

9<sup>th</sup>

# ANNUAL REPORT 2011-2012



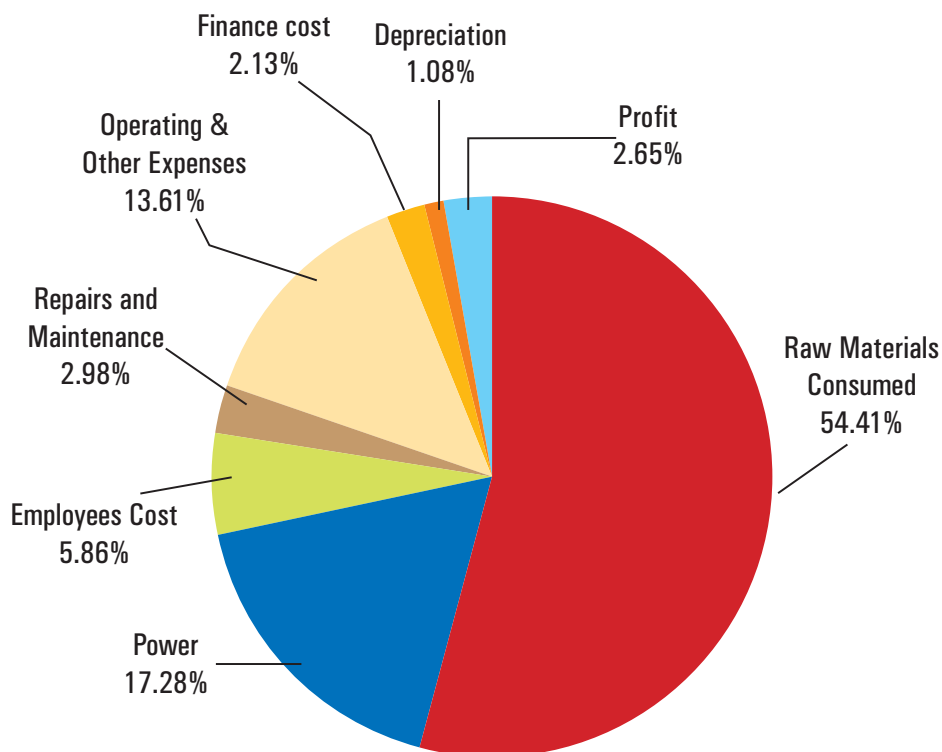
**FACOR ALLOYS LIMITED**

## HIGHLIGHTS - 2011-12

PARTICULARS	In ₹ Lacs		In \$ ('000)	
	2011-12	2010-11	2011-12	2010-11
Total Production ( in MT )	64000	71325	-	-
Total Turnover ( in MT )	64384	70910	-	-
Total Turnover	36743.90	38858.95	71826	87030
Profit before Finance Cost, Tax and Depreciation	2247.28	5413.70	4393	12125
Profit after Tax	671.38	3311.78	1312	7417

Exchange Rate ₹ 51.1565 for March, 2012

## DISTRIBUTION OF REVENUE



**CORPORATE INFORMATION****Board of Directors**

**R.K. Saraf**  
Chairman & Managing Director

**M.D. Saraf**  
Vice Chairman

**Yogesh Saraf**  
Joint Managing Director

**Ashim Saraf**  
Joint Managing Director

**C.N. Harman**  
Director (Technical)

**K. Jayabharath Reddy**

**P.V.R.K. Prasad**

**K.L. Mehrotra**

**A. S. Kapre**

**Gautam Khaitan**

**Vibhu Bakhru** (w.e.f. 20.03.2012)

**Arye Berest**

**S.S. Sharma**  
General Manager (Legal) &  
Company Secretary

**Executives**

**M.S.S. Sarma**  
Chief Executive

**Dinesh Sardana**  
Chief Financial Officer

**O.P. Saraswat**  
Dy. Chief Financial Officer

**D.K. Pareek**  
Director (Projects)

**Bankers**

Bank of India  
Central Bank of India  
State Bank of India  
Syndicate Bank  
State Bank of Bikaner & Jaipur  
Indian Overseas Bank

**Solicitors**

Mulla & Mulla and Craige Blunt & Caroe  
Bhaishankar Kanga and Girdharilal

**Auditors**

Salve & Company  
Chartered Accountants

**Internal Auditors**

Rao & Kumar  
Chartered Accountants

**Registrar & Share Transfer Agent**  
(for Both Physical & Electronic)

**Link Intime India Pvt. Ltd.**

C-13 Pannalal Silk Mills  
Compound, LBS Road,

Bhandup (W),

MUMBAI – 400 078

Phone No. 022-2594 6970

Fax No. 022-2594 2969

E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

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## NOTICE

**Notice** is hereby given that the **NINTH ANNUAL GENERAL MEETING** of the Members of the Company will be held at the **Registered Office** of the Company at **“Administrative Building, Shreeramnagar-535101, Garividi, Distt. Vizianagaram, Andhra Pradesh”** on **TUESDAY, the 18<sup>th</sup> September, 2012 at 3.00 p.m.** to transact, with or without modifications as may be permissible, the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and Statement of Profit & Loss 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. K Jayabharath Reddy who retires from office by rotation and, being eligible, offers himself for re-appointment.
3. 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.
4. To appoint a Director in the place of Mr. Arye Berest who retires from office by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:  

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

### As Special Business :

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 :

“RESOLVED that in partial modification of the Ordinary Resolution No. 17 passed by the members of the Company at the 1<sup>st</sup> Annual General Meeting held on 27<sup>th</sup> October, 2004 and pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 approval be and is hereby accorded to the Board of Directors borrowing moneys for and on behalf of the Company, from time to time, as they may consider fit, in any manner and without prejudice to the generality thereof, by way of loans, advances, credits, acceptance of deposits, or otherwise, from any Bank or Banks or any Financial Institutions, or other person or persons and whether the same be unsecured or secured, and, if secured, whether by way of mortgage, charge, hypothecation, pledge or otherwise in any way whatsoever, over all or any of the Company’s assets, effects and properties, including uncalled capital, stock in trade (including raw materials, stores, spare parts and components in stock or in transit) notwithstanding that the moneys so borrowed, together with the moneys, if any, already borrowed, by the Company (apart from the temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the sum or sums so borrowed and remaining outstanding at any one time on account of principal shall not exceed in the aggregate Rupees Six Hundred Crores”.

### NOTES:

1. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos. 6 & 7 of the notice set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT SHREERAMNAGAR-535101, GARIVIDI, DIST. VIZIANAGARAM (A.P.) NOT LESS THAN 48 HOURS BEFORE HOLDING THE MEETING.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday the 14<sup>th</sup> September, 2012 to Tuesday, the 18<sup>th</sup> September, 2012, both days inclusive.

5. Pursuant to Section 205C of the Companies Act, 1956, unclaimed dividend is to be transferred to the "Investor Education and Protection Fund" of the Central Government after a period of 7 years from the date of transfer to unpaid dividend A/c. Shareholders who have not en-cashed/misplaced/not received the dividend warrant for the years 2008-09 (interim), 2009-10 & 2010-11 are requested to write to M/s.Link Intime India Pvt.Ltd., (Unit: Facor Alloys Ltd.) C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W) Mumbai 400 078, Maharashtra for claiming the dividend. Due dates for the transfer of the unclaimed dividend of the year 2008-09, 2009-10 & 2010-11 to the said fund is 3<sup>rd</sup> September, 2015, 24<sup>th</sup> October, 2017 & 15<sup>th</sup> October, 2018 respectively and shareholders cannot make a claim after these dates.
6. Members are requested to notify immediately any change in their address/bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company viz., Link Intime India Pvt. Limited,(Unit: Facor Alloys Ltd.) C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W) Mumbai 400 078, Maharashtra in respect of their physical share holding, if any. While intimating change of address to Depositories and Registrar and Share Transfer Agents please indicate your client ID No. / Folio No., as may be applicable. The address should be complete with Pin Code No.
7. 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 Agent. The Form can be had from the Share Department at the Registered Office of the Company at Shreeramnagar-535101 Distt. Vizianagaram, Andhra Pradesh.
8. 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.
9. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
10. 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.
11. 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 828G01013.
12. Non-resident Indian Members holding shares in physical form are requested to inform the Registrar and Transfer Agent of the Company 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.
13. 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:**

Administrative Building,  
Shreeramnagar-535 101,  
Garividi, Dist. Vizianagaram,  
Andhra Pradesh

By Order of the Board,

**S.S. Sharma**  
General Manager (Legal)  
& Company Secretary

Dated: 28th July, 2012

**ANNEXURE TO THE NOTICE****Explanatory Statement as required by Section 173 of the Companies Act, 1956 :****ITEM NO.6**

Mr. Vibhu Bakhru was appointed as a Director by the Board of Directors of the Company by Circular Resolution No. FAL/CR/1/2012 dated 20<sup>th</sup> March, 2012 to broad base the Board by inducting professionals and businessmen of proven records with effect from 20.03.2012. Pursuant to Section 260 of the Companies Act, 1956 read with Article 107 of Articles of Association of the Company, he holds office as a Director only until the forthcoming Annual General Meeting of the Company. A Notice has been received from a member

pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Vibhu Bakhru as a candidate for the office of Director.

Mr. Vibhu Bakhru, aged around 46 years is a Fellow Member of the Institute of Chartered Accountants of India and Bachelor of Law and is a practicing Senior Advocate by profession at New Delhi. He is having more than 2 decades rich and versatile experience in commercial legal matters with an illustrious career to his credit. His experience, advice and guidance will be of immense benefit to the Company. Accordingly, the resolution under this item of the Notice is commended for your acceptance.

Except Mr. Vibhu Bakhru, no other Director is concerned or interested in this Resolution.

**ITEM NO. 7**

Keeping in view the future requirements of funds for its business activities, Company is required to borrow funds from time to time. The shareholders' consent pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 authorising the Board of Directors to borrow moneys, not exceeding Rupees Six Hundred Crores on account of principal (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) is required. The resolution in item No.7 of this Notice is accordingly commended for your approval.

None of the Directors of the Company is concerned or interested in the resolution.

**Registered Office:**

Administrative Building,  
Shreeramnagar-535 101,  
Garividi, Dist. Vizianagaram,  
Andhra Pradesh

By Order of the Board,

**S.S. Sharma**  
General Manager (Legal)  
& Company Secretary

Dated: 28th July, 2012

**DIRECTORS' REPORT TO THE MEMBERS**

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

**FINANCIAL RESULTS**

	<b>For the year ended 31-3-2012 (Rs. in Lacs)</b>	<b>For the previous year ended 31-3-2011 (Rs. in Lacs)</b>
Gross Profit/(Loss)	<b>1427.16</b>	5196.69
Depreciation	<b>411.51</b>	216.35
Provision for taxation	<b>266.45</b>	1430.06
Tax for earlier years	<b>0.21</b>	0.65
Deferred Tax	<b>77.61</b>	237.85
Net Profit/(Loss) for the year	<b>671.38</b>	3311.78
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	<b>0.00</b>	250.00
Dividend on Equity Shares	<b>0.00</b>	391.09
Corporate Tax on Dividend	<b>0.00</b>	63.45
	<b>671.38</b>	2607.24
Balance brought forward from last year	<b>246.37</b>	(2360.87)
Balance Carried to Balance Sheet	<b>917.75</b>	246.37

**OVERALL PERFORMANCE**

Ferro Alloys is one of the intermediate products used as additives and de-oxidising/de-sulfurizing agents in steel making. The growth of the Ferro Alloy industry is directly linked to the growth of the steel industry. During the first half of year under review overall the global steel industry witnessed steady growth. Despite financial turbulence in the Euro zone, weak private demand in the United States and events in Japan and the Middle East, the growth in global steel demand was driven by increased demand from key steel end-user industries specially from automotive sector. This resulted in increase in demand for Ferro Chrome.

However the second half of 2011-12 witnessed weakness in international demand due to a slowdown in China combined with the

effects of the European debt crisis. In fact, the second half saw prices go down to the low 90's (cents per pound of chrome content).

The prolonged economic slowdown in the developed world, particularly in the European Union and the UK has resulted in a significant decline in steel consumption in several geographies in the western hemisphere. Steel plants are being closed or mothballed to conserve costs and to control over-supply. In the first few months of 2012-13 also, apparent Ferro Chrome demand from steel plants remained subdued due to the uncertain economic climate. On account of this, the demand and prices of chrome products in the domestic market too were adversely affected.

On account of above and other factors, during the year under consideration the production and sale of ferro chrome were lower as compared to the previous year 2010-2011. Owing to unfavourable market conditions, the overall turnover of the Company declined from Rs.388.59 crores in 2010-2011 to Rs.367.44 crores in 2011-2012. Exports were Rs.287.13 crores as against Rs.309.90 crores in the previous year. The Company derived 78% of its total sales from exports and during the year under review foreign currency earnings in rupee terms was Rs 262.17 crores. The profit before tax too was lower at Rs. 10.16 crores as compared to Rs. 49.80 crores in the previous year recording a steep fall of 80%.

**DIVIDEND**

In order to conserve and plough back the resources, your Directors have not recommended any dividend for the year on Equity Shares of the company.

**FINANCE**

The Company has not invited any deposit from public during the year.

**CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investment in Associates the audited Consolidated Financial Statements are provided in the Annual Report.



## SUBSIDIARIES

In terms of the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The company will make available the Annual Accounts of the subsidiary companies and related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the Company will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies as well. Further, the Consolidated Financial Statements presented by the Company include the financial results of the subsidiary companies.

## PROSPECTS

As mentioned above Ferro Chrome is a value added intermediate product which imparts the noncorrosive property to stainless steel, hence growth of Ferro Alloys industry is primarily driven by the growth and progress of Steel Industry. Growth in the Indian economy is expected to remain strong. The automotive segment, is expected to grow by 11-13% in Financial Year 2012-13. As per world steel forecasts, steel demand in India should grow by 6.9% in 2012 and the growth should accelerate to 9.4% in 2013. Further the low per capita consumption of stainless steel in India which was 2.1 kg as compared to 7.5 kg in China and a world average of 4 kg, all in the 2011-12 fiscal year, constitutes a huge opportunity for growth in this sector. Indian stainless steel consumption will grow at a compounded annual growth rate of 9.7 percent reaching 3.4 million tons per annum (mtpa) by 2015, outstripping global consumption growth of 6 percent to 34.12 million tons which is a welcome sign for the Ferro Alloys Industry as consumption of Ferro Alloys will also increase. India's total annual production of ferro chrome is around 1.2 million tons (mt), of which around 0.7 mt is exported. As against monthly export of around 60,000 tons on an average current export is only around 40,000 to 45,000 tons per month as the long term contract materials are still going, while spot deals are not there. Further, out of the total export of around 0.7 mt of ferro chrome annually, the maximum quantity goes to China. On an average around 70 percent of the total export goes to Far East Asian countries and the balance 30 percent to Europe, US and other places. However, the prices of ferro alloys have improved by about 10 to 30 percent in second half of the year 2012-13 on slight improvement in demand from steel makers in Europe and the US even as demand from China continued to remain weak. Presently, the supply of ferro chrome is higher than domestic demand and unless 40-50 percent of ferro chrome that is produced in India is exported, the price will continue to remain under pressure.

