consisting of ingot sizes ranging from 3 to 14 Tones for the same.

Your company is also continuously striving hard to reduce production cost and towards the same it has recently entered into an agreement with Wardha Power Company Private Limited (WPCPL) for captive consumption of power. The arrangement for captive consumption of power through WPCPL would be for a period of 25 years at a power tariff, which at present will have a fixed charge of Rs. 1.81 per unit and a variable charge of 0.94 paise per unit. Power being one of the major constituent of cost of production, this arrangement will significantly bring down the production cost by arresting the power tariff substantially allowing the company to maintain better operating margins in future. Further initiative such as TS 16949 certification and Oracle based ERP system are being undertaken by the company to improve and better the efficiency of the company.

In the export front your company continues to register better growth and during the year 2007-2008 earnings from export of steel products has increase by approx. 64% as compared to previous year. Your company has also changed the product mix to cater to the demands of export market and more emphasis is now being given to exports of Carbon and Alloys Steel Long Products. The change in product mix is expected to fetch higher contribution to the company in the coming years.

## FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

### OPERATIONAL PERFORMANCE:

(Rs. In Lacs)

YEAR	STEEL MELTING SHOP	ROLLING MILL SHOP	TOTAL SALE	
	PRODUCTION (GROSS) (M.T)	PRODUCTION (GROSS) (M.T)	Quantity	Value (Rs in lacs)
2007-08	55249	65781**	51219	47052.47*
2006-07	53745	60447**	56803	41976.97*

\* includes value of by-product sale

\*\* includes conversion job work



FINANCIAL PERFORMANCE:	(Rs. in lacs)	
	2007-2008	2006-2007
TOTAL INCOME	47946.18	42608.34
EBIDT	1525.97	1546.72
INTEREST	784.52	569.93
DEPRECIATION	329.47	317.51
ADJUSTMENTS RELATING TO EARLIER YEARS	72.71	9.34
PBT	339.27	649.94
MAT/FBT/DEFERRED TAX	62.55	110.31
PAT	276.72	539.63
EPS	0.13	0.26

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate system of internal control implemented by the management towards achieving efficiency in operations, optimum utilization of resources, and effective monitoring thereof and compliance with all applicable resources. Internal Audit of the company is carried out by an independent agency at regular intervals and the suggestions / recommendations made by them to the Management are looked into and adopted as far as practicable. The scope of the Audit activities is broadly guided and approved by the audit committee constituted by the Board of Directors. The company has introduced better system for monitoring the cost and trade position on various levels of processing for better cost/inventory control. Keeping in view the size and nature of its business the company has adequate internal control system.

## OPPORTUNITIES, THREATS, RISKS AND CONCERN:

Your company sees great opportunity in the forging business, considering the strong demand for forged rounds in manufacturing heavy-duty gears, rolls, equipments of sugar & cement industries etc. your company has already embarked on a forging project of open die type which is being commissioned at works besides the present steel melting facility to tap this opportunity.

Your company faces threat of loss of business from other companies having facility of producing long steel products from blast furnace route and having in-house sponge iron manufacturing facility.

Frequent Fluctuation in the prices of raw material like scarp, nickel, molybdenum, ferro chrome, ferro Manganese, Ferro silicon etc. and ever increasing power tariff has been a major cause of concern for your company. Steps have already been taken to arrest the problem of rising power tariff by entering an agreement with Wardha Power Company Pvt. Ltd. for captive consumption of power at a fixed rate for next 25 years from December, 2009 onwards.

Strengthening of the Indian Rupee has adversely affected the Exporters in fiscal 2008. It may continue in fiscal 2009. Your company has used various types of foreign currency forward to hedge the risks associated with fluctuation in these currencies.

## MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS:

Constant development of Human Resource and better industrial relations is key for sustainable growth and your company realizes the same. Your company undertook major HR initiative with CHR Global (HR Services) Pvt. Ltd. for improving performance through operational excellence and strategic HR initiative. Industrial relations in the company were cordial through out the year 2007-2008.

## 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) BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The Company adheres to good corporate practices and is constantly striving to better them and adopt best practices. The company believes that adhering to business ethics and good corporate practices would help the company achieve its goal of maximizing value for all its stakeholders. The Company is in compliance with the requirements of the revised guidelines on corporate governance stipulated under clause 49 of the Listing Agreements with the Stock Exchange.

## 2) BOARD OF DIRECTORS:

Name of the Directors	Category	No. of Directorship held in other public limited Companies	No. of Membership/ Chairmanship of Board Committees of other public limited Companies	No. of Board Meetings attended	Last AGM attended
<b>Mr. N.D. Saraf</b> Chairman & Whole Time Director (Appointed w.e.f. 28/04/06)	Executive*	2	Nil	6	Yes
<b>Mr. M.D. Saraf</b> Vice Chairman & Managing Director (Appointed w.e.f. 11/08/07)	Executive*	4	Nil	4	Yes
<b>Mr. Vinod Saraf</b> Managing Director (Appointed w.e.f. 1/08/04)	Executive*	3	Nil	7	Yes
<b>Mr. Ashim Saraf</b> Alternate Director to Mr. Arye Berest (Appointed w.e.f. 10/02/07)	Non-Executive*	2	Nil	2	No
<b>Mr. Anurag Saraf</b> Joint Managing Director (Appointed w.e.f. 10/06/06)	Executive*	3	Nil	5	Yes
<b>Mr. A. S. Kapre</b> (Appointed w.e.f. 20/07/04)	Independent Non- Executive	2	3	7	Yes
<b>Mr. M.B. Thaker</b> (Appointed w.e.f. 20/07/04)	Independent Non- Executive	1	3	7	Yes
<b>Mr. R.V. Dalvi</b> Director (Technical) (Ceased w.e.f. 1/11/07)	Executive	1	Nil	5	Yes
<b>Mr. B. C. Bhartia</b> (Ceased w.e.f. 11/08/07)	Independent Non-Executive	Nil	Nil	2	No
<b>Mr. Arye Berest**</b> (Appointed w.e.f. 01/02/05)	Independent Non-Executive	2***	Nil	2	No
<b>Mr. P. K. Kukde</b> (Appointed w.e.f. 27/10/07)	Independent Non-Executive	3	Nil	1	NA
<b>Mr. P.K.S.Nair</b> Nominee of Bank of India (Appointed w.e.f. 28/07/06)	Independent Non-Executive	Nil	Nil	6	Yes
<b>Mr. Vibhu Bakhru</b> (Appointed w.e.f. 01/07/08)	Independent Non- Executive	1	Nil	N.A.	N.A

\* Represents promoter \*\* Represents Non-resident investors \*\*\* Excluding foreign companies.

During the Financial Year April 2007 to March 2008, 7 Board Meetings were held on 27/04/07, 27/07/07, 11/08/07, 26/09/07, 27/10/07, 16/11/07 and 28/01/08.





