

SIXTH ANNUAL REPORT 2008-2009

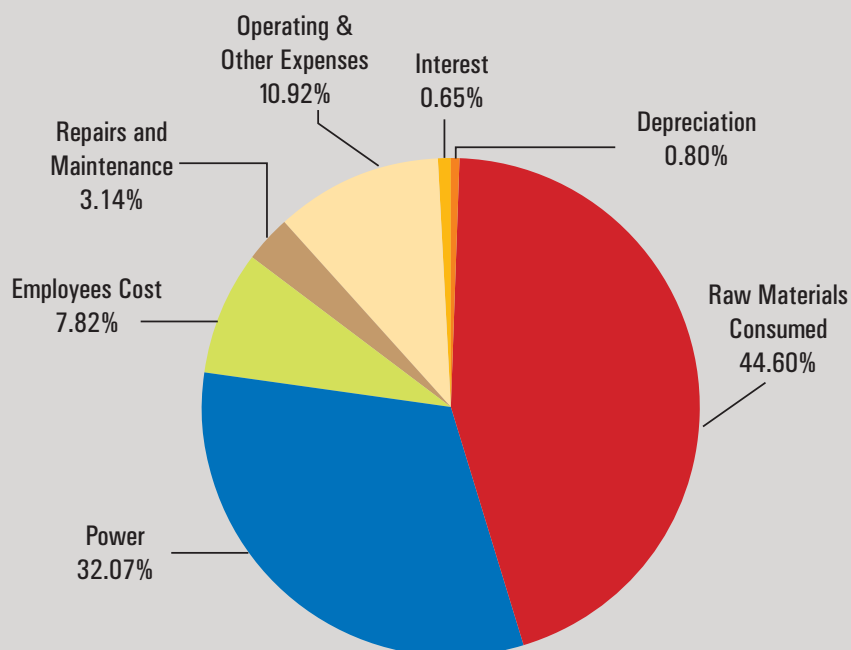


FACOR ALLOYS LIMITED

HIGHLIGHTS - 2008 - 2009

PARTICULARS	In Rupees Lacs		In US Dollars	
	2008-09	2007-08	2008-09	2007-08
Total Production (in M.T.)	63350	69075	-	-
Total Turnover (in M.T.)	64343	67966	-	-
Total Turnover	25594.72	22575.13	50483	44527
Profit before interest, Tax and Depreciation	4443.68	8223.74	8765	16220
Profit after Tax	3814.70	7698.43	7524	15184
Exchange Rate Rs.50.70 for March, 2009				

DISTRIBUTION OF REVENUE



Board of Directors

R.K. Saraf
Chairman & Managing Director

M.D. Saraf
Vice Chairman

Yogesh Saraf
Joint Managing Director

Ashim Saraf
Joint Managing Director

R. Sampath
Nominee of Bank of India

C.N. Harman
Director (Technical)

K. Jayabharath Reddy

P.V.R.K. Prasad

V. J. Trivedi

A. S. Kapre

Gautam Khaitan

Arye Berest

Vinod Saraf
Alternate Director to
Arye Berest

S.S. Sharma
Secretary

Executive

M.S.S.Sarma
Chief Executive

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 And Co.
Chartered Accountants

Internal Auditors

D.C. Dhupia & Co.
Chartered Accountants

Registrars & Share Transfer Agents
(for Both Physical & Electronic)

Link Intime India Pvt. Ltd.

C-13 Pannalal Silk Mills
Compound, LBS Road,
Bhandup (W),
MUMBAI – 400 078
Phone No. 022-2596 3838
Fax No. 022-2594 2969
E-mail: isrl@intimespectrum.com

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NOTICE

Notice is hereby given that the **SIXTH ANNUAL GENERAL MEETING** of the Members of the Company will be held at the **Registered Office** of the Company at **"Administrative Building, Shreeramnagar-535101, Garividi, Distt. Vizianagaram, Andhra Pradesh"** on **FRIDAY, the 14th August, 2009 at 3.30 p.m.** to transact, with or without modifications as may be permissible, the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To confirm the interim dividend of Re.0.15 per equity share on 195547355 Equity Shares of Re.1/- each already paid for the financial year 2008-09 as final dividend.
3. 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.
4. 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.
5. 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.
6. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

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

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item No. 6 of the Notice set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF

HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday the 10th August, 2009 to Friday, the 14th August, 2009, both days inclusive.
4. Members are requested to notify immediately any change in their address/bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company viz., Link Intime India 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.
5. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company are requested to submit Form No. 2B duly filled in and signed to the above Registrar & Transfer Agent. The Form can be had from the Share Department at the Registered Office of the Company at Shreeramnagar-535101 Distt. Vizianagaram, Andhra Pradesh.
6. Shareholders intending to require information about accounts to be explained at the meeting are requested to furnish the queries to the Company at least 10 (ten) days in advance of the Annual General Meeting.
7. As required by the Listing Agreement with the Stock Exchange, the relevant details in respect of the Directors proposed to be appointed/re-appointed are set out in the Report on Corporate Governance forming part of the Annual Report.
8. The Company's securities are admitted in the National Securities Depository Ltd. and Central Depository Services Ltd. and the ISIN No. allotted to the Company by them in respect of Equity Shares is INE 828GO1013.
9. Non-resident Indian Members 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.