The global economy is also on a recovery path due to concerted

policy actions around the world. Chinese GDP growth and targets remains strong. Chinese steel demand growth is expected to be moderate as the government pursues economic restructuring. As such, steel demand in China is projected to grow by 4% every year in the next two years. Overall, the world GDP is expected to grow by 3.3% in 2012. Steel prices have recovered from the lows reached in December last year with increased buying activity seen across regions. However, the momentum seems to have lost steam and with the economic conditions in many parts of the world not looking strong, steel capacity utilisation remains below 80%. Looking ahead, global steel market developments are likely to remain generally positive, but with lower growth in 2012 compared to 2011. For 2012 as a whole, global steel demand is forecasted to grow by a further 4% to reach 1,422 million tonnes. China, India and other emerging markets will continue to drive demand but recent market developments suggest likely slackening of demand. South Africa has a crucial role to play in the ferro chrome industry. There has been significant increase in power tariffs over the last 4 years. As a result, South Africa's share of the total ferro chrome production worldwide now stands at approximately 40%.

At the same time, the Indian Ferro Alloys Industry is concerned about the insufficient availability of good quality raw-material mainly Chrome Ore, Coke and availability of cheaper imported Ferro Alloys. Further the problems of this industry are aggravated because of the high input cost of power as well as ore and stiff competition in the domestic and export markets. Since the ferro alloy industry is a power intensive unit, the power cost is about 35-40 percent of its total production cost and repeated power tariff hikes by state run power utility company have put the industry in a fix. In addition to the higher power tariff, the frequent power cuts in Andhra Pradesh are affecting the industry badly. At such high power tariff, there is hardly any margin and viability in the production of ferro alloys. These issues need to be addressed by the Government to enable the Ferro Alloys Producers to compete in the Domestic as well as International Markets.

## INDUSTRIAL RELATIONS

The overall industrial relations in the Company were generally satisfactory.

## DIRECTORS

Mr. Vibhu Bakhru was appointed as Additional Director on the Board w.e.f. 20th March, 2012. Notice has been received from member along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 signifying his intention to propose him as Director of the Company. Mr. K. Jayabharath Reddy, Mr. A.S. Kapre and Mr. Arye Berest, Directors of the Company, retire by rotation and, being eligible offer themselves for re-election.

The Company has formulated a code of conduct for all members of the

Board and Senior Management Personnel. All concerned 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 alongwith proper explanations;
- ii) they have selected such accounting policies and applied them consistently and made judgements 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) they have taken proper and sufficient care 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) they have prepared the annual accounts on a going concern basis.

### **AUDIT COMMITTEE**

The Audit Committee formed by the Board of Directors of the Company consists of Mr. K. Jayabharath Reddy, Mr. P.V.R.K. Prasad & Mr. A.S. Kapre who are Non-Executive Independent Directors of the Company and Mr. R.K. Saraf. Mr. K. Jayabharath Reddy is its Chairman. The Committee's role, terms of reference and the authority and powers are in conformity with the requirement 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 9<sup>th</sup> Annual General Meeting. The Company has received a requisite Certificate pursuant to Section 224 (1B) of the Companies Act 1956 regarding their eligibility for re-appointment as Auditors of the Company.

### **COST AUDITOR**

Pursuant to provisions of Section 233B of the Companies Act,1956 and with prior approval of Central Government

Mr. Prakash Uppalapati, Cost Accountant, having an arm's length relationship with the Company and who is free from any disqualification as specified under Section 233 B(5) read with Section 224 and sub-section 3 and sub-section 4 of Section 226 of the Companies Act, 1956 has been appointed by the Board as Cost Auditor of the Company to conduct audit of cost records of the Company for the year ended 31st March 2012. His appointment is in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956. Cost Audit Reports would be submitted to the Central Government within prescribed time.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

### **PARTICULARS OF EMPLOYEES**

During the year under review there were no employees receiving remuneration of or in excess of Rs.60,00,000/- per annum or Rs.5,00,000/- per month requiring disclosure as per the provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975.

### **CORPORATE GOVERNANCE**

Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

### **ACKNOWLEDGEMENT AND APPRECIATION**

Your Directors place on record their gratitude for the support and co-operation received from Central and State Governments, Financial Institutions & Banks, Customers, Suppliers and Shareholders and for their continued support. The Board also expresses its sincere appreciation to the dedicated and committed team of employees and workmen.

On behalf of Board of Directors,

Place : New Delhi  
Dated: 28th July, 2012

**R.K. SARAF**  
Chairman & Managing 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 : 1) Individual furnaces pollution control equipment having higher motor capacity was replaced with new energy efficient bag filter systems having less motor capacity.  
2) Variable frequency drives (VFD) are connected to the cross travel and long travel drives of all the 5 cranes situated in 1<sup>st</sup> crane bays.  
3) All the conveyor motors of 3/5 HP are replaced with energy efficient motors (EEF class 1)  
4) Fixing of translucent sheets would help in reducing the usage of metal halide lamps
- 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. : Moderate savings in power consumption
- d) Total energy consumption and energy consumption per unit of production in prescribed form 'A'. : Form "A" is inapplicable to Ferro Alloys Industry

**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 : Nil
- 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
- a) By changing /altering the receptacle's design recovery of prime metal is improved by 5%. Hence operation hours of metal recovery plant have come down.  
b) By crushing the metal entrapped slag below 10 mm and by improving the jiggling process, metal recovery entrapped in the slag is improved.
- ii) Benefits derived as a result of above efforts : Nil
- iii) Information regarding technology imported during the last five years : Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- 1) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans : During the year 2011-12 45072 MT Ferro Chrome was exported. Directors undertake extensive foreign traveling to explore new avenues of exports and to understand latest developments in the international markets.

- 2) Total Foreign Exchange used and earned (2011-2012):

	<u>(Rs. in Lacs)</u>
i) CIF value of imports	2513.00
ii) Expenditure in Foreign Currency	1269.85
iii) Foreign Exchange earned	26217.16

On behalf of Board of Directors,

**R.K. SARAF**

Chairman & Managing Director

Place : New Delhi

Dated : 28<sup>th</sup> July, 2012

## MANAGEMENT DISCUSSIONS AND ANALYSIS

### INDUSTRY STRUCTURE, DEVELOPMENT AND OTHER RELATED MATTERS

Ferro Chrome is a value added intermediate product which imparts the noncorrosive property to stainless steel, hence growth of Ferro Alloys industry is primarily driven by the growth and progress of Steel Industry. Growth in the Indian economy is expected to remain strong. The automotive segment, is expected to grow by 11-13% in Financial Year 2012-13. As per world steel forecasts, steel demand in India should grow by 6.9% in 2012 and the growth should accelerate to 9.4% in 2013. Further the low per capita consumption of stainless steel in India which was 2.1 kg as compared to 7.5 kg in China and a world average of 4 kg, all in the 2011-12 fiscal year, constitutes a huge opportunity for growth in this sector. Indian stainless steel consumption will grow at a compounded annual growth rate of 9.7 percent reaching 3.4 million tons per annum (mtpa) by 2015, outstripping global consumption growth of 6 percent to 34.12 million tons which is a welcome sign for the Ferro Alloys Industry as consumption of Ferro Alloys will also increase. India's total annual production of ferro chrome is around 1.2 million tons (mt), of which around 0.7 mt is exported. As against monthly export of around 60,000 tons on an average current export is only around 40,000 to 45,000 tons per month as the long term contract materials are still going, while spot deals are not there. Further, out of the total export of around 0.7 mt of ferro chrome annually, the maximum quantity goes to China. On an average around 70 percent of the total export goes to Far East Asian countries and the balance 30 percent to Europe, US and other places. However, the prices of ferro alloys have improved by about 10 to 30 percent in second half of the year 2012-13 on slight improvement in demand from steel makers in Europe and the US even as demand from China continued to remain weak. Presently, the supply of ferro chrome is higher than domestic demand and unless 40-50 percent of ferro chrome that is produced in India is exported, the price will continue to remain under pressure.

The global economy is also on a recovery path due to concerted policy actions around the world. Chinese GDP growth and targets remains strong. Chinese steel demand growth is expected to be moderate as the government pursues economic restructuring. As such, steel demand in China is projected to grow by 4% every year in the next two years. Overall, the world GDP is expected to grow by 3.3% in 2012. Steel prices have recovered from the lows reached in December last year with increased buying activity seen across regions. However, the momentum seems to have lost steam and with the economic conditions in many parts of the world not looking strong, steel capacity utilisation remains below 80%. Looking ahead, global steel market developments are likely to remain generally positive, but with lower growth in 2012 compared to 2011. For 2012 as a whole, global steel demand is forecasted to grow by a further 4% to reach 1,422 million tonnes. China, India and other emerging markets will continue to drive demand but recent market developments suggest likely slackening of

demand. South Africa has a crucial role to play in the ferro chrome industry. There has been significant increase in power tariffs over the last 4 years. As a result, South Africa's share of the total ferro chrome production worldwide now stands at approximately 40%.

### RISKS AND CONCERNS/OPPORTUNITIES AND THREATS/OUTLOOK

The Ferro Alloys Industry is highly cyclical in nature reflecting a similar trend in the stainless steel industry and as a result, there is substantial volatility in prices. The performance of the Company is dependent to a large extent on the prevailing prices in the international market which is influenced / set by large producers in South Africa and Kazakhstan. To hedge against the vagaries of the market, Company has entered into long-term contracts for supply of HCFC. Such long term supply contracts has helped the Company to a great deal by way of committed off-take. Apart from committed supply, company also keeps aside tonnage for selling in the spot market so as to benefit from upward trend in prices, if any.

Ferro alloy production cost is principally constituted of ore, reductants and power accounting in the aggregate for about 90% of the cost. Electrical energy is one of the major inputs in production of ferro alloys and repeated power tariff hikes by state run power utility company have put the industry in a fix. In addition to the higher power tariff, the frequent power cuts in Andhra Pradesh are affecting the industry badly. At such high power tariff, there is hardly any margin and viability in the production of ferro alloys. Further the Indian Ferro Alloys Industry is concerned about the insufficient availability of good quality raw-material mainly Chrome Ore, Coke and availability of cheaper imported Ferro Alloys. These issues need to be addressed by the Government to enable the Ferro Alloys Producers to compete in the Domestic as well as International Markets.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Company is continuously endeavoring to maintain high standards of internal control designed to provide adequate assurance on the efficiency of operations and security of its assets. The adequacy and effectiveness of the internal control across various activities, as well as compliance with laid-down systems and policies are comprehensively and frequently monitored by management at all levels of the organization, internal and statutory auditors and based on the experience gained and suggestions received, if any, these are updated, modified and accordingly implemented. The Audit Committee of Board of Directors also reviews these matters from time to time in their meetings.

### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the first half of year under review overall the global steel industry witnessed steady growth. Despite financial turbulence in

the Euro zone, weak private demand in the United States and events in Japan and the Middle East, the growth in global steel demand was driven by increased demand from key steel end-user industries specially from automotive sector. This resulted in increase in demand for Ferro Chrome.

However the second half of 2011-12 witnessed weakness in international demand due to a slowdown in China combined with the effects of the European debt crisis. In fact, the second half saw prices go down to the low 90's (cents per pound of chrome content).

The prolonged economic slowdown in the developed world, particularly in the European Union and the UK has resulted in a significant decline in steel consumption in several geographies in the western hemisphere. Steel plants are being closed or mothballed to conserve costs and to control over-supply. In the first few months of 2012-13 also, apparent Ferro Chrome demand from steel plants remained subdued due to the uncertain economic climate. On account of this, the demand and prices of chrome products in the domestic market too were adversely affected.

On account of above and other factors, during the year under consideration the production and sale of ferro chrome were lower as compared to the previous year 2010-2011. Owing to unfavourable market conditions, the overall turnover of the Company declined from Rs.388.59 crores in 2010-2011 to Rs.367.44 crores in 2011-2012. Exports were Rs.287.13 crores as against Rs.309.90 crores in the previous year. The Company derived 78% of its total sales from exports and during the year under review foreign currency earnings

in rupee terms was Rs 262.17 crores. The profit before tax too was lower at Rs. 10.16 crores as compared to Rs. 49.80 crores in the previous year recording a steep fall of 80%.

#### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT INCLUDING PEOPLE EMPLOYED**

Employees participation schemes such as Central Safety Committee, Quality Circles, Intra department level reviews have been adopted to ensure transparency and open communication at all levels. In house training to employees was imparted focusing on safety, productivity and skills improvement inputs. Multi skills improvement program has been implemented encouraging the trade workmen to learn additional skills. Executives were nominated to various seminars and programs for exposure to the best business practices. Adequate cost consciousness in the minds of all employees has been inculcated to attain the ultimate goal of cost reduction. The overall manpower consisting of workmen, supervisors and managers etc. worked out to 668 excluding indirect employment.

#### **CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis Report are based upon data available with the Company and on certain assumptions having regard to the economic conditions, government policies, political developments within and outside the country. The management is not in a position to guarantee the accuracy of the assumptions and the projected performance of the Company in future. It is, therefore, cautioned that the actual results may differ from those expressed or implied herein.

## **CORPORATE GOVERNANCE REPORT**

### **1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The company follows good business ethics and practices aimed at ensuring growth and prosperity to the corporate entity for the benefit of all the partners constituting it viz. shareholders, promoters, investors, lenders, suppliers, customers, creditors and the work-force, in particular, and the society in general. With this end in view, the Board and Management of the Company has always been following good corporate governance practices of legal compliance, transparency, accountability etc. for efficient conduct of its business.

### **2. BOARD OF DIRECTORS**

Name of the Directors	Category	No. of Director-ship held in other Public Limited Companies As on 31.03.2012	No. of Membership/ Chairmanship of Board Committee of other public limited companies As on 31.03.2012	No. of Board Meetings attended	Whether Last AGM attended
Mr. R.K.Saraf Chairman & Managing Director	Executive*	2	1	5	Yes
Mr. M.D. Saraf Vice Chairman	Non-Independent Non-Executive*	4	Nil	1	No

Name of the Directors	Category	No. of Director-ship held in other Public Limited Companies As on 31.03.2012	No. of Membership/ Chairmanship of Board Committee of other public limited companies As on 31.03.2012	No. of Board Meetings attended	Whether Last AGM attended
Mr. Yogesh Saraf Joint Managing Director	Executive*	4	Nil	3	No
Mr. Ashim Saraf Joint Managing Director	Executive*	3	Nil	5	Yes
Mr. C.N. Harman Director (Technical)	Executive	Nil	Nil	5	Yes
Mr. Arye Berest	Non-Independent Non-Executive**	2***	Nil	0	No
Mr. K. Jayabharath Reddy	Independent Non-Executive	8	3	5	Yes
Mr. P.V.R.K. Prasad	Independent Non-Executive	1	Nil	4	Yes
Mr. Gautam Khaitan	Independent Non-Executive	12	10	3	No
Mr. A.S. Kapre	Independent Non-Executive	2	4	5	Yes
Mr. K.L. Mehrotra	Independent Non-Executive	2	NA	4	No
Mr. Vibhu Bakhru (w.e.f. 20.03.2012)	Independent Non-Executive	3	NA	0	No

\* Represents Promoter Group; \*\* Represents Foreign Investor, \*\*\*Excluding directorship in foreign companies

During the Financial Year April 2011 to March 2012, 5 Board Meetings were held on 25/04/11, 01/08/11, 13/09/11, 22/10/11 and 04/02/12.