### 3) AUDIT COMMITTEE:

a) **Brief description of terms of reference:**

The Committee's terms of reference, authority and powers are in conformity with the requirements of the Companies Act, 1956 and the Listing Agreements with the Stock Exchange

b) **Composition, name of members and Chairperson:**

The Audit committee is comprised of 3 members viz. Mr. A. S. Kapre and Mr. M. B. Thaker who are Non-executive Independent Directors and Mr. Vinod Saraf, the Managing Director of the Company. Mr. A. S. Kapre is the Chairman of the Committee.

c) **No. of meetings and attendance:**

During the Financial Year April 2007 to March 2008, Four (4) Audit Committing Meetings were held on 27/04/07, 27/07/07, 27/10/07 & 28/01/08 and the attendance was as under :

<u>Name of the Directors</u>	<u>No. of Audit Committee Meetings attended</u>
Mr. A.S. Kapre	04
Mr. M.B. Thaker	04
Mr. Vinod Saraf	04
Mr. B. C. Bhartia *	02

\* Ceased w. e. f. 11th August, 2007

### 4) REMUNERATION COMMITTEE:

- a) All the members of the Remuneration Committee constituted by the Board of Directors of the Company are Non-Executive Independent Directors comprising of Mr.A.S.Kapre, Mr. M.B.Thaker, Mr.B.C.Bhartia and Mr. P.K. Kukde. Mr.B.C.Bhartia ceased to be member of the Committee w.e.f. 11th August, 2007 due to his resignation from Directorship of the Company. Mr. P.K. Kukde was inducted in the Committee w.e.f. 1st June, 2008. Mr. A.S. Kapre is Chairman of the Remuneration Committee. The Committee has been formed to determine, on behalf of the Board and the shareholders, the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payments. The Executive Directors are paid remuneration as per Schedule XIII of the Companies Act, 1956 and Non Executive Directors are paid sitting fee fixed by the Board for attending the meetings of the Board of Directors or Committee thereof.

The Committee had two meetings on 27/07/2007 and 11/08/2007 to consider revision in the remuneration payable to the Managing/ Whole time Directors.

- b) Details of remuneration payable to Managerial Personnel for the year 2007-08:

<u>Name of Director</u>	<u>Total Remuneration including perquisites in cash</u>	<u>Estimate value of other perquisites in kind</u>	<u>Period of Agreement</u>
Mr. N. D. Saraf, Chairman & WTD	Rs. 1470063.80/-	Nil	5 years from 01/05/06
Mr. M. D. SARAF, VC & MD (Appointed w.e.f. 11/08/07)	Rs. 698254.72/-	Nil	5 years from 11/08/07
Mr. Vinod Saraf, MD	Rs. 1413283.80/-	Nil	5 years from 01/08/04
Mr. Anurag Saraf, JMD	Rs. 1137392.80/-	Nil	5 years from 28/07/06
Mr. R. V. Dalvi, Director (Tech) (Ceased w.e.f. 1/11/07)	Rs. 744708.55/-	Nil	5 years from 23/10/04

# CORPORATE GOVERNANCE REPORT



- c) The Non-Executive Directors are paid remuneration by way of sitting fee only which is Rs. 5000/- for each meeting attended by them. During the year 2007-2008, they were paid sitting fee/ remuneration as under:

<u>Name of Director</u>	<u>Sitting fee Paid</u>	<u>No. of Shares held</u>
1. Mr. A.S. Kapre (w.e.f 20/07/2004)	*Rs. 63000/-	Nil
2. Mr. M.B. Thaker (w.e.f 20/07/2004)	*Rs. 63000/-	2647
3. Mr. B. C. Bhartia (Ceased w.e.f 11/08/2007)	*Rs. 18000/-	Nil
4. Mr. Ashim Saraf, Alternate Director to Mr. Arye Berest (w.e.f. 10/02/07)	Rs. 10000/-	8504
5. Mr. Arye Berest (w.e.f 01/02/2005)	Rs. 6500/-	Nil
6. Mr. P. K. Kukde (Appointed w. e. f. 27/10/2007)	Rs. 5000/-	Nil
7. Mr. P. K. S. Nair (w.e.f. 28/07/2006)	**Rs. 26500/-	Nil
<b>Total</b>	<b>Rs.192000/-</b>	

\* Includes sitting fee paid for attending Committee Meetings.

\*\* Sitting fees paid to BOI

- Notes: (i) There are no stock options and severance fees.  
(ii) No notice period is specified for Directors resignation/ termination.

## 5) SHARE TRANSFER AND SHAREHOLDERS' / INVESTERS' GRIEVANCES COMMITTEE:

At present the Committee consists of 3 Members viz. Mr. Vinod Saraf, Mr. A. S. Kapre and Mr. M. B. Thaker. The Chairman of the Committee is Mr. A. S. Kapre.

- a) Mr. A. G. Pandey, Secretary of the Company is the Compliance Officer  
 b) No. of Shareholders' complaints received during the period 1-4-2007 to 31-3-2008 ... 21  
 c) No. of complaints not solved to the satisfaction of the shareholders ... Nil  
 d) Number of pending complaints as on 31-3-2008 ... Nil

## 6) GENERAL BODY MEETINGS:

- a) Location and time where last three Annual General Meetings (AGMs) were held.

<b>AGM held</b>	<b>Day, date &amp; time</b>	<b>Venue</b>
2nd AGM	Friday, 16th September, 2005 At 11.45 a.m	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur 440 028
3rd AGM	Friday, 22nd September, 2006 At 11.45 a.m.	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur 440 028
4th AGM	Wednesday, 26th September, 2007 At. 11.45 a.m.	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur 440 028

- b) Whether any special Resolutions passed in the last AGM : Yes  
 c) Whether any special Resolutions passed last year through postal ballot : Yes

Details of the Resolutions passed under the Postal Ballot last year are as under:

- Description**

Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 for creation of mortgage/charge on Company's assets.



- **Voting Pattern**

<u>Voting</u>	<u>No. of Votes</u>	<u>% of Total Votes</u>
Votes Cast in Favour	109518303	99.99
Votes Cast against	254	00.00
Total valid votes	109518557	
Total invalid votes	3369	

- **Description**

Special Resolutions under Section 17 of the Companies Act, 1956 to alter the Objects Clause of Memorandum of Association of the Company and under Section 149(2A) of the Companies Act, 1956 for commencement of new business.

- **Voting Pattern**

<u>Voting</u>	<u>No. of Votes</u>	<u>% of Total Votes</u>
Votes Cast in Favour	109518241	99.99
Votes Cast against	316	00.00
Total valid votes	109518557	
Total invalid votes	3369	

- **Description**

Special Resolutions under Section 372A of the Companies Act, 1956 for giving guarantee and loans to other bodies corporate.

- **Voting Pattern**

<u>Voting</u>	<u>No. of Votes</u>	<u>% of Total Votes</u>
Votes Cast in Favour	109518252	99.99
Votes Cast against	305	00.00
Total valid votes	109518557	
Total invalid votes	3369	

d) Person who conducted the postal ballot exercise : Shri K. P. Sahasrabudhe, C. A. (Scrutinizer)

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

Yes, the company proposes to pass two resolutions by postal ballot i.e. an ordinary resolution under Section 293 (1) (a) of the Companies Act, 1956 relating to creation of mortgage/ charge on company's assets and a special resolution under section 372A of the Companies Act, 1956 relating to giving of guarantee to Consortium banks for funds availed/to be availed by Ferro Alloys Corporation Limited and Facor Alloys Ltd.

f) Procedure for postal ballot :

The procedure will be as laid down in Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.