10. All documents referred-to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.

Registered Office:

Administrative Building,
Shreeramnagar-535 101,
Garividi, Dist. Vizianagaram,
Andhra Pradesh
Dated: 29TH June, 2009

By Order of the Board,

S.S. Sharma
Secretary

singly or in combination by Public Financial Institutions, Government Companies, Central or State Governments, Nationalized Banks or Insurance Companies carrying on general insurance business, then the appointment or re-appointment of an Auditor of the Company has to be made by a Special Resolution.

In the case of your Company, the aforesaid categories of shareholders together are likely to hold more than 25% of the Subscribed Capital at the date of ensuing Annual General Meeting of the Company. Hence, it is necessary to pass a Special Resolution to re-appoint M/s Salve And Company as Auditors of the Company. M/s Salve And Company have furnished a Certificate to the Company to the effect that their re-appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

ANNEXURE TO THE NOTICE

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

ITEM NO.6

In terms of Section 224A of the Companies Act, 1956, if not less than 25% of the Subscribed Capital of the Company is held either

Registered Office:

Administrative Building,
Shreeramnagar-535 101,
Garividi, Dist. Vizianagaram,
Andhra Pradesh
Dated: 29TH June, 2009

By Order of the Board,

S.S. Sharma
Secretary

DIRECTORS' REPORT TO THE MEMBERS

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

FINANCIAL RESULTS

	For the year ended 31-3-2009	For the previous Year ended 31-3-2008
	(Rs. In Lacs)	(Rs. In lacs)
Gross Profit/(Loss)	4300.41	8076.49
Depreciation	176.13	157.10
Provision for taxation (MAT/Fringe Benefit/Wealth Tax)	255.35	12.50
Tax for earlier years	(5.22)	..
Deferred Tax	59.45	208.46
Net Profit/(Loss) for the year	3814.70	7698.43
APPROPRIATIONS		
Transfer to General Reserve	195.00	..
Interim Dividend on Equity Shares	293.32	..
Corporate Tax on Dividend	49.85	..
Balance Carried Forward to Balance Sheet	3276.53	7698.43

OVERALL PERFORMANCE

The year 2008-09 witnessed the deepest recession mainly on account of general slow down of major economies of the world coupled with depreciation of Indian rupee against dollar and lastly but not the least the high and volatile crude oil prices. Reflecting a depression in the economies, the world over, the global demand including steel products has become sluggish resulting into massive production cut by all producers. As a result, requirement of ferro alloys which is a key input in steel manufacturing has decreased substantially. Working of the company was also impacted due to these adverse factors as well as by way of high raw material and operational cost.

Despite all these adversities, the sales realisations during the year were slightly higher as compared to that of the previous year 2007-2008. The overall turnover of the Company increased from Rs.225.75 crores in 2007-2008 to Rs.255.95 crores in 2008-2009 recording an increase of 13%. Exports were also higher at Rs.163.75 crores as compared to Rs.127.81 crores in the previous year registering a growth of 28%. Despite increased turnover, profit before tax was lower to Rs.41.24 crores as compared to Rs. 79.19 crores in the previous year recording a fall of 48% on account of above and other factors.

ONE TIME SETTLEMENT WITH EASTERN POWER DISTRIBUTION COMPANY OF AP LTD

During the year under review your company reached one time settlement with Eastern Power Distribution Company of A.P. Ltd

(EPDCL) for settlement of disputed long outstanding arrears by paying balance amount of Rs.312.33 lacs after adjustment of advance payment of Rs.1186.74 lacs paid earlier under protest. Accordingly the contingent liability of Rs.2429.96 lacs related to disputed EPDCL payment shown in the last year's Balance Sheet stands fully paid and settled.

DIVIDEND

Your Directors had declared on 30th July, 2008, a maiden interim dividend @ Re.0.15 per share for the year 2008-09 on Equity share of Re.1/- each. The total cash outflow on account of this dividend including tax on dividend was Rs.3.43 crores. Keeping in view the company's need for capital for its growth plans, the Board of Directors has considered the interim dividend paid as the final dividend for the financial year ended March 31, 2009.