### 3. AUDIT COMMITTEE

#### a) Composition, name of members and Chairman:

The Committee presently consists of 4 Members viz. Mr. K. Jayabharath Reddy, Mr. P.V.R.K. Prasad, Mr. A.S. Kapre who are Non-Executive Independent Directors of the Company and Mr. R.K. Saraf. The Chairman of the Committee is Mr. K. Jayabharath Reddy.

Mr. K. Jayabharath Reddy is a Post Graduate in Economics Statistics from Delhi School of Economics and Post Graduate in Economics from Madras University.

Mr. P.V.R.K. Prasad is a Post Graduate in English Literature (Gold Medallist) and Law Graduate from Nagpur University.

Mr. A.S. Kapre is an Engineering and Law Graduate and has over 3 decades experience mainly in Projects and Corporate Lending, Rehabilitation Finance and Risk Management.

Mr. R.K. Saraf is an Industrialist having several years rich business experience of running the industries.

#### b) No. of meetings and attendance:

There were four meetings during the year 2011-2012 on 25/04/11, 01/08/11, 22/10/11 & 04/02/12. All four meetings were attended by all members except Mr. P.V.R.K. Prasad who attended only three meetings due to some unavoidable circumstances.

## c) Brief description of terms of reference:

The Committee's terms of reference, authority and powers are in conformity with the requirement of the Companies Act, 1956 and the Listing Agreement.

**4. REMUNERATION COMMITTEE**

a) The Committee presently consists of 3 Members viz. Mr. P.V.R.K. Prasad, Mr. Gautam Khaitan and Mr. A.S. Kapre who are non-executive independent Directors of the Company. The remuneration being paid to the Managing Director, Joint Managing Directors and Wholetime Director is well within the limits as prescribed in Schedule XIII of the Companies Act, 1956 and was approved by the Remuneration Committee, Board of Directors and Shareholders.

b) Details of remuneration payable to Managerial Personnel for the year 2011-12:

	Name of Director	Total Remuneration including perquisites and allowances	Period of Agreement
1.	Mr. R.K. Saraf, CMD	Rs. 1654463/-	5 years from 01/04/09
2.	Mr. Yogesh Saraf, JMD	Rs. 2129286/-	5 years from 01/05/09
3.	Mr. Ashim Saraf, JMD	Rs. 2026716/-	5 years from 01/04/09
4.	Mr. C.N. Harman, Dir (Tech)	Rs. 1275119/-	5 years from 01/08/09

c) The Non-Executive Directors are paid remuneration by way of sitting fee only for each meeting attended by them. During the year 2011-2012, they were paid sitting fee/ remuneration as under:

	Name of Director	Sitting fee paid	No. of equity shares of Re. 1/- each held
1.	Mr. A.S. Kapre	Rs.75000/- *	150000
2.	Mr. K Jayabharath Reddy	Rs.70000/- *	-
3.	Mr. P.V.R.K. Prasad	Rs.60000/- *	-
4.	Mr. M.D. Saraf	Rs.10000/-	661343
5.	Mr. Gautam Khaitan	Rs.35000/- *	-
6.	Mr. K.L. Mehrotra	Rs.40000/-	-
		Rs.290000/-	

\* Includes sitting fee paid for attending Committee Meetings.

- 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'/INVESTORS' GRIEVANCES COMMITTEE**

The Committee presently consists of 3 Members viz., Mr. R.K. Saraf, Mr. C.N. Harman and Mr. P.V.R.K. Prasad. The Chairman of the Committee is Mr. P.V.R.K. Prasad.

- a) Mr. S.S. Sharma, General Manager (Legal) & Company Secretary of the Company is the Compliance Officer
- b) No. of Shareholders' complaints received during the period 1-4-2011 to 31-3-2012 32
- c) No. of complaints not solved to the satisfaction of the Shareholders NIL
- d) Number of pending complaints as on 31-3-2012 01

## 6. GENERAL BODY MEETINGS

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

AGM held	Day, date & time	Venue
6 <sup>th</sup> AGM	Friday, 14 <sup>th</sup> August, 2009 At 3.30 p.m.	Administrative Building, Shreeramnagar-535 101, Garividi, Dist-Vizianagaram (A.P.)
7 <sup>th</sup> AGM	Saturday, 18 <sup>th</sup> September, 2010 At 2.30 p.m.	- do -
8 <sup>th</sup> AGM	Tuesday, 13 <sup>th</sup> September, 2011 At 3.30 p.m.	- do -

- b) Whether any special Resolutions passed in the last AGM : Yes  
 c) Whether any special Resolutions passed last year through postal ballot : No  
 d) Whether any special resolution is proposed to be conducted through postal ballot this year : No  
 e) Procedure for postal ballot : NA

## 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. S.S. Sharma, General Manager (Legal) & Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the Regulations.
- d) Company has not adopted Whistle Blower Policy since it is a non-mandatory requirement.
- e) Disclosure of information as per SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 2011 – List of persons, who are constituting group as defined under MRTP Act, 1969 is as under:

### I) PROMOTERS

1. Mrs. Mohinidevi Saraf
2. Mrs. 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 Limited;                  | (2) FACOR Steels Limited;                       |
| (3) Rai Bahadur Shree Ram And Company Private Limited; | (4) Shreeram Durgaprasad Ores Private Limited;  |
| (5) Saraf Bandhu Private Limited;                      | (6) Facor Power Ltd.;                           |
| (7) GDP Infrastructure Private Limited;                | (8) Vidharbha Iron & Steel Corporation Limited; |
| (9) Shreeram Shipping Services Pvt. Ltd;               | (10) Suchitra Investments & Leasing Ltd;        |
| (11) Dass Paper Products Ltd;                          | (12) Premier Commercial Corporation;            |



- |  |  |
|--|--|
| (13) Geedee Sales Services;              | (14) Godawaridevi Saraf and 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) Best Minerals Limited;                        |
| (25) FAL Employees Welfare Trust;        | (26) FACOR Reality and Infrastructure Ltd.;        |
| (27) UMT International Limited;          | (28) Arka Resources Private Limited;               |
| (29) FACOR Employees Welfare Trust;      | (30) V&G Commercial Private Limited;               |
| (31) NDS Minerals Private Limited;       | (32) ARK Mercantile Private Limited;               |
| (33) Vanita Enterprises Private Limited; | (34) Raghavendra Sarkar Ventures Private Ltd.;     |
| (35) YMR Enterprise Private Limited;     | (36) Mezeron Enterprises Private Limited;          |
| (37) Facor Energy India Ltd.;            | (38) Facor Electric Ltd.;                          |
| (39) Facor Solar Ltd.;                   | (40) BEC Power Private Limited;                    |
| (41) Facor Minerals Pte. Ltd, Singapore; | (42) Facor Minerals (Netherlands) B.V.;            |
| (43) Vakrangee Press Limited;            | (44) Pioneer Facor IT Infradevelopers Pvt. Limited |
| (45) Facor Energy Limited;               |  |

**8. MEANS OF COMMUNICATION**

- a) Quarterly results are communicated through newspaper advertisement.
- b) The quarterly results are published in the "Business Standard" and "Andhra Prabha" newspapers.
- c) We have Website for displaying results or official news releases.
- d) No presentation is made to institutional investors or to the analyst.

**9. GENERAL SHARE HOLDER INFORMATION**

- i) AGM-Date, Time and Venue:

Date	Time	Venue
18 <sup>th</sup> September, 2012	3.00 p.m	Administrative Building, Shreeramnagar-535 101, Garividi; Dist: Vizianagaram, Andhra Pradesh

- ii) The particulars of Directors as required under Clause 49 IV (G) (i) of the Listing Agreement are as under: -

Name of Director	Date of Birth	Date of Appointment	Experience in specific Functional Areas	Qualifications	List of Other Public Limited Companies in which Directorship held as on 31-3-2012	Chairman/ Member of the committee of Board of other public Limited Companies on which he was a Director as on 31-3-2012	Shares held
1) Shri K Jayabharath Reddy	12 <sup>th</sup> April, 1937	1 <sup>st</sup> September, 2004	General and Public Administration and industrial management, policy formation	Post Graduate in Economics Statistics from Delhi School of Economics and post Graduate in Economics from Madras University, Visiting Fellow Oxford University, U.K.	BPL Ltd., TAJ GVK Hotels & Resorts Ltd., Viceroy Hotels Ltd., BPL Power Projects Ltd., NCL Altex Seccolor Ltd., JCT Electronics Ltd., Indus Medicare Ltd.	3	NIL

Name of Director	Date of Birth	Date of Appointment	Experience in specific Functional Areas	Qualifications	List of Other Public Limited Companies in which Directorship held as on 31-3-2012	Chairman/ Member of the committee of Board of other public Limited Companies on which he was a Director as on 31-3-2012	Shares held
2) Shri A.S. Kapre	1 <sup>st</sup> May, 1949	27 <sup>th</sup> October, 2007	Over 33 years Experience mainly in Project and Corporate Lending, Rehabilitation, Finance & Risk Management	B.Tech, LLB	Facor Steels Ltd., Ferro Alloys Corporation Ltd., Facor Power Limited	4	150000
3) Mr. Arye Berest	27 <sup>th</sup> November 1939	1 <sup>st</sup> February, 2005	Expertise in metals and minerals as well as Finance and International trade	Qualified in Business Studies (Post Graduate), London Polytechnic	Facor Steels Ltd., Ferro Alloys Corpn. Ltd.	Nil	Nil
4) Shri Vibhu Bakhru	2 <sup>nd</sup> November 1966	20 <sup>th</sup> March 2012	Over 20 years rich & versatile experience in Commercial and Legal matters	C.A., LLB	Hindustan Everest Tools Limited, Filatex India Ltd, Facor Steels Ltd.	Nil	Nil

- iii) Financial Year ending : 31<sup>st</sup> March
- iv) Date of Book closure from : Friday, 14<sup>th</sup> September, 2012 to Tuesday, 18<sup>th</sup> September, 2012 (both days inclusive)
- v) Dividend payment date : Not Applicable
- vi) Listing on Stock Exchange and stock code : The Bombay Stock Exchange Ltd., 532656
- vii) Market price data: High, Low (based on the closing prices) and volume during each month in the financial year 2011-12 and performance in comparison to Broad based BSE-SENSEX index during the said financial year as downloaded from BSE website are as under :

Month	Bombay Stock Exchange (Rupees)			BSE Sensex	
	High	Low	Volume (No.of shares)	High	Low
April 2011	6.04	4.72	5812329	19811.14	18976.19
May 2011	5.58	4.51	2797887	19253.87	17786.13
June 2011	5.12	4.30	2680858	18873.39	17314.38
July 2011	4.98	4.50	2182853	19131.70	18131.86
August 2011	4.73	3.62	4666611	18440.07	15765.53
September 2011	3.96	3.38	2345001	17211.80	15801.01
October 2011	3.58	2.90	2968482	17908.13	15745.43
November 2011	3.25	2.41	2503288	17702.26	15478.69
December 2011	3.00	2.26	2240414	17003.71	15135.86
January 2012	3.48	2.52	3257312	17258.97	15358.02
February 2012	4.53	2.70	7010289	18523.78	17061.55
March 2012	4.80	3.95	5653713	18040.69	16920.61

- viii) Registrar & Transfer Agent (RTA):

The Company has appointed M/s Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), MUMBAI-400 078 as its Registrar and Share Transfer Agent for handling the share registry work in terms of both physical and electronic (Dematerialisation of shares). Accordingly, the shareholders are required to approach Link Intime India Pvt. Ltd. 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 Link Intime India Pvt. Ltd.

ix) 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 are generally returned by registered post within 30 days (15 days with effect from 05.07.2012) from date of lodgment of transfer deeds. The deficient transfer documents are returned to the sender with objection memos for making good the shortcomings.

x) a) Distribution of shareholding as on 31.03.2012:

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of issued Share Capital
upto 500	43585	4976025	2.54
501 to 1000	7155	6618794	3.38
1001 to 2000	4033	6899860	3.53
2001 to 3000	1733	4703195	2.41
3001 to 4000	822	3067591	1.57
4001 to 5000	1170	5719525	2.93
5001 to 10000	1560	12469440	6.38
10001 and above	1528	151092925	77.26
<b>Total</b>	<b>61586</b>	<b>195547355</b>	<b>100.00</b>
Physical Mode	22172	747790	0.30
Electronic Mode	39414	194799565	99.70

b) Categories of shareholders as on 31.03.2012:

S.No.	Categories	No. of shares held	Percentage
a.	Promoters, their relatives, associates etc.	90979681	46.53
b.	Financial Institutions	37106	0.02
c.	State Government Company/State Financial Corporation	4046	-
d.	Nationalised Banks	1770	-
e.	Bodies Corporate	16316045	8.34
f.	Others	88208707	45.11
	<b>Total:</b>	<b>195547355</b>	<b>100.00</b>

xi) Dematerialisation of shares and liquidity:

99.70% of the share capital has been dematerialized as on 31st March, 2012.

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

xiii) Plant location : Shreeramnagar-535 101, Garividi, Dist:Vizianagaram, Andhra Pradesh

xiv) Address for correspondence:

a) For matters relating to shares:  
Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W), MUMBAI-400 078

b) For other matters:  
FACOR Alloys Ltd  
Shreeramnagar-535 101, Garividi; Dist: Vizianagaram  
Andhra Pradesh.

**10. COMPLIANCE:****Disclosure under Clause 53 of the Listing Agreement regarding certain agreements with the media companies:**

Pursuant to the requirement of Clause 53 of the Listing Agreement, the Company would like to inform that no agreement(s) have been entered with media companies and/or their associates which has resulted / will result in any kind of shareholding in the Company and consequently any other related disclosures viz., details of nominee (s) of the media companies on the Board of the Company, any management control or potential conflict of interest arising out of such agreements, etc. are not applicable. Nor has the Company entered into any other back to back treaties / contracts / agreements / MoUs or similar instruments with media companies and / or their associates.

**11. INVESTOR SAFEGUARDS AND OTHER INFORMATION:****a) Clause 5 A for dealing with the unclaimed shares:**

Pursuant to a Scheme of Arrangement annexed to and forming part of the Rehabilitation Scheme sanctioned to Ferro Alloys Corporation Ltd. (FACOR) for its revival, it was trifurcated into three separate companies viz., Ferro Alloys Corporation Ltd. (FACOR), Facor Alloys Ltd. (FAL) & Facor Steels Ltd. (FSL). After reorganization and restructuring of share capital of FACOR, new equity shares of Re.1/- each fully paid up of all the above referred three companies in lieu of the old shares of Rs.10/- each of FACOR were issued and these share certificates were forwarded to the eligible shareholders under cover of Registered Letter dated 31-08-2004. Certain letters in sizeable numbers were returned back undelivered to the company due to non-updation of latest Postal Addresses by the respective shareholders in the records of the company. Not only this but all subsequent correspondences addressed to these shareholders by the company such as Annual Report, Postal Ballot & Dividend Warrants etc. were also returned back undelivered due to the said reason.