## 7) **DISCLOSURES :**

a) There were no materially significant related-party transactions i.e. transactions of the Company of material nature, with its promoters, Directors or the management, their Subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

b) There were no instances of non-compliance and no penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authorities on any matter related to capital markets during the last year.

c) Pursuant to the requirements 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 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.

Mr. A.G. Pandey, Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the Regulations.

d) The Company has not adopted Whistle Blower Policy, as it is not mandatory.

- e) Disclosure of information as per Regulation 3 (l)(e) (i) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997

List of persons, who are constituting group as defined under MRTP Act, 1969.

I) **Promoters:**

1. Smt. Mohinidevi Umashankar Saraf
2. Smt. Bimladevi Vithaldas Saraf
3. Mr. Narayandas Saraf
4. Mr. R.K.Saraf
5. Mr. Murlidhar Saraf

II) Relatives of above five Promoters as defined under the Companies Act, 1956

III) Group/Associated Entities:

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

8) **MEANS OF COMMUNICATION :**

- a) Quarterly results are communicated through newspaper advertisement and EDIFAR (Electronic Data Information Filing and Retrieval) website.
- b) The quarterly results are published in the "The Financial Express", "The Times of India" and "Deshonatti" newspapers.
- c) The company has its web site [www.facorsteel.com](http://www.facorsteel.com). The unaudited financial results and the Shareholding pattern statements are regularly filed in the Company's web site and are also filed on the EDIFAR (Electronic Data Information Filing and Retrieval) as required by clause 51 of the listing agreement
- d) No presentation was made to institutional investors or to the analyst.

9) **GENERAL SHARE HOLDER INFORMATION**

i) AGM-Date, Time and Venue:

Date	Time	Venue
17th September, 2008	12.15 p.m.	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur 440 028 Maharashtra State

- ii) The 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 are as under :-

# CORPORATE GOVERNANCE REPORT



Name of Director	Date of Birth	Date of Appointment	Expertise in specific functional areas	Qualification	List of other Public Limited Companies in which Directorship held as on 31.03.2008	Chairman/ Member of the Committee of Board of other Public Ltd. Companies on which he was a Director as on 31-03-2008	No. of shares held
Mr. Anurag Saraf	17-5-1971	28-7-2006	Rich experience in Business Administration	B. E.	FACOR Power Ltd. FACOR Realty & Infrastructure Ltd. South Central Steel & Power Ltd.	Nil	9434402
Mr. A. S. Kapre	1-05-1949	20-7-2004	Over 32 years experience mainly in Project & Corporate lending, Rehabilitation Finance and Risk Management	B. Tech., LLB	Ferro Alloys Corporation Ltd.	Audit Committee (Chairman), Shareholders' Grievances Committee (Chairman) & Remuneration Committee (Chairman)	Nil
Mr. P. K. Kukde	12-6-1943	27-10-2007	Rich Experience in Power Generation, Transmission & Distribution.	M. E. (Elect.)	Bilt Power Ltd. Purti Sakhar Karkhana Ltd. Yash Agro Energy Ltd.	Nil	Nil
Mr. Vibhu Bakhru	2-11-1966	01.07.2008	Over 15 years Rich Experience in Legal and Accounts	C. A., LLB	Hindustan Everest Tools Limited	Nil	Nil

- iii) Financial Year ending : 31st March
- iv) AGM : 17th September, 2008
- v) Date of Book closure from : 11th September, 2008 to 17th September, 2008 (both days inclusive)
- vi) Dividend payment date : Not applicable since no dividend is recommended by the Board.
- vii) Listing on Stock Exchange and stock code : Bombay Stock Exchange Limited, Code - 532657
- viii) Market price data, High / Low during each month of the financial year 2007 -08 and performance in comparison to broad based BSE-SENSEX index during the said financial year are as under:

## **BOMBAY STOCK EXCHANGE LIMITED**

### **BSE Sensex**

Month	High (Rs.)	Low (Rs.)	High (Rs)	Low (Rs)
April 2007	6.70 (30-04-07)	4.90 (02-04-07)	14383.72	12425.52
May 2007	6.25 (22-05-07)	5.01 (04-05-07)	14576.37	13562.95
June 2007	5.51 (26-06-07)	4.41 (18-06-07)	14683.36	13946.99
July 2007	8.70 (31-07-07)	4.21 (02-07-07)	15868.85	14638.88
August 2007	8.45 (01-08-07)	4.90 (31-08-07)	15542.40	13779.88
September 2007	5.99 (12-09-07)	4.50 (27-09-07)	17361.47	15323.05
October 2007	5.79 (31-10-07)	4.26 (22-10-07)	20238.16	17144.58
November 2007	9.69 (21-11-07)	4.50 (13-11-07)	20204.21	18182.83
December 2007	14.47 (17-12-07)	7.90 (03-12-07)	20498.11	18886.40
January 2008	18.90 (08-01-08)	7.96 (31-01-08)	21206.77	15332.42
February 2008	9.17 (07-02-08)	6.20 (15-02-08)	18895.34	16457.74
March 2008	6.84 (03-03-08)	3.98 (25-03-08)	17227.56	14677.24

ix) **Registrar & Transfer Agent (RTA):**

The Company has appointed M/s Intime Spectrum Registry Ltd, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai-400 078 as its Registrar and Transfer Agent for handling the share registry work in terms of both physical and electronic (Dematerialisation of shares) w.e.f. 23/10/2006. Accordingly, the shareholders are requested to approach ISRL for all work relating to the Company's shares including transfer and transmission of shares, issue of duplicate share certificates, splitting, consolidation and replacement of share certificates as well as for dematerialisation of shares held in the company. The shareholders are also requested to send all correspondence relating to company's shares to ISRL.

x) **Physical Share Transfer System:**

All valid transfer deeds received from the shareholders/investors are registered with the approval of the share transfer committee constituted by the Board of Directors of the Company and the share certificates after endorsement generally are returned by registered post within 30 days from date of lodgment of transfer deeds. The deficient transfer documents are returned to the sender with objection memos for making good the shortcomings and resubmission to the RTA.

xi) a) **Distribution of shareholding as on 31.03.2008:**

<u>No. of Equity Shares held</u>	<u>No. of Shareholders</u>	<u>No. of Shares</u>	<u>% of Issued Equity Share Capital</u>
Upto 5000	62108	28316405	13.71
5001 to 10000	832	6653564	3.22
10001 to 20000	344	5137111	2.49
20001 to 30000	121	3036777	1.47
30001 to 40000	46	1651165	0.80
40001 to 50000	61	2878532	1.39
50001 to 100000	78	5763530	2.79
100001 and above	86	153086595	74.13
<b>Total</b>	<b>63676</b>	<b>206523679</b>	<b>100.00</b>
Physical Mode	24306	1515956	
Electronic Mode	39370	205007723	

b) **Categories of shareholders as on 31.03.2008:**

<u>Category</u>	<u>No. of Shares held</u>	<u>Percentage</u>
Promoters their Relatives, Associates etc.	137677098	66.66
Financial Institutions	2071876	1.00
State Government Company/ State Financial Corporation	19033	0.01
Nationalized Banks	905	0.00
Bodies Corporate	13354191	6.47
Others	53400576	25.86
<b>Total</b>	<b>206523679</b>	<b>100.00</b>

xii) **Dematerialisation of shares and liquidity:**

99.27 % of the share capital has been dematerialized as on 31st March, 2008.

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

xiv) Plant locations : 46A&B, MIDC Industrial Estate,  
Hingna Road, Nagpur 440 028  
Maharashtra State



xv) **Address for correspondence:**

a) **For matters relating to Company's shares:**

Intime Spectrum Registry Limited,  
C-13, Pannalal Silk Mills  
Compound, L. B. S. Marg,  
Bhandup (W),  
MUMBAI - 400 078

b) **For other matters:**

FACOR Steels Ltd  
46 A&B, MIDC Industrial Estate,  
Hingna Road, Nagpur 440 028  
Maharashtra State

10) **NON-MANDATORY REQUIREMENTS:**

The Company at present has not adopted the Non-mandatory requirements as per Clause 49 of the Listing Agreement except constitution of Remuneration Committee.



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## COMPLIANCE CERTIFICATE

To the Members of Facor Steels Limited

We have examined the compliance of conditions of Corporate Governance by FACOR STEELS LIMITED, for the year ended on 31st March, 2008 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 AND CO.,  
Chartered Accountants

K.P. Sahasrabudhe  
Partner  
Membership No. 7021

Place: New Delhi  
Date: 30th July 2008.





## Report of the Auditor to the Members of Facor Steels Limited

We have audited the attached Balance Sheet of "Facor Steels Limited" as at 31st March, 2008, 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 mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, (together 'the order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account of the Company;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of the written representations received from the Directors as on 31st March, 2008 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto (specially Note No.17) give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
    - (b) in the case of Profit and Loss Account, of the profit 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,

K.P.SAHASRABUDHE,  
Partner,  
Membership No.7021.

Place: New Delhi

Date: 30th July, 2008



Referred to in paragraph 2 of the Auditors' Report of even date to the Members of FACOR Steels Ltd on the financial statements for the year ended 31st March, 2008.

- 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) 1) The Company has not granted any loans, secured or unsecured, to the Companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, and therefore Clauses 4(iii)(a), (iii) (b), (iii) (c) and (iii) (d) of the said Order are not applicable.
- 2) (a) The Company has taken unsecured loans from six 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.4773.60 lacs and Rs. 2670.57 lacs respectively.
- (b) 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.
- (c) In respect of the aforesaid loan, the Company is regular in payment of interest and principal during the year.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) There were no contracts or arrangements referred to in Section 301 of the Act (except loans reported under paragraph (iii)(2) (a) above) that needed to be entered in the Register required to be maintained under that section and therefore Clause 4(v)(b) of the said Order is not applicable.
- vi) The Company has not accepted any fixed deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies (Acceptance of Deposit) Rules 1975.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) The Company has made and maintained the cost records, as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the Company's products to which the said rules are made applicable. We have not, however, made a detailed examination of the records.
- ix) a) 1) According to the records examined by us, the Company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, with the appropriate authorities. No amounts are

## ANNEXURE TO AUDITORS' REPORT



outstanding for transfer to the Investors Education and protection Fund under Section 205C of the Companies Act, 1956.

- 2) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2008 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:

<u>Nature of Dues</u>	<u>Rs./Lacs</u>	<u>Forum where the dispute is pending</u>
Customs Duty	0.72	Commissioner of Central Excise and Customs BBSR
Excise Duty	221.68	Customs, Excise & Service Tax Appellate Tribunal West Zonal Bench Mumbai.

- x) The Company has no accumulated losses as on 31st March, 2008 and it has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company and, therefore, Clauses 4(xiii)(a), (xiii) (b), (xiii) (c) and (xiii) (d) of the said Order are not applicable.
- xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.
- xvi) 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) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix) During the period covered by our audit report, the Company has not issued any secured debentures.
- xx) The Company has not raised any money by public issues during the year.
- xxi) According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For SALVE & CO.,  
Chartered Accountants,

K.P.SAHASRABUDHE,  
Partner,  
Membership No.7021.

Place: New Delhi

Date: 30th July, 2008







# SCHEDULES



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

		(Rupees in lacs)	
		31st March,	31st March,
		<u>2008</u>	<u>2007</u>
<b>SCHEDULE A</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHORISED:</b>			
240,000,000	Equity Shares of Re 1/- each .....	2,400.00	2,400.00
600,000	0.01% Redeemable Preference Shares of Rs. 100/- each .....	600.00	600.00
	<b>TOTAL .....</b>	<u><b>3,000.00</b></u>	<u><b>3,000.00</b></u>
<b>ISSUED, SUBSCRIBED, CALLED &amp; PAID-UP:</b>			
206,523,679	Equity Shares of Re 1/- each fully paid-up .....	2,065.24	2,065.24
—	(Previous year 150705) 0.01% Redeemable Preference Shares of Rs. 100/- each (Refer Note below)	-	150.70
	<b>TOTAL .....</b>	<u><b>2,065.24</b></u>	<u><b>2,215.94</b></u>

Note: During the year the company has reached One Time Settlement with relevant Preference Share holder for pre-mature redemption of 150705 - 0.01% Redeemable Preference Shares of Rs. 100/- each. The said redemption has been duly approved by Hon'ble BIFR vide its order dated 03-05-2006.

## SCHEDULE B

		(Rupees in lacs)	
		31st March,	31st March,
		<u>2008</u>	<u>2007</u>
<b>RESERVES AND SURPLUS</b>			
<b>CAPITAL RESERVE</b>			
	Opening Balance .....	207.05	207.05
	Discount availed on pre-mature redemption of 0.01% Redeemable Preference Shares (Refer note 3 of Schedule 'K') .....	<u>62.10</u>	-
		269.15	207.05
	<b>SURPLUS AS PER PROFIT &amp; LOSS ACCOUNT .....</b>	<u><b>160.40</b></u>	-
	<b>TOTAL .....</b>	<u><b>429.55</b></u>	<u><b>207.05</b></u>

# SCHEDULES



SCHEDULE C SECURED LOANS	(Rupees in lacs)	
	31st March, 2008	31st March, 2007
<b>FROM BANKS:</b>		
PLR-4% Funded Interest Term Loan Accounts (FITL) .....	528.05	732.27
Add: Interest accrued and due .....	3.12	1.95
(Refer Note 1 below)		734.22
0% Funded Interest Term Loan Accounts (FITL) .....	310.02	370.00
(Refer Note 1 below)		
Cash Credit Accounts .....	2,055.38	1,459.77
Export Packing Credit Accounts .....	31.27	49.17
(Refer Note 2 below)		1,508.94
<b>TOTAL .....</b>	<b>2,927.84</b>	<b>2,613.16</b>

## NOTES :

- 1) Secured by hypothecation of stocks of raw-materials, finished products, book debts, other receivables and guaranteed by two Directors.
- 2) Secured by hypothecation of stocks of raw-materials, finished products, book debts, other receivables and by way of second charge on fixed assets of the Company and guaranteed by two Directors.
- 3) All Secured loans shown herein above are also Secured by Inter-Company guarantees by Ferro Alloys corpn. Ltd and Facor Alloys Limited, as well as by pledge of Promoters Shareholding. They are to be further secured by pari-passu joint mortgage by deposit of title deeds of the company's immovable properties.