Apropos to recently inserted clause 5A in the Listing Agreement (w.e.f. 16<sup>th</sup> Dec., 2010) which provides that company shall transfer all these unclaimed shares into one Folio in the name of "Unclaimed Suspense Account" and these shares can be dematerialized and kept with one of the Depository Participants and all corporate benefits in terms of securities accruing on such shares viz. Bonus shares, Split etc. shall also be credited to such Unclaimed Suspense Account. In compliance of the newly inserted Clause, this Annual Report should be construed as a third reminder from the company whereby a request is made to all the concerned shareholders to get the correct particulars/latest address recorded in the records of the company at the earliest. Company has also given a news paper advertisement to this effect besides putting the message on company's website.

**b) Registration of Email Addresses:**

Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing Circulars 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011, whereby Companies are permitted to send Notices / documents including Annual Report comprising Balance Sheet, Profit & Loss Account, Directors Report, Auditors Report etc. in electronic mode (hereinafter 'documents'), provided the Company has obtained email addresses of its members for sending these documents through email by giving an advance opportunity to every shareholder to register their email address and changes therein from time to time with the Company.

Accordingly, shareholders holding shares in physical form are requested to register their email addresses and changes therein from time to time, by directly sending the relevant email address along with details such as name, address, folio no., no. of shares held to the Registrars and Share Transfer Agents, M/s. Link Intime India Pvt.Ltd., Mumbai.

In respect of shares held in electronic form, the email address along with DP ID / Client ID and other shareholder details as mentioned above should be registered by the shareholders with their respective Depository Participants. Upon registration of the email address, the Company proposes to send notices and documents, in electronic form, to such shareholders.

**c) Dematerialisation of Shares:**

Shareholders are requested to convert their physical holding to demat / electronic form through any of the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held.

**d) Registration of National Electronic Clearing Services (NECS) / Electronic Clearing Services (ECS) mandate:**

NECS/ECS facility ensures timely remittance of dividend without possible loss / delay in postal transit. Shareholders / Members holding shares in electronic form may register their NECS/ECS details with the respective DPs and Shareholders / Members holding shares in physical form may register their NECS/ECS details with the Registrars and Share Transfer Agents, to receive dividends, if declared, via the NECS / ECS mode.

e) **Updation of Address / Bank Details:**

To receive all communications/corporate actions promptly, shareholders holding shares in dematerialized form are requested to please update their address / bank details with the respective DPs and in case of physical shares, the updated details have to be intimated to the Registrar & Share Transfer Agents.

f) **Consolidation of multiple folios (in respect of physical shareholding):**

Members are requested to consolidate their shareholdings under multiple folios to eliminate the receipt of multiple communications and this would ensure that future correspondence / corporate benefits could then be sent to the consolidated folio.

**12. 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.

**DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT**

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, the Board Members and the Senior Management Personnel have confirmed Compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2012.

Place : New Delhi  
Date : 28<sup>th</sup> July, 2012

**R.K. Saraf**  
Chairman & Managing Director

**AUDITORS' CERTIFICATE**

To the Members of  
FACOR ALLOYS LIMITED

We have examined the compliance of conditions of Corporate Governance by FACOR Alloys Ltd., for the year ended on 31<sup>st</sup> March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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 & Company,  
Chartered Accountants  
(Regn. No. 109003W)

C.A. K.P. Sahasrabudhe  
Partner  
Membership No. 7021

Place : New Delhi  
Date : 28<sup>th</sup> July, 2012

**AUDITORS' REPORT**

To  
The Members of  
FACOR ALLOYS LIMITED

1. We have audited the attached Balance Sheet of Facor Alloys Limited as at 31st March, 2012, the Statement of Profit and Loss 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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.
3. As required by the Companies (Auditors' Report) Order, 2003 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.
4. 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, Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of the written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
    - (b) in the case of Statement of Profit and Loss, 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 & Company,  
Chartered Accountants,  
(Regn.No. 109003W)

C.A. K P Sahasrabudhe,  
Partner  
Membership No. 7021

Place : New Delhi  
Date : 28<sup>th</sup> July, 2012



**ANNEXURE TO AUDITORS' REPORT:**

Referred to in paragraph 3 of the Auditors' Report of even date to the Members of Facor Alloys Ltd on the financial statements for the year ended 31st March, 2012.

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All the fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) The Company has not disposed off any major part of fixed assets during the year.
- ii) a) Physical verification of inventory has been conducted at reasonable intervals by the Management.
- b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory and no material discrepancies were noticed by the Management on physical verification.
- iii) 1) (a) The Company has granted unsecured loan to four Subsidiary Companies covered in the Register maintained U/s. 301 of the Act. The maximum amount outstanding during the year and the year end balance of such loans aggregated to Rs. 1563.48 lacs.
- (b) In our opinion, the terms and conditions of such loans are not prima facie prejudicial to the interest of the Company. Loans to the Subsidiary Companies are free of interest.
- (c) The principal amount is repayable on demand and thus, there are no overdues.
- 2) The Company has not taken any loan during the year from Companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory 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) a) According to the information and explanations given to us, based on the disclosure of interest made by the directors of the Company, transactions that need to be entered into register in pursuance of Sections 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 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) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) (a) 1) According to the records examined by us, the Company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, with the appropriate authorities. No amounts are outstanding for transfer to the Investors Education and Protection Fund under Section 205C of the Companies Act, 1956.

- 2) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2012 for a period of more than 6 months from the date they became payable.
- (b) The Company has disputed statutory dues of Rs. 21.27 lacs in respect of Sales Tax for financial year 2003-04, which has not been deposited on account of the matter being pending before AP High Court.
- x) The Company has no accumulated losses as on 31<sup>st</sup> March, 2012 and it has not incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- xii) 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 year 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 & Company,  
Chartered Accountants,  
(Regn.No.109003W)

Place : New Delhi  
Date : 28<sup>th</sup> July, 2012

C.A. K P Sahasrabudhe,  
Partner  
Membership No. 7021

## BALANCE SHEET AS AT 31ST MARCH, 2012

	Note Nos.	As at 31st March, 2012	( ₹ in lacs ) As at 31st March, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	1,955.48	1,955.48
Reserves and Surplus	3	12,535.78	11,864.40
		14,491.26	13,819.88
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	33.43	50.10
Deferred Tax Liabilities (Net)	5	548.70	471.09
Long-Term Provisions	6	1,173.90	1,180.83
		1,756.03	1,702.02
<b>Current Liabilities</b>			
Short-Term Borrowings	7	3,287.62	3,563.64
Trade Payables	8	3,463.84	4,692.69
Other Current Liabilities	9	1,113.84	928.44
Short-Term Provisions	10	182.55	614.19
		8,047.85	9,798.96
<b>TOTAL</b>		<b>24,295.14</b>	<b>25,320.86</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets-Tangible	11	2,705.80	3,070.92
Non-Current Investments	12	5,468.47	1,876.01
Long-Term Loans and Advances	13	922.68	938.39
		9,096.95	5,885.32
<b>Current Assets</b>			
Inventories	14	2,752.91	5,312.22
Trade Receivables	15	2,995.15	2,576.04
Cash and Cash Equivalents	16	6,613.40	4,085.54
Short-Term Loans and Advances	17	2,749.84	7,408.48
Other Current Assets	18	86.89	53.26
		15,198.19	19,435.54
<b>TOTAL</b>		<b>24,295.14</b>	<b>25,320.86</b>
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 38		

As per our report of even date attached,

For Salve & Company,  
Chartered AccountantsC.A. K.P. SAHASRABUDHE  
Partner  
Membership No. 7021

New Delhi : 28th July, 2012

S.S. SHARMA  
General Manager (Legal) &  
Company Secretary

New Delhi : 28th July, 2012

For and on behalf of the Board,

R.K. SARAF  
Chairman & Managing DirectorM.D. SARAF  
Vice-Chairman

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

	Note Nos.	Year Ended 31st March, 2012	Year Ended 31st March, 2011
( ₹ in lacs )			
<b>INCOME</b>			
Revenue from Operations	19	37,863.63	39,537.46
Other Income	20	394.77	363.84
<b>Total Revenue</b>		<b>38,258.40</b>	<b>39,901.30</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	21	20,814.65	19,612.18
Changes in Inventories of Finished Goods and Stock-in-Process	22	180.30	(5.57)
Employee Benefits Expense	23	2,240.70	1,910.66
Finance Costs	24	819.72	217.01
Depreciation and Amortisation Expense	11	411.51	216.35
Other Expenses	25	12,775.87	12,970.33
<b>Total Expenses</b>		<b>37,242.75</b>	<b>34,920.96</b>
Profit/(Loss) Before Tax		<b>1,015.65</b>	<b>4,980.34</b>
<b>Tax Expenses</b>			
Current Tax		266.45	1,430.06
Tax for Earlier Years		0.21	0.65
Deferred tax		77.61	237.85
		<b>344.27</b>	<b>1,668.56</b>
<b>Profit/(Loss) for the year</b>		<b>671.38</b>	<b>3,311.78</b>
<b>Earning per equity share of face value of ₹ 1/- each</b>			
Basic and Diluted ( in ₹ )	26	<b>0.34</b>	1.69
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 38		

As per our report of even date attached,

For Salve & Company,  
Chartered AccountantsC.A. K.P. SAHASRABUDHE  
Partner  
Membership No. 7021

New Delhi : 28th July, 2012

S.S. SHARMA  
General Manager (Legal) &  
Company Secretary

New Delhi : 28th July, 2012

For and on behalf of the Board,

R.K. SARAF  
Chairman & Managing DirectorM.D. SARAF  
Vice-Chairman

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

	2011-12	2010-11
(₹ in lacs)		
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	1,015.65	4,980.34
Adjustment for:		
Depreciation	411.51	216.35
Exchange difference on translation (Net)	132.57	(46.43)
Interest and Dividend Income	(339.33)	(346.79)
Finance Costs	819.72	217.02
Profit/Loss on Sale of Fixed Assets (Net)	0.93	3.61
	<u>1,025.40</u>	<u>43.76</u>
<b>Operating Profit before Working Capital Changes</b>	<b>2,041.05</b>	<b>5,024.10</b>
Adjustment for:		
Trade and Other Receivables	4,166.86	(5,133.55)
Inventories	2,559.31	(2,999.51)
Trade Payables	(1,163.10)	2,914.73
Others	(1,645.93)	(2,623.94)
	<u>3,917.14</u>	<u>(7,842.27)</u>
<b>Cash Generated from Operations</b>	<b>5,958.19</b>	<b>(2,818.17)</b>
Direct Taxes Paid/Adjusted	(166.79)	(559.04)
	<u>(166.79)</u>	<u>(559.04)</u>
Net Cash Flow from Operating Activities	<b>5,791.40</b>	<b>(3,377.21)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(49.32)	(1,591.04)
Sale of Fixed Assets	2.00	15.91
Purchase of Investments	(3,592.46)	(306.13)
Interest and Dividend Income	300.52	343.98
Net Cash Flow (used in) /from Investing Activities	<b>(3,339.26)</b>	<b>(1,537.28)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long and Short Term Borrowings	(292.69)	1,789.92
Finance Costs Paid	(822.98)	(205.36)
Dividend/Corporate Tax on Dividend Paid	(454.54)	(342.04)
Net Cash Flow (used in) /from Financing Activities	<b>(1,570.21)</b>	<b>1,242.52</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>881.93</b>	<b>(3,671.97)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>1,461.60</b>	<b>5,133.57</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>2,343.53</b>	<b>1,461.60</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>881.93</b>	<b>(3,671.97)</b>

As per our report of even date attached,

For Salve & Company,  
Chartered AccountantsC.A. K.P. SAHASRABUDHE  
Partner  
Membership No. 7021

New Delhi : 28th July, 2012

S.S. SHARMA  
General Manager (Legal) &  
Company Secretary

New Delhi : 28th July, 2012

For and on behalf of the Board,

R.K. SARAF  
Chairman & Managing DirectorM.D. SARAF  
Vice-Chairman

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Corporate Information

Facor Alloys Limited ("The Company") is a Public Limited Company incorporated in India under the Companies Act, 1956. It is part of worldwide reputed FACOR Group of Industries. The Company is listed at Bombay Stock Exchange. The Company, one of the India's largest producers of Ferro Alloys Products produces Ferro Alloys product at its works in Andhra Pradesh and caters both domestic and international markets. The product is used in the manufacture of Steel/Stainless Steel.

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

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

#### (c) Fixed Assets :

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

#### (d) Intangible asset :

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

#### (e) Depreciation :

Depreciation is provided on different fixed assets on the basis of 'straight line method' and 'written down value method' at rates prescribed in Schedule XIV to the Companies Act, 1956. Freehold lands, Leasehold lands and Mines and Quarries are not depreciated.

#### (f) Foreign Exchange Transactions :

(i) Transactions in foreign exchange are translated to Indian Rupees at the rate of exchange ruling on the date of transaction.

(ii) All foreign currency liabilities related to acquisition of Fixed Assets remaining unsettled at the end of the year are converted at contract rates, where covered by foreign exchange contracts and at year end rates in other cases and the difference in translation is adjusted in the carrying cost of such assets.

(iii) Other outstanding foreign currency liabilities and receivables are translated at the year end rates and the difference in translation is recognized in the Statement of Profit and Loss.

#### (g) Investments :

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

#### (h) Current Assets :

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

#### (i) Revenue Recognition :

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



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

### (j) Employee Benefits :

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

### (k) Borrowing Costs :

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

### (l) Provision for Current and deferred Tax :

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

### (m) Contingent liabilities :

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

## 2. SHARE CAPITAL

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
<b>Authorised Share Capital:</b>		
360,000,000 (Previous Year- 360,000,000) Equity Shares of ₹ 1/- each	3,600.00	3,600.00
3,900,000 (Previous Year- 3,900,000) 0.01% Redeemable Preference Shares of ₹ 100/- each	3,900.00	3,900.00
<b>TOTAL</b>	<b>7,500.00</b>	<b>7,500.00</b>
<b>Issued, Subscribed and Paid up:</b>		
195,547,355 (Previous Year- 195,547,355) Equity Shares of ₹ 1/- each fully paid-up	1,955.48	1,955.48
<b>TOTAL</b>	<b>1,955.48</b>	<b>1,955.48</b>

### 2.1 The details of Shareholders holding more than 5% shares :

Name of the Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	% held	No. of Shares	% held
Rai Bahadur Shree Ram And Company Private Limited	22,980,831	11.75%	22,980,831	11.75%

### 2.2 The reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Shares outstanding at the beginning of the year	195,547,355
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	195,547,355	195,547,355

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

### 2.3 Terms/rights attached to Equity Shares:

The Company has only one class of Equity Shares having a par value of ₹ 1/- per share. The Equity Shares have equal rights, preferences and restrictions which are in accordance with the provisions of law, in particular the Companies Act, 1956.