SCHEDULE D UNSECURED LOANS	(Rupees in lacs)	
	31st March, 2008	31st March, 2007
Hire Purchase Credits .....	132.63	23.46
Inter Corporate Deposits / Loans .....	2,654.00	625.00
Add: Interest accrued and due .....	16.57	4.10
	<b>2,670.57</b>	629.10
Inter-company balances of demerged companies .....	120.86	98.33
<b>TOTAL .....</b>	<b>2,924.06</b>	<b>750.89</b>



**SCHEDULE E  
FIXED ASSETS** (Rupees in lacs)

PARTICULARS	GROSS BLOCK AT COST			DEPRECIATION / AMORTISATION				Net Block		
	As at 01-4-2007	Additions/ Adjustments	Deductions/ Adjustments	As at 31-3-2008	Up to 31-3-2007	For the Year	Deductions/ Adjustments	Upto 31-3-2008	As at 31-3-2008	As at 31-3-2007
GOODWILL	1,545.00	-	-	1,545.00	447.60	154.50	-	602.10	942.90	1,097.40
BUILDINGS	634.85	2.04	-	636.89	271.04	18.31	-	289.35	347.54	363.81
PLANT AND MACHINERY	3,185.46	159.02	16.77	3,327.71	1,997.70	130.27	16.77	2,111.20	1,216.51	1,187.76
OFFICE AND OTHER EQUIPMENTS	124.10	41.29	4.75	160.64	84.84	11.51	4.44	91.91	68.73	39.26
FURNITURE AND FIXTURES	24.56	8.26	-	32.82	21.42	4.73	-	26.15	6.67	3.14
VEHICLES	63.39	68.30	-	131.69	19.07	10.15	-	29.22	102.47	44.32
WORK - IN - PROGRESS	5,577.36	278.91	21.52	5,834.75	2,841.67	329.47	21.21	3,149.93	2,684.82	2,735.69
TOTAL	79.70	1,200.01	132.20	1,147.51	-	-	-	-	1,147.51	79.70
Previous Year	5,657.06	1,478.92	153.72	6,982.26	2,841.67	329.47	21.21	3,149.93	3,832.33	2,815.39
	5,414.05	475.83	232.82	5,657.06	2,526.10	317.51	1.94	2,841.67	2,815.39	-

**Notes:** (a) As in Ferro Alloys Corporation Ltd, depreciation on Fixed assets capitalised upto 30.06.1986 as per written down value method and depreciation on addition thereafter as per straight line method has been charged at the rates of Depreciation as per Schedule XIV of Companies Act, 1956 as amended.  
 (b) Additions to Plant & Machinery include Rs. 24.13 for Tata JD Back hoe Loader and Hydraulic mobile crane acquired on Hire-Purchase.  
 (c) Addition to Vehicles include Rs 62.14 lacs for Car and Tippers acquired on Hire Purchase .

# SCHEDULES



	(Rupees in lacs)	
	31st March, 2008	31st March, 2007
<b>SCHEDULE F</b>		
<b>INVESTMENTS - Long Term</b>		
IN GOVERNMENT SECURITIES: (At Cost)		
6 Years National Savings Certificates (Face Value Rs.0.01 lac) (Unquoted)	0.01	0.01
<b>TOTAL</b>	<u>0.01</u>	<u>0.01</u>
Aggregate carrying cost of unquoted Investments .....	<u>0.01</u>	<u>0.01</u>
<b>SCHEDULE G</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>(a) INVENTORIES :</b>		
Stores, Spare Parts, Loose Tools and Stock-in-Trade (As per inventory taken, valued and as certified by Managing Director) :		
Stores and Spare Parts (At Cost) .....	1,035.27	816.22
Loose Tools (At Cost) .....	16.95	14.74
Stock-in-Trade: .....		
Work-in-Process (At Cost or Net realisable value whichever is lower)	2,961.72	1,509.13
Finished Products (At Cost or Net realisable value whichever is lower)	<u>2,864.18</u>	<u>2,024.28</u>
	<u>5,825.90</u>	<u>3,533.41</u>
Raw Materials (At Cost).....	<u>1,654.64</u>	<u>1,994.99</u>
	<u>7,480.54</u>	<u>5,528.40</u>
	<b>8,532.76</b>	<b>6,359.36</b>
<b>(b) SUNDRY DEBTORS :</b>		
Unsecured and considered good (Unless otherwise stated):		
Debts outstanding for a period exceeding six months :		
Considered good .....	35.87	57.09
Considered doubtful .....	<u>46.46</u>	<u>194.21</u>
	<u>82.33</u>	<u>251.30</u>
Other Debts .....	<u>2,353.70</u>	<u>1,866.48</u>
	<u>2,436.03</u>	<u>2,117.78</u>
Less: Provision for bad and doubtful debts .....	<u>46.46</u>	<u>194.21</u>
	<b>2,389.57</b>	<b>1,923.57</b>
<b>(c) CASH AND BANK BALANCES:</b>		
Cash in hand .....	10.19	4.04
With Scheduled Banks:		
In Current Accounts .....	750.45	147.05
In Fixed Deposit Accounts .....	130.05	5.77
In Cash Credit Accounts .....	10.74	-
In Margin Money Accounts .....	<u>0.08</u>	<u>0.08</u>
	<u>891.32</u>	<u>152.90</u>
	<b>901.51</b>	<b>156.94</b>
<b>(d) OTHER CURRENT ASSETS :</b>		
Interest accrued on Fixed Deposits .....	0.06	0.11
<b>(e) LOANS AND ADVANCES :</b>		
Unsecured and considered good (Unless otherwise stated )		
(i) Advances recoverable in cash or in kind or for value to be received (Refer Note 16) .....	2,135.48	2,000.52
(ii) Claims Recoverable .....	98.17	56.04
(iii) Deposits .....	<u>190.50</u>	<u>174.07</u>
	<u>2,424.15</u>	<u>2,230.63</u>
<b>TOTAL</b>	<u><b>14,248.05</b></u>	<u><b>10,670.61</b></u>
Fixed Deposit Receipts lodged with Banks as security for Letters of Credit / Guarantees.	<b>25.05</b>	<b>5.77</b>

# SCHEDULES



		(Rupees in lacs)	
SCHEDULE H		31st March,	31st March,
CURRENT LIABILITIES AND PROVISIONS		2008	2007
<b>(a) CURRENT LIABILITIES :</b>			
Bills Discounted .....	845.15		726.61
Sundry Creditors * .....	8,510.16		6,848.18
Managerial Remuneration payable .....	2.52		1.46
Other Liabilities .....	328.68		195.44
		<b>9,686.51</b>	<b>7,771.69</b>
<b>(b) PROVISIONS :</b>			
For Taxation .....	154.70		106.09
Less : Paid .....	208.99		138.80
		<b>(54.29)</b>	<b>(32.71)</b>
For Gratuity .....	48.60		40.12
For P.L.Encashment .....	16.49		13.73
		<b>10.80</b>	<b>21.14</b>
<b>TOTAL</b>		<b>9,697.31</b>	<b>7,792.83</b>

Note:

\* Small scale industrial undertakings to whom Rs. 17.06 lacs are due for a period exceeding 30 days have been identified based on the information available with the Company and are as follows :

Anant Refractories prod. Ltd., Aditya air Product Ltd, Blue bird Industries, Coventry Techni Engg. co. Ltd, Gill Electricals co., Castwell Industries, Metaflux Prod Pvt. Ltd., M.M. Engg works, Nagpur ceramics pvt. Ltd, Rajpal Gears Transmission Pvt. Ltd.