2.4 During the year 2007-08 Company had reached One Time Settlement with certain Preference Shareholders for pre-mature redemption of 11,30,293 0.01% Redeemable Preference Shares of ₹ 100/- each of Face Value of ₹ 1130.29 lacs.

### 3. RESERVES AND SURPLUS

		(₹ in lacs)	
		As at	As at
		<u>31st March, 2012</u>	<u>31st March, 2011</u>
<b>Capital Reserve</b>			
Balance as at the beginning and end of the year		8,700.51	8,700.51
<b>Securities Premium Reserve</b>			
Balance as at the beginning and end of the year		2,667.52	2,667.52
<b>General Reserve</b>			
Balance as at the beginning of the year		250.00	-
Add: Transferred from Statement of Profit & Loss		-	250.00
Balance as at the end of the year		250.00	250.00
<b>Statement of Profit and Loss</b>			
Balance as at the beginning of the year		246.37	(2,360.87)
Add: Profit/(Loss) for the year		671.38	3,311.78
Less: Allocations and Appropriations:			
General Reserve		-	250.00
Proposed Dividend on Equity Shares		-	391.09
Corporate tax on Dividend		-	63.45
		-	704.54
		671.38	2,607.24
Balance as at the end of the year		917.75	246.37
<b>TOTAL</b>		<b>12,535.78</b>	<b>11,864.40</b>

### 4. LONG-TERM BORROWINGS

(Unsecured)

Deferred payment liabilities	33.43	50.10
<b>TOTAL</b>	<b>33.43</b>	<b>50.10</b>

Terms of repayment : Payable in equal monthly instalments.

### 5. DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liability:

Difference between Book and Income Tax depreciation	617.77	545.20
Deferred Tax Assets:		
Disallowance u/s 43B of the Income Tax Act, 1961 to be allowed on payment basis	69.07	74.11
Net Deferred Tax Liability	548.70	471.09

### 6. LONG-TERM PROVISIONS

Provision for Employee Benefits:

P.L.Encashment (Unfunded)	153.37	160.30
Others	1,020.53	1,020.53
<b>TOTAL</b>	<b>1,173.90</b>	<b>1,180.83</b>

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

## 7. SHORT-TERM BORROWINGS

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
<b>From Banks (Secured) :</b>		
Cash Credit Accounts	1,834.47	2,039.37
Bills Discounted	1,453.15	1,524.27
	<b>3,287.62</b>	<b>3,563.64</b>
<b>TOTAL</b>	<b>3,287.62</b>	<b>3,563.64</b>

Secured by hypothecation of stocks of raw-materials, finished products, book debts and other receivables and by way of second charge on fixed assets of the Company by deposit of title deeds in respect of immovable properties and guaranteed by two Directors.

## 8. TRADE PAYABLES

Trade Payables	3,463.84	4,692.69
<b>TOTAL</b>	<b>3,463.84</b>	<b>4,692.69</b>

Small scale industrial undertakings to whom ₹ 0.55 lac (Previous Year ₹ 0.59 lac) are due for a period exceeding 30 days have been identified based on the information available with the Company and are as follows:

T.S. Enterprises, Eastern Mechanical Industries and Simhagiri Foundry Works.

## 9. OTHER CURRENT LIABILITIES

Unpaid dividends	17.96	12.03
Other Payables *	1,095.88	916.41
<b>TOTAL</b>	<b>1,113.84</b>	<b>928.44</b>

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

## 10. SHORT-TERM PROVISIONS

Provision for Employee Benefits:		
PL. Encashment (Unfunded)	48.94	30.20
Proposed Dividend on Equity Shares	-	391.09
Corporate Tax on Dividend	-	63.45
For Taxation	133.61	129.45
<b>TOTAL</b>	<b>182.55</b>	<b>614.19</b>

## 11. FIXED ASSETS

(₹ in lacs)

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 1.04.2011	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2012	Upto 1.04.2011	For the Year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Tangible Assets:</b>										
Land Freehold	77.33	-	-	77.33	-	-	-	-	77.33	77.33
Mines and Quarries Freehold	1.14	-	-	1.14	-	-	-	-	1.14	1.14
Buildings	914.27	-	-	914.27	575.60	21.18	-	596.78	317.49	338.67
Railways Sidings	53.99	-	-	53.99	28.93	3.44	-	32.37	21.62	25.06
Plant and Machinery	4,629.47	3.15	52.76	4,579.86	2,370.40	294.72	52.21	2,612.91	1,966.95	2,259.07
Office and Other Equipments	310.36	34.18	8.66	335.88	217.27	20.15	7.72	229.70	106.18	93.09
Furniture and Fixtures	165.87	0.61	0.59	165.89	141.84	4.49	0.58	145.75	20.14	24.03
Vehicles	602.26	11.38	2.35	611.29	349.73	67.53	0.92	416.34	194.95	252.53
<b>TOTAL</b>	6,754.69	49.32	64.36	6,739.65	3,683.77	411.51	61.43	4,033.85	2,705.80	3,070.92
Previous Year	5,452.47	1,591.04	288.82	6,754.69	3,736.72	216.35	269.30	3,683.77	3,070.92	-

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

## 12. NON-CURRENT INVESTMENTS

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
<b>Trade Investments : (At Cost)</b>		
<b>In Equity Shares of Subsidiary Companies – Unquoted, fully paid up</b>		
5,000 (Previous Year- 5,000) Best Minerals Limited of ₹ 100/- each	5.00	5.00
10,000 (Previous Year- Nil) BEC Power Private Limited of ₹ 10/- each	1,583.75	–
50,000 (Previous Year- Nil) Facor Electric Limited of ₹ 10/- each	5.01	–
5,001 (Previous Year- Nil) Facor Minerals Pte Limited of USD 1 each	2.65	–
	<b>1,596.41</b>	<b>5.00</b>
<b>In Equity Shares of Associated Companies - Unquoted, fully paid up</b>		
1,36,663 (Previous Year-1,36,663) Vidharbha Iron & Steel Corporation Limited of ₹ 10/- each	13.67	13.67
20,000,000 (Previous Year- Nil) Facor Power Limited of ₹ 10/- each	2,000.00	–
	<b>2,013.67</b>	<b>13.67</b>
<b>Others - In Equity Shares -Unquoted, fully paid up</b>		
3,000 (Previous Year- 3,000) Sunil Healthcare Limited of ₹ 10/- each	0.20	0.20
20 (Previous Year- 20) Anand Udyog Premises Co-operative Society Limited of ₹ 50/- each	0.01	0.01
1,742,700 (Previous Year- 17,42,700) Pioneer Facor IT Infradevelopers Pvt. Limited of ₹ 1/- each	1,855.63	1,855.63
	<b>1,855.84</b>	<b>1,855.84</b>
<b>In Government Securities : Unquoted</b>		
6 Years National Savings Certificates Deposited with Government/Semi Government Authorities as Security Deposit	2.55	1.50
<b>TOTAL</b>	<b>5,468.47</b>	<b>1,876.01</b>
Aggregate amount of Unquoted Investments	<b>5,468.47</b>	<b>1,876.01</b>
<b>13. LONG-TERM LOANS AND ADVANCES</b> (Unsecured and Considered Good )		
Security Deposits	922.68	938.39
<b>TOTAL</b>	<b>922.68</b>	<b>938.39</b>
<b>14. INVENTORIES</b> (As per Inventory taken, valued and as certified by the Management) (At Cost unless otherwise stated)		
Raw Materials	2,335.63	4,763.62
Stock-in-Process (At Cost or Net realisable value whichever is lower)	82.04	93.60
Finished Goods (At Cost or Net realisable value whichever is lower)	181.62	350.36
Stores and Spare Parts	135.47	83.64
Loose Tools	18.15	21.00
<b>TOTAL</b>	<b>2,752.91</b>	<b>5,312.22</b>

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

		(₹ in lacs)	
		As at	As at
		31st March, 2012	31st March, 2011
<b>15. TRADE RECEIVABLES</b>			
(Unsecured and Considered Good)			
Over six months		156.74	43.08
Others		2,838.41	2,532.96
	<b>TOTAL</b>	<u>2,995.15</u>	<u>2,576.04</u>
<b>16. CASH AND CASH EQUIVALENTS</b>			
Cash in hand		8.99	7.57
With Scheduled Banks:			
In Current Accounts		234.54	654.03
In Current Accounts- For Unpaid Dividend		18.06	12.13
		<u>252.60</u>	<u>666.16</u>
In Fixed Deposit Accounts:			
With original maturity upto three months		2,100.00	800.00
With original maturity of more than three months but less than twelve months		4,251.81	2,611.81
		<u>6,604.41</u>	<u>4,077.97</u>
	<b>TOTAL</b>	<u>6,613.40</u>	<u>4,085.54</u>
Fixed Deposit Receipts lodged with Banks as security deposit for Letters of Credit/ Guarantees ₹ 1.81 lacs (Previous Year ₹ 1301.81 lacs)			
<b>17. SHORT-TERM LOANS AND ADVANCES</b>			
(Unsecured and Considered Good)			
Loans and Advances to Related Parties		1,584.43	3,777.71
Others		1,165.41	3,630.77
	<b>TOTAL</b>	<u>2,749.84</u>	<u>7,408.48</u>
<b>18. OTHER CURRENT ASSETS</b>			
Interest accrued on Fixed Deposits		60.00	26.37
Claims Recoverable		26.89	26.89
	<b>TOTAL</b>	<u>86.89</u>	<u>53.26</u>
<b>19. REVENUE FROM OPERATIONS</b>			
Sale of products, less returns		35,091.79	36,375.64
Sale of Services		2,272.58	2,990.45
		<u>37,364.37</u>	<u>39,366.09</u>
Less: Excise Duty		620.47	507.14
		<u>36,743.90</u>	<u>38,858.95</u>
Add: Export Incentives		1,119.73	678.51
	<b>TOTAL</b>	<u>37,863.63</u>	<u>39,537.46</u>
<b>19.1 PARTICULARS OF SALE OF PRODUCTS</b>			
		(₹ in lacs)	
		Gross Sales	
		Year Ended	Year Ended
		31st March, 2012	31st March, 2011
Ferro Alloys		34,693.99	36,095.56
Off Grade / By-products		397.80	280.08
Services rendered (Conversion Charges)		2,272.58	2,990.45
	<b>TOTAL</b>	<u>37,364.37</u>	<u>39,366.09</u>

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

## 20. OTHER INCOME

(₹ in lacs)

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
<b>INTEREST INCOME:</b>		
Interest on Deposits	196.37	157.83
Other Interest	142.96	188.96
	<u>339.33</u>	<u>346.79</u>
Miscellaneous receipts	56.37	20.66
Profit /( Loss) on Fixed Assets Sold/Discarded (Net)	(0.93)	(3.61)
<b>TOTAL</b>	<u>394.77</u>	<u>363.84</u>
<b>21. COST OF MATERIALS CONSUMED</b>		
Opening stock of Materials	4,763.62	1,757.79
Add: Purchases	18,386.66	22,618.01
	<u>23,150.28</u>	<u>24,375.80</u>
Less: Closing stock of Materials	2,335.63	4,763.62
Cost of Materials Consumed	<u>20,814.65</u>	<u>19,612.18</u>
<b>21.1 PARTICULARS OF MATERIALS CONSUMED</b>		
Chrome Ore/Concentrate/Others	14,481.24	14,987.92
Coke and Coal	5,901.02	4,289.43
Quartz	39.76	33.28
Carbon paste/Electrode paste	284.44	276.71
Miscellaneous	108.19	24.84
<b>TOTAL</b>	<u>20,814.65</u>	<u>19,612.18</u>
<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN PROCESS</b>		
Closing stock:		
Finished Goods	181.62	350.36
Stock-in-Process	82.04	93.60
	<u>263.66</u>	<u>443.96</u>
Opening stock:		
Finished Goods	350.36	360.86
Stock-in-Process	93.60	77.53
	<u>443.96</u>	<u>438.39</u>
Decrease/(Increase) in Inventories	<u>180.30</u>	<u>(5.57)</u>
<b>23. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	1,487.16	1,352.40
Contribution to Provident and Other Funds	270.84	302.79
Welfare Expenses	422.05	200.27
Directors' Remuneration	60.65	55.20
<b>TOTAL</b>	<u>2,240.70</u>	<u>1,910.66</u>



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

## 24. FINANCE COSTS

(₹ in lacs)

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest:		
On Fixed Loan	413.10	14.71
On Others	383.37	174.66
	796.47	189.37
Other Borrowing Costs	23.25	27.64
<b>TOTAL</b>	<b>819.72</b>	<b>217.01</b>

## 25. OTHER EXPENSES

Power and Fuel	6,611.92	7,830.25
Mining, Handling and other Production Expenses	910.45	626.83
Freight, Shipment and Sales Expenses	1,084.08	1,145.36
Stores and Spares	269.61	285.38
Works Expenses	751.31	660.73
Transport Expenses	183.81	213.73
Repairs and Maintenance to Plant and Machinery	844.95	821.91
Repairs and Maintenance to Buildings	293.51	214.80
Insurance	23.94	21.90
Rent (Net)	7.83	22.58
Rates and Taxes	14.16	14.04
Commission and Brokerage on Sales	1,120.69	981.44
Donations	59.49	36.83
Payments to Auditors	3.88	3.38
Directors' Sitting Fees	2.90	2.60
Foreign Exchange Loss	505.21	10.82
Miscellaneous Expenses	88.13	77.75
<b>TOTAL</b>	<b>12,775.87</b>	<b>12,970.33</b>

## 25.1 PAYMENTS TO AUDITORS

(A) <b>Statutory Auditor</b>		
Audit Fees	2.25	2.00
Tax Audit Fees	0.15	0.15
Certification and Consultation Fees	0.22	0.06
Reimbursement of Expenses	0.61	1.17
Sub-Total ( A )	3.23	3.38
(B) <b>Cost Auditor</b>		
Audit Fees	0.50	-
Management Services	0.10	-
Certification and Consultation Fees	0.05	-
Sub-Total ( B )	0.65	-
<b>TOTAL ( A + B )</b>	<b>3.88</b>	<b>3.38</b>

## 26. EARNING PER SHARE (BASIC AND DILUTED)

(i) Net Profit after Tax	671.38	3,311.78
(ii) Weighted average number of equity shares (Nos. in lacs)	1,955.48	1,955.48
(iii) Earning per Share: (₹ per share)	0.34	1.69

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

**Defined Contribution Plan :**

Amount of ₹ 201.16 Lacs (Previous Year ₹ 196.93 Lacs) is recognised as expense and included in "Employee Benefits Expense" in Note 23 of the Statement of Profit and Loss.

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

**Defined Benefit Plan :**

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with SBI Life Insurance in form of qualifying insurance policy.

The company also extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of privilege leave for encashment. This is an unfunded plan.

The following tables summarises the components of net expense recognised in the Statement of Profit and Loss and Balance Sheet for the respective plans.