		(Rupees in lacs)	
SCHEDULE I		Year Ended	Year Ended
SALE OF PRODUCTS AND OTHER INCOME		31st March,	31st March,
		2008	2007
Sales less Returns .....		47,052.47	41,976.97
Export Incentives.....		156.12	89.97
Interest on Deposits (Gross) [Income tax deducted at source Rs. 0.01 lacs]			
(Previous Year : Rs.0.01 Lacs).....		0.28	1.39
Other Interest (Gross) .....		12.95	9.85
Miscellaneous Receipts (Refer Note 4).....		797.34	539.53
Profit /( Loss) on Fixed Assets Sold/ Discarded (Net).....		(0.27)	(0.03)
Adjustments relating to earlier years (Net).....		(72.71)	(9.34)
<b>TOTAL</b> .....		<b>47,946.18</b>	<b>42,608.34</b>

# SCHEDULES



		(Rupees in Lacs)	
SCHEDULE J MANUFACTURING AND OTHER EXPENSES		Year Ended 31st March, 2008	Year Ended 31st March, 2007
Purchase of Semi Finished Product .....		472.10	2151.29
Raw Material Consumed :			
Opening Stocks: .....	1,994.99		1,094.57
Add:Purchases .....	<u>38,692.77</u>		31,806.15
		40,687.76	32,900.72
Less: (i) Sales and Internal Consumption.....	100.42		18.77
(ii) Closing Stock (At Cost).....	<u>1,654.64</u>		1,994.99
		<u>1,755.06</u>	2,013.76
		38,932.70	30,886.96
Payments and Other Benefits to Employees :			
Salaries,Wages and Bonus(Refer Note 10) .....	1,112.80		826.76
Provident Fund & ESI Contributions .....	5.01		2.80
Staff Gratuity & Superannuation.....	9.12		27.88
Welfare Expenses .....	<u>100.29</u>		86.74
		1,227.22	944.18
Operating and Other Expenses :			
Power and Fuel.....	3,209.17		3,017.57
Mining,Handling and other Production Expenses.....	377.59		300.05
Freight,Shipment and Sales Expenses .....	1,070.57		1,104.35
Excise Duty (Net).....	9.00		9.59
Compensation to mini steel plant.....	21.00		21.00
Lease rent paid to SKM .....	18.00		18.00
Stores and Spares .....	1,909.86		1,945.83
Sampling and Analysis.....	23.33		15.30
Works Expenses (Refer Note 11) .....	643.03		509.50
Transport Expenses .....	5.87		9.17
Repairs and Maintenance to Plant and Machinery.....	453.67		391.14
Repairs and Maintenance to Buildings .....	27.01		16.00
Insurance .....	23.19		24.89
Rent .....	9.38		6.35
Rates and Taxes .....	35.82		26.12
Commission and Brokerage on Sales .....	88.91		83.45
Donations .....	23.37		0.53
Subscriptions.....	3.61		2.05
Payments to Auditors (Refer Note 12) .....	1.15		0.80
Directors' Sitting Fees .....	1.92		0.66
Office Establishment Expenses (Refer Note 13).....	136.80		99.41
Bad Debts Written Off .....	147.75		-
Tools Consumed.....	<u>6.50</u>		6.79
		8,246.50	7,608.55
Provision for Bad & Doubtful Debts & Advances .....		(147.75)	—
Directors' Remuneration (Refer Note 14).....		54.64	52.81
Decrease/(Increase) in Stock :			
a) Opening Stock.....	3,533.41		2,960.58
b) Less : Closing Stock .....	<u>5,825.90</u>		3,533.41
		(2,292.49)	(572.83)
<b>TOTAL</b>		<u><b>46,492.92</b></u>	<u><b>41,070.96</b></u>

## Schedules annexed to and forming part of the Balance Sheet and Profit and Loss Account.

### SCHEDULE K

#### CONTINGENT LIABILITIES AND NOTES

##### 1. Significant Accounting Policies :

###### (a) Accounting Concepts :

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

###### (b) Sales :

Sales comprise sale of goods and services, Inter-unit transfers and exports including exchange fluctuations relating thereto.

###### (c) Research and Development :

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

###### (d) Employees Retirement Benefits :

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

###### (e) Fixed Assets :

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

###### (f) Depreciation :

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

###### (g) Current Assets :

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

###### (h) Investments :

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

###### (i) Foreign Exchange Transactions :

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.

##### 2. Contingent Liabilities :

- (a) Estimated amount of contracts on Capital Account remaining to be executed and not provided for in accounts is Rs.598.73 lacs(Previous- Year Rs.263.77 lacs).
- (b) Claims not acknowledged as debts since disputed Rs.251.01lacs(Previous Year Rs.301.84 lacs). Amounts already paid under protest Rs.28.61 lacs(Previous Year :Rs.50.41 lacs) have been debited to Advance Account.
- (c) Counter guarantees in favour of Consortium Banks in respect of their outstandings with Ferro Alloys Corporation Limited and Facor Alloys Limited:- Due to the nature of the liability, its financial impact is not ascertainable.

3. Ferro Alloys Corporation Ltd. had vide its letter dated 27-12-2005 requested Hon'ble BIFR to accord approval for certain modifications in the Sanctioned Scheme, inter alia, including one time settlement arrived at with certain preference shareholders for pre-mature redemption on discounted basis, reduction in equity share capital on account of settlement with UTI and exemption from the

# SCHEDULES



## SCHEDULE K (Contd . . . ) CONTINGENT LIABILITIES AND NOTES

provisions of sec. 372A of the Companies Act, 1956 for inter company loans, advances, investments and guarantees by and among the 3 trifurcated companies viz. Ferro Alloys Corporation Ltd., Facor Alloys Ltd. and Facor Steels Ltd. The Hon'ble BIFR has vide its order dated 03-05-2006 accorded approval to the above modifications and suitable adjustments in the accounts, wherever necessary, have been accordingly carried out.

4. Miscellaneous receipts includes Rs.792.18 lacs (Previous year Rs. 535.36 lacs) towards conversion charges received.
5. Depreciation includes Rs. 154.50 lacs (Previous year Rs. 154.50 lacs) towards amortisation of goodwill as per the Accounting Standard AS 14 issued by the Institute of Chartered Accountants of India (ICAI)

	(Rupees in Lacs)	
	2007-08	2006-07
6. Interest includes :		
Interest on Fixed Loans	63.03	60.52
Others	721.49	509.41
	<u>784.52</u>	<u>569.93</u>

7. No provision for current Income-Tax is considered necessary in view of the brought forward Business loss and unabsorbed depreciation. However, provision is made for Minimum Alternate Tax (MAT) liability for the year.