## (a) Reconciliation of Opening and Closing balances of the present value of the Defined Benefit Obligation :

(₹ in lacs)

Particulars	2011-12		2010-11	
	Gratuity	PL Encashment	Gratuity	PL Encashment
Present value of Defined Benefit Obligation at the beginning of the year	889.93	190.50	827.53	170.22
Interest Cost	71.19	15.24	66.20	13.62
Current Service Cost	44.02	14.54	40.93	12.90
Actuarial Losses/(Gains)	44.55	30.26	69.84	39.27
Benefits Paid	(117.58)	(48.23)	(114.57)	(45.51)
Present value of Defined Benefit Obligation at the close of the year	932.11	202.31	889.93	190.50

## (b) Changes in the Fair Value of Plan Assets and reconciliation thereof :

(₹ in lacs)

Particulars	2011-12		2010-11	
	Gratuity	PL Encashment	Gratuity	PL Encashment
Fair Value of Plan Assets at the Beginning of the year	898.61	-	801.09	-
Add : Expected Return on Plan Assets	71.89	-	64.09	-
Add/(Less) : Actuarial Gains/(Losses)	(1.98)	-	7.03	-
Add : Contributions	54.08	-	140.97	-
Less : Benefits Paid	(117.58)	-	(114.57)	-
Fair Value of Plan Assets at the close of the year	905.02	-	898.61	-

## (c) Amount recognised in the Balance Sheet including a reconciliation of the present value of the defined obligation in (a) and the fair value of the plan assets in (b) to assets and liabilities recognised in the Balance Sheet :

(₹ in lacs)

Particulars	2011-12		2010-11	
	Gratuity	PL Encashment	Gratuity	PL Encashment
Present Value of Defined Benefit Obligation	932.11	202.31	889.93	190.50
Less : Fair Value of Plan Assets	905.02	-	898.61	-
Present Value of unfunded obligation	27.09	202.31	(8.68)	190.50

## (d) Amount recognised in the Profit and Loss Account are as follows

(₹ in lacs)

Particulars	2011-12		2010-11	
	Gratuity	PL Encashment	Gratuity	PL Encashment
Current Service Cost	44.02	14.54	40.93	12.90
Interest Cost	71.19	15.24	66.20	13.62
Expected return on Plan Asset	(71.89)	-	(64.09)	-
Net Actuarial Loss/(gain)	46.53	30.26	62.81	39.27
Net periodic cost	89.85	60.04	105.85	65.79

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

(e) Actuarial Assumptions as at the Balance Sheet date :

Particulars	2011-12		2010-11	
	Gratuity	PL	Gratuity	PL
		Encashment		Encashment
Mortality table	LIC a (1994-96)	LIC a (1994-96)	LIC a (1994-96)	LIC a (1994-96)
Discount Rate	8%	8%	8%	8%
Salary Escalation Rate	5%	5%	5%	5%

(₹ in lacs)

(f) Movement in net liability recognised in Balance sheet :

Particulars	2011-12		2010-11	
	Gratuity	PL	Gratuity	PL
		Encashment		Encashment
Opening net liability	(8.68)	190.50	26.44	170.22
Expenses as above	89.85	60.04	105.85	65.79
Contributions Paid	(54.08)	(48.23)	(140.97)	(45.51)
Closing net liability	27.09	202.31	(8.68)	190.50

(₹ in lacs)

(g) Other Disclosures :

Particulars	2011-12		2010-11		2009-10		2008-09	
	Gratuity	PL	Gratuity	PL	Gratuity	PL	Gratuity	PL
		Encashment		Encashment		Encashment		Encashment
Defined Benefit Obligation	932.11	202.31	889.93	190.50	827.53	170.22	734.19	135.70
Plan Assets	905.02	-	898.61	-	801.09	-	755.32	-
Surplus/(Deficit)	27.09	(202.31)	(8.68)	(190.50)	26.44	(170.22)	(21.13)	(135.70)

(₹ in lacs)

	2011 - 12		2010 - 11	
	₹ in lacs	Percentage	₹ in lacs	Percentage
28. (a) 1. Value of Consumption of imported Raw Materials	4,428.19	21.27	3,332.20	16.99
2. Value of Consumption of indigenous Raw Materials	16,386.46	78.73	16,279.98	83.01
	<u>20,814.65</u>	<u>100.00</u>	<u>19,612.18</u>	<u>100.00</u>
(b) 1. Value of Consumption of imported Components and Spare Parts:	-	-	-	-
2. Value of Consumption of indigenous Components and Spare Parts:	440.49	100.00	520.47	100.00
	<u>440.49</u>	<u>100.00</u>	<u>520.47</u>	<u>100.00</u>

	2011-12		2010-11	
29. CIF Value of Imports :				
(a) Raw Materials		2,513.00		3,127.04
(b) Components and Spare Parts		-		-
		<u>2,513.00</u>		<u>3,127.04</u>
30. Expenditure in Foreign Currency :				
(i) Commission on Sales		1,120.69		981.44
(ii) Travelling Expenses		36.94		33.37
(iii) Freight, Shipment and Sales Expenses(Sampling & Analysis/Ground Rent)		-		28.98
(iv) Survey & Development Expenses		-		32.77
(v) Miscellaneous		112.22		19.72
		<u>1,269.85</u>		<u>1,096.28</u>

(₹ in lacs)

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

	2011-12	(₹ in lacs) 2010-11
<b>31. Dividend remitted in foreign exchange :</b>		
(a) Period to which relates	<b>01.04.2010</b>	01.04.2009
	<b>to 31.03.2011</b>	to 31.03.2010
(b) Number of Non-resident Shareholders	<b>6</b>	6
(c) Number of equity shares held on which dividend was due	<b>42,567,505</b>	42,567,505
(d) Amount remitted in foreign currency (₹ in Lacs)	<b>85.14</b>	63.85
<b>32. Earnings in Foreign Exchange on account of Export of Goods on FOB basis</b>	<b>26,217.16</b>	30,000.21
<b>33. There are no Micro, Small and Medium Enterprises, to whom the company owes dues, which are outstanding as at the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.</b>		
<b>34. Segment Information:</b>		
The Management Information System of the Company identifies and monitors Ferro Alloys 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 Ferro Alloys. 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.		
<b>35. Contingent Liabilities and Commitments</b>		
(I) Contingent Liabilities :		
(a) Claims against the Company not acknowledged as debts, since disputed ₹ 21.27 lacs (Previous Year ₹ 21.27 lacs).		
(b) Counter guarantees in favour of Consortium Banks in respect of their outstandings with Facor Steels Limited. Due to the nature of the liability, its financial impact is not ascertainable.		
(II) Commitments:		
(a) Estimated amount of contracts on Capital Account remaining to be executed and not provided for in accounts ₹ NIL (Previous Year ₹ NIL).		
<b>36. Related Party Disclosure:-</b>		
I <u>List of related parties:-</u>		
A Name and nature of relationship with the related party where control exists:		
<b>Best Minerals Ltd. - Subsidiary Company</b>		
<b>Facor Electric Ltd. - Subsidiary Company</b>		
<b>BEC Power Pvt Ltd. - Subsidiary Company</b>		
<b>Facor Minerals Pte Ltd. - Subsidiary Company</b>		
B Enterprise, over which key management personnel and their relatives exercise significant influence, with whom transactions have taken place during the year :		
1 Ferro Alloys Corporation Limited	2 Facor Steels Limited	
3 Rai Bahadur Shree Ram And Company Private Limited	4 Godawaridevi Saraf & Sons	
5 Saraf Bandhu Private Limited	6 GDP Infrastructure Private Limited	
7 Shreeram Shipping Services Pvt. Ltd.	8 Smt Godawaridevi Saraf Janseva Trust	
9 Shri Durgaprasad Saraf Charitable Trust	10 Shri R.B. Shreeram Religious & Charitable Trust	
11 Vidharbha Iron & Steel Corporation Limited	12 Facor Power Limited	
C Key Management Personnel :		
i) <b>R.K. Saraf</b>	<b>Chairman &amp; Managing Director</b>	
ii) <b>M.D. Saraf</b>	<b>Vice Chairman</b>	

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

iii) **Yogesh Saraf****Joint Managing Director**iv) **Ashim Saraf****Joint Managing Director**v) **C.N. Harman****Director (Technical)**

D Relative of a Key Management Personnel :

i) **Mrs. Sunanda Devi Saraf**

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

(₹ in lacs)

Particulars	With Subsidiary Companies		With Enterprise where Significant influence exists		With Key Management Personnel & Relatives	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
i) Sale of Goods	-	-	<b>875.59</b>	310.72	-	-
ii) Purchase of Goods	-	-	<b>9,114.10</b>	7,649.05	-	-
iii) Rent paid	-	-	<b>77.94</b>	84.34	<b>18.00</b>	18.00
iv) Rent received	-	-	<b>1.20</b>	1.20	-	-
v) Interest paid	-	-	<b>116.73</b>	12.01	-	-
vi) Donation paid	-	-	<b>49.50</b>	10.00	-	-
vii) Short Term Loans and Advances given	<b>1,558.56</b>	0.33	-	-	-	-
viii) Clearing & forwarding and other service charges	-	-	<b>11.58</b>	13.05	-	-
ix) Directors' remuneration	-	-	-	-	<b>70.85</b>	64.92
x) Share application pending allotment	-	-	<b>(1,750.00)</b>	1,750.00	-	-
xi) Investments	<b>1,591.41</b>	-	<b>2,000.00</b>	-	-	-
xii) Balances outstanding at the year end:						
a) Short Term Loans and Advances given	<b>1,563.48</b>	4.92	<b>20.95</b>	22.79	-	-
b) Share application pending allotment	-	-	-	3,750.00	-	-
c) Trade Payables	-	-	<b>800.76</b>	86.58	-	-
d) Trade Receivables	-	-	<b>240.27</b>	155.12	-	-
e) Managerial Remuneration Payables	-	-	-	-	<b>1.46</b>	1.74
f) Other Payables	-	-	<b>4.92</b>	4.92	-	-

37. The revised Schedule VI to the Companies Act, 1956 has become effective from 01-04-2011 for preparation and presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Accordingly, the figures for the previous year have been reclassified, wherever necessary to conform with the current year's classification.

38. The Ministry of Corporate Affairs, Government of India, vide Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to the fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements. The annual accounts of the subsidiary companies are available for inspection by any shareholder at the Registered office of the Company. The annual accounts of the subsidiary companies are also available for inspection at their respective registered offices.

As per our report of even date attached,

For Salve & Company,  
Chartered AccountantsC.A. K.P. SAHASRABUDHE  
Partner  
Membership No. 7021

New Delhi : 28th July, 2012

S.S. SHARMA  
General Manager (Legal) &  
Company Secretary

New Delhi : 28th July, 2012

For and on behalf of the Board,

R.K. SARAF  
Chairman & Managing DirectorM.D.SARAF  
Vice-Chairman

**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To the Board of Directors

Facor Alloys Limited

1. We have audited the attached consolidated Balance Sheet of Facor Alloys Limited ["the company"] and its subsidiaries [collectively referred to as "the Group"] as at 31<sup>st</sup> March, 2012, and the consolidated statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date both annexed thereto. The consolidated financial statements includes investments in an associate accounted on the equity method in accordance with Accounting Standard 23 – "Accounting for Investments in Associates in Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006. These consolidated financial statements are the responsibility of the Company's management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit financial statements of subsidiaries, which reflect total assets of Rs. 1586.47 Lacs as at March 31, 2012, total revenues 'nil' and net cash flows amounting to Rs. 25.68 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of such other auditors in so far as it relates to the amounts included in respect of those subsidiaries.
4. The consolidated financial statements, also reflect the group's share of profit of Rs. 0.07 lacs in respect of the consolidated profits of an associate, Pioneer Facor IT Infradevelopers Pvt. Limited, for the year ended 31<sup>st</sup> March, 2012, whose financial statements have been audited by other auditor. Our opinion in so far as it relates to the amounts included in respect of this associate is based solely on the report of the other auditor furnished to us.
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements as notified under the Companies [Accounting Standards] Rules, 2006.
6. Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
  - (ii) In the case of the consolidated statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
  - (iii) In the case of the consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For Salve & Co.  
Chartered Accountants  
(Regn. No. 109003 W)

C.A. K.P. Sahasrabudhe  
Partner  
Membership No. 7021

Place : New Delhi

Date : 28th July, 2012

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	Note Nos.	As at 31st March, 2012	(₹ in lacs) As at 31st March, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	1,955.48	1,955.48
Reserves and Surplus	3	12,435.67	11,864.10
		14,391.15	13,819.58
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	33.43	50.10
Deferred Tax Liabilities (Net)		548.70	471.09
Long-Term Provisions	5	1,173.90	1,180.83
		1,756.03	1,702.02
<b>Current Liabilities</b>			
Short-Term Borrowings	6	3,287.62	3,563.64
Trade Payables	7	3,463.84	4,692.69
Other Current Liabilities	8	1,143.24	928.47
Short-Term Provisions	9	182.55	614.19
		8,077.25	9,798.99
<b>TOTAL</b>		<b>24,224.43</b>	<b>25,320.59</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	2,752.83	3,070.94
Goodwill on Consolidation		1,589.75	6.99
Non-Current Investments	11	3,874.14	1,873.02
Long-Term Loans and Advances	12	922.72	938.42
Other Non- Current Assets	13	1,152.95	-
		10,292.39	5,889.37
<b>Current Assets</b>			
Inventories	14	2,752.91	5,312.22
Trade Receivables	15	2,995.15	2,576.04
Cash and Cash Equivalents	16	6,649.79	4,086.04
Short-Term Loans and Advances	17	1,447.30	7,403.66
Other Current Assets	18	86.89	53.26
		13,932.04	19,431.22
<b>TOTAL</b>		<b>24,224.43</b>	<b>25,320.59</b>
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 29		

As per our report of even date attached,

For Salve & Company,  
Chartered AccountantsC.A. K.P. SAHASRABUDHE  
Partner  
Membership No. 7021

New Delhi : 28th July, 2012

S.S. SHARMA  
General Manager (Legal) &  
Company Secretary

New Delhi : 28th July, 2012

For and on behalf of the Board,

R.K. SARAF  
Chairman & Managing DirectorM.D. SARAF  
Vice-Chairman



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

	Note Nos.	Year Ended 31st March, 2012	Year Ended 31st March, 2011
(₹ in lacs)			
<b>INCOME</b>			
Revenue from Operations	19	37,863.63	39,537.46
Other Income	20	305.40	363.84
<b>Total Revenue</b>		<b>38,169.03</b>	<b>39,901.30</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	21	20,814.65	19,612.18
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	22	180.30	(5.57)
Employee Benefits Expense	23	2,240.70	1,910.66
Finance Costs	24	819.72	217.01
Depreciation and Amortization Expense		411.51	216.35
Other Expenses	25	12,782.11	12,970.54
<b>Total Expenses</b>		<b>37,248.99</b>	<b>34,921.17</b>
Profit/(Loss) Before Tax		<b>920.04</b>	4,980.13
<b>Tax Expenses</b>			
Current Tax		266.45	1,430.06
Tax for Earlier Years		0.21	0.65
Deferred tax		77.61	237.85
		<b>344.27</b>	<b>1,668.56</b>
Profit/(Loss) after tax but before share of Profit / Loss from Associate		<b>575.77</b>	3,311.57
Share of Profit/ (Losses) from Associate after tax		<b>0.07</b>	1.78
Profit/ (Loss) for the year		<b>575.84</b>	3,313.35
Earning per equity share of face value of ₹ 1/- each			
Basic and Diluted ( in ₹ )	26	<b>0.29</b>	1.69
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 29		