	(Rupees in Lacs)		
	As at 1-4-2007	Debited/(Credited) during the year	As at 31-3-2008
8. The Deferred Tax Assets/(Liabilities) as on 31-03-2008 as per the AS 22 issued by the ICAI.			
A) <u>Deferred Tax Assets:-</u>			
l) Disallowance u/s.43B of the Income Tax Act, 1961 to be allowed on payment basis	54.32	11.36	65.68
B) <u>Deferred Tax Liabilities:-</u>			
Difference between Book and Income Tax depreciation	120.38	52.36	172.74
Net Deferred Tax Assets (A-B):	<u>(66.06)</u>	<u>(41.00)</u>	<u>(107.06)</u>
Tax on above	<u>(22.46)</u>	<u>(13.93)</u>	<u>(36.39)</u>

9. The basic and diluted earning per share of the company is Net Profit (Loss) /weighted average No. of Shares = Rs.276.72 Lacs /2065.24 Lacs i.e. Rs.0.13 (Previous Year: Rs.539.63 lacs / 2065.24 lacs i.e.Rs.0.26) as defined in Accounting Standard AS- 20 issued by ICAI.

10. Salaries, Wages & Bonus includes reimbursement for services Rs.952.96 lacs (Previous Year; Rs. 717.70 lacs).

11. Works Expenses includes Directors' Travelling.	8.89	21.84
12. Payments to Auditors include:		
Audit Fees	1.00	0.75
Other matters	0.15	0.05
Expenses reimbursed	-	-
	<u>1.15</u>	<u>0.80</u>

13. In terms of the Sanctioned Scheme, common administrative expenses incurred by FAL are allocable to the three companies and such expenses incurred during the financial year ended 31-03-2008 as allocated to this Company and shown as Office Establishment Expenses are as under:

## SCHEDULE K (Contd . . . ) CONTINGENT LIABILITIES AND NOTES

<u>Account Head</u>	<u>(Rupees in Lacs)</u>	
	<u>2007-08</u>	<u>2006-07</u>
1 Salaries, Wages and Bonus	73.94	45.65
2 Provident Fund & ESI Contribution	6.40	5.43
3 Gratuity and Superannuation	12.75	5.01
4 Welfare Expenses	8.39	7.62
5 Power and Fuel	2.69	3.32
6 Repairs and Maintenance to Buildings	0.39	0.54
7 Insurance	0.27	0.39
8 Rent	2.78	2.75
9 Rates and Taxes	0.36	0.41
10 Commission & Brokerage on others	0.04	-
11 Donations	-	0.12
12 Office establishment expenses	28.79	28.17
	<u>136.80</u>	<u>99.41</u>
14. (a) The Company has been advised that the computation of net profits for the purpose of directors' remuneration under Section 349 of the Companies Act, 1956 need not be enumerated since no commission has been paid to the Directors. Fixed monthly remuneration paid to the Directors are well within the limits prescribed under Schedule XIII to the Companies Act, 1956.		
	<u>(Rupees in Lacs)</u>	
(b) Directors' Remuneration being minimum remuneration is as under :	<u>2007-08</u>	<u>2006-07</u>
(i) Salaries	40.61	33.04
(ii) Contribution to Provident Fund and Superannuation	5.34	4.34
(iii) Perquisites in cash	8.69	15.43
<b>TOTAL</b>	<u>54.64</u>	<u>52.81</u>
Estimated value of Other Perquisites	<u>10.33</u>	<u>0.39</u>

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

	<u>(Rupees in Lacs)</u>	
	<u>2007-08</u>	<u>2006-07</u>
15. Payment to Cost Auditor:		
Audit fees	0.20	0.20
Expenses Reimbursed	0.03	0.03
	<u>0.23</u>	<u>0.23</u>
16. 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.		
17. In accordance with the accounting policy followed by the Company, Excise Duty in respect of goods manufactured by the Company is being accounted for at the time of removal of goods from the factory. Such Excise Duty payable on goods awaiting clearances from the factory is estimated at Rs.657.45 lacs (previous year Rs. 536.10 lacs). However, the said liability, if accounted, would have no impact on the results for the year.		
18. In the absence of necessary information with the Company relating to registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be compiled and disclosed.		
19. Particulars of Licensed and Installed Capacity :		
Licensed and Installed Capacities are not applicable, since the plant is taken on leave and licence from Vidarbha Iron & Steel Corporation Ltd. (VISCO).		

# SCHEDULES



## SCHEDULE K (Contd . . . ) CONTINGENT LIABILITIES AND NOTES

20. (a) Production in M.Tons ( excluding quantity used for internal consumption):			<b>2007-08</b>	<u>2006-07</u>
Blooms/ Ingots			<b>17856</b>	19544
Rolled Product			<b>38208</b>	41303
			<b>2007-08</b>	<b>2006-07</b>
			<b>Quantity</b>	<b>Value</b>
			<b>in M.T.</b>	<b>Rs. in lacs</b>
(b) Purchases :				
Steel Product			1814	472.10
			9134	2151.29
(c) Sales :				
Blooms / Ingots			14441	19989.34
Rolled Product			36778	27050.98
By Products				12.15
			<b>47052.47</b>	<b>41976.97</b>
(d) Stock Particulars :- Goods produced/sold (after adjustment of shortages / excesses):				
Blooms / Ingots	Opening Stock	2335	1352.28	2313
	Closing Stock	2619	2843.93	2335
Rolled Product	Opening Stock	3317	1817.73	3514
	Closing Stock	2969	2354.72	3317
By Products	Opening Stock	-	363.40	-
	Closing Stock	-	627.25	-
21. Consumption of important basic Raw Materials :				
Scrap		39043	29566.21	37604
Sponge Iron		13812	2098.45	14180
Ferro Nickle		210	3143.18	222
Ferro Alloys		3170	3344.85	3237
Lime stone		6824	225.09	6297
Coke & Charcoal		726	101.61	703
Miscellaneous			453.31	356.93
			<b>38932.70</b>	<b>30886.96</b>
			<b>Rs. in lacs</b>	<b>Percentage</b>
22. (a) 1. Value of Consumption of imported Raw Materials		8739.22	22.45	5220.30
2. Value of Consumption of indigenous Raw Materials		30193.48	77.55	25666.66
		<b>38932.70</b>	<b>100.00</b>	<b>30886.96</b>
				83.10
				100.00
(b) 1. Value of Consumption of imported Components and Spare Parts		14.15	5.63	6.51
2. Value of Consumption of indigenous Components and Spare Parts		237.21	94.37	206.05
		<b>251.36</b>	<b>100.00</b>	<b>212.56</b>
				3.06
				96.94
				100.00



# SCHEDULES



## SCHEDULE K (Contd . . . ) CONTINGENT LIABILITIES AND NOTES

	(Rupees in Lacs)	
	2007-08	2006-07
23. C.I.F. Value of Imports :		
(a) Raw materials	5995.37	1889.14
(b) Components and spare parts	6.75	5.07
	<u>6002.12</u>	<u>1894.21</u>
24. Earnings in Foreign Exchange on account of Exports of Goods on F.O.B. basis	5275.84	3134.58
25. Expenditure in Foreign Currency		
(a) Commission on Sales	51.98	41.42
(b) Travelling Expenses	2.76	4.27
(c) Directors Travelling Expenses	3.35	4.67
(d) Others	4.98	7.56
	<u>63.07</u>	<u>57.92</u>
26. Amounts remitted during the year in foreign currencies on account of dividends.	Nil	Nil

### 27. 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.

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

### 29. Related Party Disclosure:-

#### I List of related parties:-

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

Vidarbha Iron and Steel Corporation Limited (VISCO)- Associates

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

- 1 Ferro Alloys Corporation Limited
- 2 Facor Alloys Limited
- 3 Rai Bahadur shreeram & co. Pvt. Ltd.
- 4 Dass Papers products. Ltd.
- 5 Orchard consultancy Pvt. Ltd.
- 6 Godavari Devi Saraf & sons.
- 7 S.D. Ores Pvt. Ltd.
- 8 Instinkt Communication Pvt.Ltd.
- 9 Suchitra Investment & Leasing Ltd.

# SCHEDULES



## SCHEDULE K (Contd . . . ) CONTINGENT LIABILITIES AND NOTES

### C Key Management Personnel :

- 1 N.D. Saraf Chairman & Whole Time Director
- 2 M.D. Saraf Vice chairman & Managing Director (w.e.f. 11-08-2007)
- 3 Vinod Saraf Managing Director
- 4 Anurag Saraf Joint Managing Director
- 5 R.V.Dalvi Director (Technical)

### II Transactions with Related Parties during the year ended 31-3-2008 in the ordinary course of business.

(Rupees in lacs)

Particulars	With Vidarbha Iron & steel Co Ltd. Associates		With Key Management Personnel		With Enterprise where Significant influence exists	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
i) Purchase of goods	-	-	-	-	<b>148.92</b>	20.37
ii) Sale of Goods	-	-	-	-	-	-
iii) Rent paid	-	-	-	-	<b>0.60</b>	0.39
iv) Interest paid	-	-	-	-	<b>166.48</b>	39.52
v) Reimbursement of expenses	<b>989.74</b>	758.70	-	-	-	-
vi) Unsecured Advances given	-	-	-	-	-	41.80
vii) Finance received	-	-	-	-	<b>2,051.53</b>	423.33
viii) Directors Remuneration	-	-	<b>54.64</b>	52.81	-	-
ix) Outstanding balances as on 31-03-2008						
a) Loans & advances given	-	-	-	-	-	938.43
b) Unsecured Loans taken	-	-	-	-	<b>2,791.43</b>	727.43
c) Sundry creditors	<b>417.67</b>	240.61	<b>2.52</b>	1.46	-	2.74





## Our Principal Addresses:

### Registered Office & Works

#### Nagpur :

46-A & B, MIDC Industrial Estate,  
Hingna Road,  
Nagpur 440 028  
[Maharashtra]  
Phone : 91-7104-235701-08  
Gram : FACORSTEEL  
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 : facor@satyam.net.in  
Fax : 91-7183-232271

## Regional Offices:

### Mumbai :

168, C.S.T.Road  
Kalina, Santacruz [East]  
Mumbai 400 098  
Phone 91-22-66910822,  
23,24,26 & 27

Gram : FACORSALES  
E-Mail : facor@mtnl.net.in  
Fax : 91-22-26526079

### Shri Arun Mahalpurkar

Dy. General Manager

### New Delhi :

Plot No. 82, Okhla Indl. Estate,  
Phase III  
New Delhi 110 020  
Phone : 91-11-41624883 / 85  
Gram : FACOR  
E-Mail: facordelhi@facorgroup.in  
facordelhi@airtelbroadband.in  
Fax : 91-11-41624880

### Shri Ishwar Das

Manager [Administration]

### Kolkata :

Everest House, 17th Floor,  
Block 'G' 46-C, Jawaharlal  
Nehru Road, Kolkata 700 071  
Phone : 91-33-22888577, 22881220  
22882620

Gram : FACORAGENT  
E-Mail : facorkol@dataone.in  
Fax : 91-33-22889855

### Shri Pratap Lodge

General Manager [East Zone]

### Chennai :

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

### Shri R.G.Chari

General Manager [South Zone]

## Other Offices:

### Visakhapatnam:

Manganese House  
Harbour Road  
Visakhapatnam 530 001  
Phone: 91-891-2569011 / 2569013  
Gram : FACOR

E-mail:facor@sancharnet.in  
facorzvg@satyam.net.in  
facoralloys@eth.net

Fax : 91-891-2564077

### Shri K. Naresh

Asst. General Manager [Finance]

### Nagpur:

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

### Shri H.S.Shah

Dy. General Manager

### Bhubaneswar:

GD-2/10, Chandrasekharpur  
Bhubaneswar 751 023  
[Orissa]  
Phone : 91-674-2302881 / 882 &  
2302481

Gram : FACOR  
E-Mail : facors@sancharnet.in  
Fax : 91-674-2302612

### Shri M.V.Rao

Resident Manager

### Pune :

Parshwanath Industrial Premises,  
Orion Computer Services Building,  
1st Floor, Office No.11, T-71/1A/1B,  
'G' Block, Telco Road, Bhosari, MIDC,  
Pune -411 026

Phone: 91-020- 30780741, 42  
E-mail: facorpune@facorsteel.com  
Fax: 91-20-30780743

### Shri Casmillo Fernandes

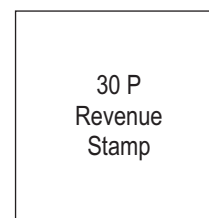
Manager [Marketing]



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

I/We .....  
of ..... in the District of .....  
being a Member/Members of FACOR Steels Limited hereby appoint .....  
.....  
of ..... in the District of .....  
or failing him .....  
of ..... in the District of .....  
or failing him .....  
of ..... in the District of .....  
as my/our proxy to vote for me/us and on my/our behalf at the **Fifth Annual General Meeting** of the company to be held at 46-A & B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028 (Maharashtra) on **Wednesday, the 17th September, 2008 at 12.15 p.m.** and at any adjournment thereof.

Signed this ..... day of ..... 2008



Ledger Folio Nos. / Client ID No. ....

No. of Shares held .....

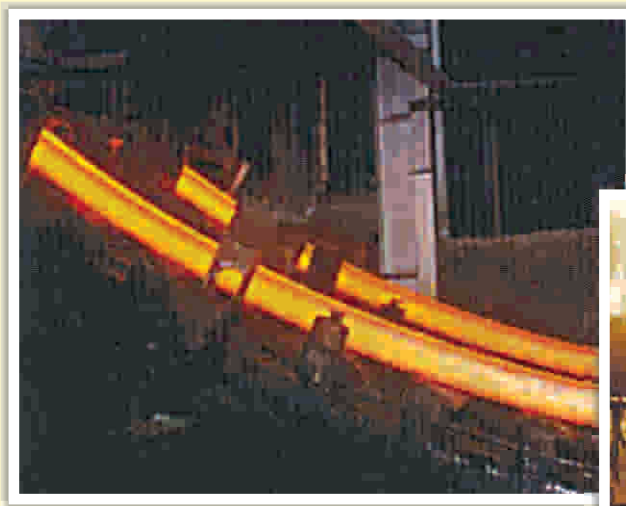
Shareholder's Signature

**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 hours 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.



Facilities at  
**FACOR Steels Limited**



▲ Continuous Casting Machine



Electric Arc Furnace ▲



▲ Rolling Mill



Davy Forging Press  
under commissioning ▶



**FACOR STEELS LIMITED**

46 A & B, MIDC Industrial Estate, Hingna Road,  
Nagpur- 440 028, Maharashtra  
Phone: 91-7104-235701-08 Fax: 91-7104-235709  
E-mail: [info@facorsteel.com](mailto:info@facorsteel.com)