As per our report of even date attached,

For Salve & Company,  
Chartered Accountants

C.A. K.P. SAHASRABUDHE  
Partner  
Membership No. 7021

New Delhi : 28th July, 2012

S.S. SHARMA  
General Manager (Legal) &  
Company Secretary

New Delhi : 28th July, 2012

For and on behalf of the Board,

R.K. SARAF  
Chairman & Managing Director

M.D. SARAF  
Vice-Chairman

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

	2011-12	2010-11	(₹ in lacs)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before tax	920.04		4,980.13
Add : Income from associate after Tax	0.07		1.78
Adjustment for:			
Depreciation	411.51	216.35	
Exchange difference on translation (Net)	132.57	(46.43)	
Interest and Dividend Income	(339.33)	(346.79)	
Finance Costs	819.72	217.01	
Profit/Loss on Sale of Fixed Assets (Net)	0.93	3.61	
	<u>1,025.40</u>		<u>43.75</u>
<b>Operating Profit before Working Capital Changes</b>	<b>1,945.51</b>		<b>5,025.66</b>
Adjustment for:			
Trade and Other Receivables	4,291.59	(5,133.32)	
Inventories	2,559.31	(2,999.51)	
Trade Payables	(1,138.21)	2,914.72	
Others	(1,645.93)	(2,623.94)	
	<u>4,066.76</u>		<u>(7,842.05)</u>
<b>Cash Generated from Operations</b>	<b>6,012.27</b>		<b>(2,816.39)</b>
Direct Taxes Paid/Adjusted	(166.79)	(559.04)	
	<u>(166.79)</u>		<u>(559.04)</u>
<b>Net Cash Flow from Operating Activities</b>	<b>5,845.48</b>		<b>(3,375.43)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets and Capital Work in Progress	(1,657.59)	(1,598.03)	
Sale of Fixed Assets	2.00	15.91	
Purchase/Sale of Investments	(3,583.88)	(307.91)	
Interest and Dividend Income	300.52	343.98	
<b>Net Cash Flow (used in) /from Investing Activities</b>	<b>(4,938.95)</b>		<b>(1,546.05)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital and share application money	(6.00)	-	
Proceeds from Long and Short Term Borrowings	(294.46)	1,789.92	
Long Term Advances & Other Non current assets	0.59	-	
Finance Costs Paid	(822.98)	(205.36)	
Dividend/Corporate Tax on Dividend Paid	(454.54)	(342.04)	
	<u>(1,577.39)</u>		<u>1,242.52</u>
Adjustment to net worth on consolidation:			
i) Foreign Currency Translation Reserve	(4.27)	-	
ii) Adjustment on account of consolidation	1,582.76	6.99	6.99
<b>Net Cash Flow (used in)/from Financing Activities</b>	<b>1.10</b>		<b>1,249.51</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>907.63</b>		<b>(3,671.97)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>1,462.10</b>		<b>5,134.07</b>
<b>Upon addition of subsidiaries</b>	<b>10.19</b>		<b>-</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>2,379.92</b>		<b>1,462.10</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>907.63</b>		<b>(3,671.97)</b>

As per our report of even date attached,

For Salve & Company,  
Chartered AccountantsC.A. K.P. SAHASRABUDHE  
Partner  
Membership No. 7021

New Delhi : 28th July, 2012

S.S. SHARMA  
General Manager (Legal) &  
Company Secretary

New Delhi : 28th July, 2012

For and on behalf of the Board,

R.K. SARAF  
Chairman & Managing DirectorM.D. SARAF  
Vice-Chairman

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (A) Principles of Consolidation

- a) The consolidated financial statements present the consolidated accounts of Facor Alloys Limited, its following subsidiaries and associate companies in terms of Accounting Standard 21 and Accounting Standard 23 notified pursuant to the Companies (Accounting Standards) Rules, 2006.

#### Subsidiary Companies

Sl. No.	Name of the Subsidiary	Proportion of ownership & Voting Power	Country of Incorporation
1.	Best Minerals Limited (BML)	100.00%	India
2.	BEC Power Pvt. Ltd. (BECPL)	100.00%	India
3.	Facor Electric Ltd. (FEL)	100.00%	India
4.	Facor Minerals Pte. Limited (FML)	100.00%	Singapore

#### Associate Company:

Sl. No.	Name of the Associate	Proportion of ownership & Voting Power	Country of Incorporation
1.	Pioneer Facor IT Infradevelopers Pvt. Ltd.	20.39%	India

- b) The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra group transactions and any unrealized profits.
- c) The consolidated financial statements have been prepared using accounting policies for like transactions and are presented, to the extent possible, in the same manner as the company's separate financial statements.
- d) The financial statements of FML have been prepared in accordance with Singapore Generally Accepted Accounting Principles. This subsidiary is not significant as compared to the Company's consolidated operations and hence, the impact thereof, if any, on account of any difference to the Indian Generally Accepted Accounting Principles (IGAAP) is not material.
- e) In translating the financial statements of the non-integral foreign subsidiary for incorporation in the consolidated financial statements, the assets and liabilities, both monetary and non-monetary are translated at the closing rate; income and expenses items are translated at average exchange rate; and all resulting exchange differences are accumulated in foreign currency translation reserve.
- f) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in financial statements as Goodwill or Capital Reserve as the case may be.
- g) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- h) Minority interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- i) Investments in Associate Company has been accounted under the equity method as per (AS 23) – "Accounting for Investments in Associates in Consolidated Financial Statements".
- j) The difference between the cost of investments in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- k) The financial statements of FML are for the period from 13th October, 2011 to 31st March, 2012.
- (B) Investments other than investments in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**
**(C) Other Significant Accounting Policies;**

These are set out under the head "Significant Accounting Policies" of the company & the subsidiaries. Differences in accounting policies followed by the other entities have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

**(D) Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosure.**
**(E) Consolidated Deferred taxes are same as deferred tax of standalone Facor Alloys Limited.**
**(F) Consolidated Employee benefits are same as Employee benefits of standalone Facor Alloys Limited.**
**(G) Consolidated contingent liabilities and commitments are the same as contingent liabilities and commitments of standalone Facor Alloys Ltd.**

(₹ in lacs)

**2. SHARE CAPITAL**

	As at 31st March, 2012	As at 31st March, 2011
<b>Authorised Share Capital:</b>		
360,000,000 (Previous Year- 360,000,000) Equity Shares of ₹ 1/- each	3,600.00	3,600.00
3,900,000 (Previous Year- 3,900,000) 0.01% Redeemable Preference Shares of ₹ 100/- each	3,900.00	3,900.00
<b>TOTAL</b>	<b>7,500.00</b>	<b>7,500.00</b>
<b>Issued, Subscribed and Paid up:</b>		
195,547,355 (Previous Year- 195,547,355) Equity Shares of ₹ 1/- each fully paid-up	1,955.48	1,955.48
<b>TOTAL</b>	<b>1,955.48</b>	<b>1,955.48</b>

**2.1 The details of Shareholders holding more than 5% shares :**

Name of the Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	% held	No. of Shares	% held
Rai Bahadur Shree Ram And Company Private Limited	22,980,831	11.75%	22,980,831	11.75%

**2.2 The reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:**

Particulars	As at 31st March, 2012	As at 31st March, 2011
	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	195,547,355	195,547,355
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	195,547,355	195,547,355

**2.3 Terms/rights attached to Equity Shares:**

The Company has only one class of Equity Shares having a par value of ₹ 1/- per share. The Equity Shares have equal rights, preferences and restrictions which are in accordance with the provisions of law, in particular the Companies Act, 1956.

**2.4 During the year 2007-08 Company had reached One Time Settlement with certain Preference Shareholders for pre-mature redemption of 11,30,293 0.01% Redeemable Preference Shares of ₹ 100/- each of Face Value of ₹ 1130.29 lacs.**

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

## 3. RESERVES AND SURPLUS

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
<b>Capital Reserve</b>		
Balance as at the beginning and end of the year	8,700.55	8,700.55
<b>Securities Premium Reserve</b>		
Balance as at the beginning and end of the year	2,667.52	2,667.52
<b>Foregin Currency Translation Reserve</b>	(4.27)	-
<b>General Reserve</b>		
Balance as at the beginning of the year	250.00	-
Add: Transferred from Statement of Profit & Loss	-	250.00
Balance as at the end of the year	250.00	250.00
<b>Statement of Profit &amp; Loss</b>		
Balance as at the beginning of the year	246.03	(2,362.78)
Add: Profit/(Loss) for the year	575.84	3,313.35
Less: Allocations and Appropriations:		
General Reserve	-	250.00
Proposed Dividend on Equity Shares	-	391.09
Corporate tax on Dividend	-	63.45
	-	704.54
	575.84	2,608.81
Balance as at the end of the year	821.87	246.03
<b>TOTAL</b>	<b>12,435.67</b>	<b>11,864.10</b>

## 4. LONG-TERM BORROWINGS

(Unsecured)

Deferred payment liabilities	33.43	50.10
<b>TOTAL</b>	<b>33.43</b>	<b>50.10</b>

Terms of repayment : Payable in equal monthly instalments.

## 5. LONG-TERM PROVISIONS

Provision for Employee Benefits:

P.L.Encashment (Unfunded)	153.37	160.30
Others	1,020.53	1,020.53
<b>TOTAL</b>	<b>1,173.90</b>	<b>1,180.83</b>

## 6. SHORT-TERM BORROWINGS

From Banks (Secured) :

Cash Credit Accounts	1,834.47	2,039.37
Bills Discounted	1,453.15	1,524.27
	3,287.62	3,563.64
<b>TOTAL</b>	<b>3,287.62</b>	<b>3,563.64</b>

Secured by hypothecation of stocks of raw-materials, finished products, book debts, and other receivables and by way of second charge on fixed assets of the Company by deposit of title deeds in respect of immovable properties and guaranteed by two Directors.

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

**7. TRADE PAYABLES**

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
Trade Payables	3,463.84	4,692.69
<b>TOTAL</b>	<b>3,463.84</b>	<b>4,692.69</b>

**8. OTHER CURRENT LIABILITIES**

Unpaid dividends	17.96	12.03
Other Payables*	1,125.28	916.44
<b>TOTAL</b>	<b>1,143.24</b>	<b>928.47</b>

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

**9. SHORT-TERM PROVISIONS**

Provision for Employee Benefits:

P.L.Encashment (Unfunded)	48.94	30.20
Proposed Dividend on Equity Shares	-	391.09
Corporate Tax on Dividend	-	63.45
For Taxation	133.61	129.45
<b>TOTAL</b>	<b>182.55</b>	<b>614.19</b>

**10. FIXED ASSETS**

(₹ in lacs)

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 1.04.2011	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2012	Upto 1.04.2011	For the Year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Tangible Assets:</b>										
Land Freehold	77.35	46.78	-	124.13	-	-	-	-	124.13	77.35
Mines and Quarries Freehold	1.14	-	-	1.14	-	-	-	-	1.14	1.14
Buildings	914.27	-	-	914.27	575.60	21.18	-	596.78	317.49	338.67
Railways Sidings	53.99	-	-	53.99	28.93	3.44	-	32.37	21.62	25.06
Plant and Machinery	4,629.47	3.15	52.76	4,579.86	2,370.40	294.92	52.21	2,613.11	1,966.75	2,259.07
Office and Other Equipments	310.36	34.61	8.66	336.31	217.27	20.15	7.72	229.70	106.61	93.09
Furniture and Fixtures	165.87	0.70	0.59	165.98	141.84	4.58	0.58	145.84	20.14	24.03
Vehicles	602.26	11.38	2.35	611.29	349.73	67.53	0.92	416.34	194.95	252.53
<b>TOTAL</b>	6,754.71	96.62	64.36	6,786.97	3,683.77	411.80	61.43	4,034.14	2,752.83	3,070.94
Previous Year	5,452.49	1,591.04	288.82	6,754.71	3,736.72	216.35	269.30	3,683.77	3,070.94	-

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

## 11. NON-CURRENT INVESTMENTS

	As at 31st March, 2012	(₹ in lacs) As at 31st March, 2011
<b>Trade Investments : (At Cost)</b>		
<b>In Equity Shares of Associate Company - Unquoted, fully paid up</b>		
17,42,700 Pioneer Facor IT Infradevelopers Pvt. Ltd. of ₹1/- each (at cost) (refer note 11.2)	1,855.63	1,855.63
Add: Share of (Loss)/Profit net	2.07	2.00
	<b>1,857.70</b>	<b>1,857.63</b>
<b>Others - In Equity Shares -Unquoted, fully paid up</b>		
1,36,663 (Previous Year - 1,36,663) Vidharbha Iron & Steel Corporation Limited of ₹ 10/- each	13.67	13.67
20,000,000 (Previous Year - Nil) Facor Power Limited of ₹ 10/- each	2,000.00	-
3,000 (Previous Year- 3,000) Sunil Healthcare Limited of ₹ 10/- each	0.20	0.20
20 (Previous Year- 20) Anand Udyog Premises Co-operative Society Limited of ₹ 50/- each	0.01	0.01
	<b>2,013.88</b>	<b>13.88</b>
<b>In Government Securities : Unquoted</b>		
6 Years National Savings Certificates	2.55	1.50
12 Years National Plan Saving Certificates	0.01	0.01
<b>TOTAL</b>	<b>3,874.14</b>	<b>1,873.02</b>
11.1 Aggregate amount of Unquoted Investments	<b>3,874.14</b>	<b>1,873.02</b>
11.2 Goodwill arising at acquisition ₹ 1502.22 lacs (Previous year ₹1502.22 lacs)		
<b>12. LONG-TERM LOANS AND ADVANCES</b> (Unsecured and Considered Good)		
Security Deposits	922.72	938.42
<b>TOTAL</b>	<b>922.72</b>	<b>938.42</b>
<b>13. OTHER NON CURRENT ASSETS</b>		
Unamortized Expenditures	1,152.95	-
<b>TOTAL</b>	<b>1,152.95</b>	<b>-</b>
<b>14. INVENTORIES</b> (As per Inventory taken, valued and as certified by the Management) (At Cost unless otherwise stated)		
Raw Materials	2,335.63	4,763.62
Stock-in-Process (At Cost or Net realisable value whichever is lower)	82.04	93.60
Finished Goods (At Cost or Net realisable value whichever is lower)	181.62	350.36
Stores and Spare Parts	135.47	83.64
Loose Tools	18.15	21.00
<b>TOTAL</b>	<b>2,752.91</b>	<b>5,312.22</b>



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

	As at 31st March, 2012	As at 31st March, 2011
		(₹ in lacs)
<b>15. TRADE RECEIVABLES</b>		
(Unsecured and Considered Good)		
Over six months	156.74	43.08
Others	2,838.41	2,532.96
<b>TOTAL</b>	<b>2,995.15</b>	<b>2,576.04</b>
<b>16. CASH AND CASH EQUIVALENTS</b>		
Cash in hand	9.06	7.59
With Scheduled Banks:		
In Current Accounts	270.86	654.51
In Current Accounts- For Unpaid Dividend	18.06	12.13
	288.92	666.64
In Fixed Deposit Accounts:		
With original maturity upto three months	2,100.00	800.00
With original maturity of more than three months but less than twelve months	4,251.81	2,611.81
<b>TOTAL</b>	<b>6,640.73</b>	<b>4,078.45</b>
	<b>6,649.79</b>	<b>4,086.04</b>
Fixed Deposit Receipts lodged with Banks as security deposit for Letters of Credit/ Guarantees ₹ 1.81 lacs (Previous Year ₹ 1301.81 lacs)		
<b>17. SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured and Considered Good)		
Loans and Advances to Related Parties	20.95	3,772.89
Others	1,426.35	3,630.77
<b>TOTAL</b>	<b>1,447.30</b>	<b>7,403.66</b>
<b>18. OTHER CURRENT ASSETS</b>		
Interest accrued on Fixed Deposits	60.00	26.37
Claims Recoverable	26.89	26.89
<b>TOTAL</b>	<b>86.89</b>	<b>53.26</b>
<b>19. REVENUE FROM OPERATIONS</b>		
Sale of products, less returns	35,091.79	36,375.64
Sale of Services	2,272.58	2,990.45
	37,364.37	39,366.09
Less: Excise Duty	620.47	507.14
	36,743.90	38,858.95
Add: Export Incentives	1,119.73	678.51
<b>TOTAL</b>	<b>37,863.63</b>	<b>39,537.46</b>

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

## 19.1 PARTICULARS OF SALE OF PRODUCTS

(₹ in lacs)

	Gross Sales	
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Ferro Alloys	34,693.99	36,095.56
Off Grade / By-products	397.80	280.08
Services rendered ( Conversion Charges )	2,272.58	2,990.45
<b>TOTAL</b>	<b>37,364.37</b>	<b>39,366.09</b>
<b>20. OTHER INCOME</b>		(₹ in lacs)
	Year Ended 31st March, 2012	Year Ended 31st March, 2011
<b>INTEREST INCOME</b>		
Interest on Deposits	196.37	157.83
Other Interest	53.59	188.96
	249.96	346.79
Miscellaneous receipts	56.37	20.66
Profit /( Loss) on Fixed Assets Sold/Discarded (Net)	(0.93)	(3.61)
<b>TOTAL</b>	<b>305.40</b>	<b>363.84</b>
<b>21. COST OF MATERIALS CONSUMED</b>		
Opening stock of Materials	4,763.62	1,757.79
Add: Purchases	18,386.66	22,618.01
	23,150.28	24,375.80
Less: Closing stock of Materials	2,335.63	4,763.62
Cost of Materials Consumed	20,814.65	19,612.18
<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN PROCESS</b>		
Closing stock:		
Finished Goods	181.62	350.36
Stock-in-Process	82.04	93.60
	263.66	443.96
Opening stock:		
Finished Goods	350.36	360.86
Stock-in-Process	93.60	77.53
	443.96	438.39
Decrease/(Increase) in Inventories	180.30	(5.57)
<b>23. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus	1,487.16	1,352.40
Contribution to Provident and Other Funds	270.84	302.79
Welfare Expenses	422.05	200.27
Directors' Remuneration	60.65	55.20
<b>TOTAL</b>	<b>2,240.70</b>	<b>1,910.66</b>

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

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
		(₹ in lacs)
<b>24. FINANCE COSTS</b>		
Interest:		
On Fixed Loan	413.10	14.71
On Others	<u>383.37</u>	<u>174.66</u>
	796.47	189.37
Other Borrowing Costs	<u>23.25</u>	<u>27.64</u>
<b>TOTAL</b>	<u><b>819.72</b></u>	<u><b>217.01</b></u>
<b>25. OTHER EXPENSES</b>		
Power and Fuel	6,611.92	7,830.25
Mining, Handling and other Production Expenses	910.45	626.83
Freight, Shipment and Sales Expenses	1,084.08	1,145.36
Stores and Spares	269.61	285.38
Works Expenses	751.34	660.85
Transport Expenses	183.81	213.73
Repairs and Maintenance to Plant and Machinery	844.95	821.91
Repairs and Maintenance to Buildings	293.51	214.80
Insurance	23.94	21.90
Rent (Net)	7.83	22.58
Rates and Taxes	14.24	14.12
Commission and Brokerage on Sales	1,120.69	981.44
Donations	59.49	36.83
Payments to Auditors	4.63	3.40
Directors' Sitting Fees	2.90	2.60
Foreign Exchange Loss	505.21	10.82
Miscellaneous Expenses	<u>93.51</u>	<u>77.74</u>
<b>TOTAL</b>	<u><b>12,782.11</b></u>	<u><b>12,970.54</b></u>
<b>25.1 PAYMENTS TO AUDITORS</b>		
(A) <b>Statutory Auditor</b>		
Audit Fees	3.00	2.02
Tax Audit Fees	0.15	0.15
Certification and Consultation Fees	0.22	0.06
Reimbursement of Expenses	<u>0.61</u>	<u>1.17</u>
<b>Sub-Total ( A )</b>	<u><b>3.98</b></u>	<u><b>3.40</b></u>
(B) <b>Cost Auditor</b>		
Audit Fees	0.50	-
Management Services	0.10	-
Certification and Consultation Fees	<u>0.05</u>	<u>-</u>
<b>Sub-Total ( B )</b>	<u><b>0.65</b></u>	<u><b>-</b></u>
<b>TOTAL ( A + B )</b>	<u><b>4.63</b></u>	<u><b>3.40</b></u>
<b>26. EARNING PER SHARE (BASIC AND DILUTED)</b>		
(i) Net Profit after Tax	575.84	3,313.35
(ii) Weighted average number of equity shares (Nos. in lacs)	1,955.48	1,955.48
(iii) Earning per Share: ( ₹ per share)	<u>0.29</u>	<u>1.69</u>

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

## 27. STATEMENT PURSUANT TO GENERAL EXEMPTION GRANTED BY THE MINISTRY OF CORPORATE AFFAIRS U/S 212 (8) OF THE COMPANIES ACT, 1956

(₹ in lacs)

Name of The Subsidiary Company	Best Minerals Ltd.	BEC Power Pvt. Ltd.	Facor Electric Ltd.	Facor Minerals Pte. Ltd.
Financial Year ended on	31.03.2012	31.03.2012	31.03.2012	31.03.2012
Capital	5.00	1.00	5.00	2.55
Reserves	(9.41)	-	-	(6.13)
Total Assets	0.58	1199.90	116.62	269.65
Total Liabilities	0.58	1199.90	116.62	269.65
Details of Investment				
Investment in Government Securities	0.01	-	-	-
Turnover	-	-	-	-
Profit / (Loss) before Taxation	(0.12)	-	-	(6.11)
Provision for taxation	-	-	-	-
Profit / (Loss) after Taxation	(0.12)	-	-	(6.11)
Proposed Dividend	-	-	-	-
Exchange Rate used	-	-	-	51.00
Local Currency	INR	INR	INR	US\$

## 28. RELATED PARTY DISCLOSURE

## I List of related parties:-

A Enterprise, over which key management personnel and their relatives exercise significant influence, with whom transactions have taken place during the year :

- |   |  |
|---|--|
| 1 Ferro Alloys Corporation Limited                  | 2 Facor Steels Limited                             |
| 3 Rai Bahadur Shree Ram And Company Private Limited | 4 Godawaridevi Saraf & Sons                        |
| 5 Saraf Bandhu Private Limited                      | 6 GDP Infrastructure Private Limited               |
| 7 Shreeram Shipping Services Pvt. Ltd.              | 8 Smt. Godawaridevi Saraf Janseva Trust            |
| 9 Shri Durgaprasad Saraf Charitable Trust           | 10 Shri R.B. Shreeram Religious & Charitable Trust |
| 11 Vidharbha Iron & Steel Corporation Limited       | 12 Facor Power Limited                             |

B Key Management Personnel :

- |                   |   |
|-------------------|---|
| i) R.K. Saraf     | <b>Chairman &amp; Managing Director</b> |
| ii) M.D. Saraf    | <b>Vice Chairman</b>                    |
| iii) Yogesh Saraf | <b>Joint Managing Director</b>          |
| iv) Ashim Saraf   | <b>Joint Managing Director</b>          |
| v) C.N. Harman    | <b>Director (Technical)</b>             |

C Relative of a Key Management Personnel :

- i) Mrs. Sunanda Devi Saraf

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

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

(₹ in lacs)

Particulars	With Enterprise where Significant influence exists		With Key Management Personnel & Relatives	
	2011-12	2010-11	2011-12	2010-11
i) Sale of Goods	963.08	310.72	-	-
ii) Purchase of Goods	9,114.10	7,649.05	-	-
iii) Rent paid	77.94	84.34	18.00	18.00
iv) Rent received	1.20	1.20	-	-
v) Interest paid	116.73	12.01	-	-
vi) Donation paid	49.50	10.00	-	-
vii) Short Term Loans and Advances given	-	-	-	-
viii) Clearing & forwarding and other service charges	11.58	13.05	-	-
ix) Directors' remuneration	-	-	70.85	64.92
x) Share application pending allotment	(1,750.00)	1,750.00	-	-
xi) Investments	2,000.00	-	-	-
xii) Balances outstanding at the year end:				
a) Short Term Loans and Advances given	20.95	22.79	-	-
b) Share application pending allotment	-	3,750.00	-	-
c) Trade Payables	800.76	86.58	-	-
d) Trade Receivables	240.27	155.12	-	-
e) Managerial Remuneration Payables	-	-	1.46	1.74
f) Other Payables	4.92	4.92	-	-

29. The revised Schedule VI under the Companies Act, 1956 has become effective from 01.04.2011 for preparation and presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Accordingly, the figures of the previous year have been reclassified, wherever necessary to conform with the current year's classification.

As per our report of even date attached,

For Salve & Company,  
Chartered Accountants

C.A. K.P. SAHASRABUDHE  
Partner  
Membership No. 7021

New Delhi : 28th July, 2012

S.S. SHARMA  
General Manager (Legal) &  
Company Secretary

New Delhi : 28th July, 2012

For and on behalf of the Board,

R.K. SARAF  
Chairman & Managing Director

M.D. SARAF  
Vice-Chairman

**Our Principal Addresses:**

**Registered Office and Works**

**Shreeramnagar:**

Shreeramnagar-535 101  
Garividi, Dist : Vizianagaram  
[Andhra Pradesh]  
Phone : 91-8952-282029 & 282038  
Gram : FACOR  
E-Mail : facoralloys@facorgroup.in  
Fax : 91-8952-282188

**Corporate & Head Office**

**Tumsar**

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

**Regional Offices:**

**Mumbai :**

168, C.S.T. Road  
Kalina, Santacruz [East]  
Mumbai-400 098  
Phone : 26528869, 66910823  
Gram : FACORSALES  
E-Mail : facormumbai@facorgroup.in  
Fax : 91-022-26526079  
Shri Arun Mahalpurkar  
Dy. General Manager

**New Delhi :**

Corporate One, Suit 401,  
Plot No. 5, Jasola  
New Delhi – 110 025.  
Phone : 40701000  
Gram : FACOR  
E-Mail : facordelhi@facorgroup.in  
Fax : 91-11-41624880  
Shri Ishwar Das  
Manager [Administration]

**Kolkata :**

Everest House, 17<sup>th</sup> Floor,  
46-C, Chowringhee Road,  
Kolkata – 700 071  
Phone : 40103400  
Gram : FACORAGENT  
E-Mail : facorkol@dataone.in  
Fax : 91-33-40103434  
Shri Pratap Lodge  
General Manager [East Zone]

**Chennai :**

37F, Whites Road, 2 Middle Floor  
Chennai – 600 014  
Phone : 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 : 2569011 / 2569013 / 2568003  
Gram : FACOR  
E-mail : facor@sancharnet.in  
facorvzg@satyam.net.in  
facoralloys@eth.net  
Fax : 91-891-2564077  
Shri Naresh Kumar  
Dy. General Manager [Finance]

**Nagpur:**

Shreeram Bhawan  
Ramdaspath  
Nagpur- 440 010  
Phone : 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 : 2302881 / 882  
Gram : FACOR  
E-Mail : facorbbsr@dataone.in  
Fax : 91-674-2302612  
Shri M.V.Rao  
Resident Manager

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

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

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

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

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

Place:

Date :

### Instructions:

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



**FACOR ALLOYS LIMITED**  
**SHREERAMNAGAR- 535 101 (ANDHRA PRADESH)**  
**PROXY FORM**

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the District of \_\_\_\_\_  
being a Member / Members of FACOR ALLOYS LIMITED hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_  
or failing him \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_  
or failing him \_\_\_\_\_

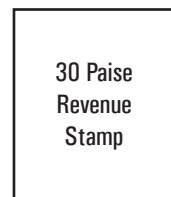
\_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_

as my / our proxy to vote for me / us and on my / our behalf at the **Ninth Annual General Meeting** of the Company to be held at **Administrative Building, Shreeramnagar 535 101** on **Tuesday, the 18th September, 2012 at 3.00 p.m.** and at any adjournment thereof.

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

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

No. of Shares held \_\_\_\_\_



Shareholder's Signature

**NOTES**

[a] If a member is unable to attend the Meeting, he may sign this form and send it to the Secretary, FACOR ALLOYS LIMITED, Shreeramnagar-535 101. Garividi, Dist. Vizianagaram, (Andhra Pradesh), so as to reach him not less than 48 hrs before the time of holding the meeting.

[b] This form should be signed across the stamp as per the specimen signature registered with the Company.

## DISCHARGING OF CORPORATE SOCIAL RESPONSIBILITIES – SOME SNAP SHOTS



A panoramic view of the Shreeram Temple where people from all walks of life visit for bliss and blessings of the Almighty



President of Women & Child Welfare Centre Mrs. Promila Saraf explaining the activities of the Centre to the visiting guests



One of the member of team of Centre providing tips to visually / hearing impaired children for their development



A picture of the Old Age Home of the Centre providing shelter to the aged people



A picture of the Officer's Club where Executives of the company after tight busy schedule of the day visit for their recreation



A picture of the 'Kalyanamandapam' equipped with all facilities dedicated to the services of the people of Shreeramnagar for performing social functions





A picture of the Hostel of visually / hearing impaired children



Like our factory producing Ferro Alloys, a picture of the factory producing future citizens of India in our P.G. College



## **FACOR ALLOYS LIMITED**

Ph: +91-11-4070 1000 Fax: +91-11-4162 4880 Email: [facordelhi@facorgroup.in](mailto:facordelhi@facorgroup.in)

[www.facorgroup.in](http://www.facorgroup.in)