PROSPECTS

Fortune of the Ferro Alloys Industry is linked with the growth of Stainless Steel Industry. Stainless Steel industry globally has witnessed compounded growth of around 6.8% per annum during the last four years. The growing segment is Asia, where Stainless Steel production grew around 20.60% to 15.20 million tones. Asia now produces more than half of Stainless Steel in the world. Stainless Steel market entered into high growth segment of around 11-14% which is much higher than the world average of approximately 6%. Supply of Ferro Chrome in the world market is expected to be tightened due to several factors including acute power shortage in South Africa which supplies about 40-45 per cent of world's total demand of Ferro Chrome and increased demand of Stainless Steel from all key end users.

On the domestic front, as has been repeatedly assured by the Central Government, impact of the global recession and economic meltdown is expected to be the least in India and development of infrastructure related activities like Roads, Ports, Power etc. is expected to continue without any abatement leading to increased demand of Stainless Steel. The increased demand of Stainless Steel within the country and globally is a welcome sign for the Ferro Alloys Industry for the coming years. Consumption of Chrome Alloys has increased considerably in line with increase in Steel and Stainless Steel production and is expected to increase further with higher growth rate in the Steel Sector. Riding on the scope and opportunities abundantly available in these areas, your company, barring unforeseen circumstances, looks forward to better results in coming years.

At the same time, the Indian Ferro Alloys Industry is concerned about the in-sufficient availability of raw materials, mainly Chrome Ore, Coke and Power of required quality at reasonable prices. This issue needs to be addressed by the Government to enable the Ferro Alloys producers to compete in the market.

FINANCE

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

SUBSIDIARY

The Report and Accounts of Best Minerals Limited, a subsidiary of the Company, for the year 1st April, 2008 to 31st March, 2009 are annexed alongwith statement pursuant to Section 212 of the Companies Act, 1956.

INDUSTRIAL RELATIONS

The overall industrial relations in the Company were generally satisfactory.

DIRECTORS

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; (Refer Note No. 11 of Schedule K)
- 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 Shri K. Jayabharath Reddy, Shri P.V.R.K. Prasad & Shri A.S. Kapre who are Non-Executive Independent Directors of the Company and Shri R.K. Saraf. Shri 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 6th Annual General Meeting. The Company has received a requisite Certificate pursuant to Section 224 (1B) of the Companies Act 1956 regarding their eligibility for reappointment as Auditors of the Company.

AUDITOR'S REPORT

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

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

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

PARTICULARS OF EMPLOYEES

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

CORPORATE GOVERNANCE

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 : Tumsar
Dated : 29th June, 2009

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) Optimum quantity of agglomerate was maintained in the charge burden to bring down the specific power consumption by way of higher metal volume/batch and restricting metal/slag ratio.
 - 2) Installation of magnetic separator for segregating free iron and associated guange in the lower grade ores/concentrates.
 - 3) Refurbishing and relining of furnaces helped to bring down the breakdown time.
 - 4) Installation of improved designed new jigs in metal recovery plant.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy. Not Applicable
- c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods. Approximate saving around 100-150 KWH per ton of alloy.
- 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. Limestone is added along with the batch to increase bath temperature for max. vaporization of sulphur
- b. Benefits derived as a result of above R & D Sulphur recovery to metal is low.
- c. Future plan of action Trials are being made to find out alternate binders to bring down the cost of agglomeration.
- d. Expenditure on Research & Development. Rs. 1.52 Lacs
- e. Technology absorption, adaptation and innovation :
 - i) Efforts, in brief, made towards Technology absorption, adaptation and innovation. Not Applicable
 - ii) Benefits derived as a result of above efforts. Not Applicable
 - iii) Information regarding technology imported during the last five years. Not Applicable

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 2008-09 25817 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 (2008-2009)

	(Rs. in Lacs)
i) CIF value of imports	709.47
ii) Expenditure in Foreign Currency	182.91
iii) Foreign Exchange earned	15754.43

On behalf of Board of Directors,

Place : Tumsar,
Dated : 29th June, 2009

R.K. SARAF
Chairman & Managing Director

MANAGEMENT DISCUSSIONS AND ANALYSIS

INDUSTRY STRUCTURE, DEVELOPMENT AND OTHER RELATED MATTERS

The year 2008-09 witnessed unprecedented and massive financial crisis across the world mainly on account of general slow down of major economies of the world affecting almost all the industries. Reflecting a depression in the economies, the world over, the global demand including steel products has become sluggish resulting into massive production cut by all producers. As a result, requirement of ferro alloys which is a key input in steel manufacturing has decreased substantially.

In the backdrop of the above, the working of the company during first nine months of the Financial Year 2008-09 was also impacted adversely. In this period, the raw material and operational costs were very high in the recent times. This resulted in fall of demand of Ferro Alloys. However, during the last quarter, steep fall in the raw material prices helped generate demand in the Stainless Steel industry. India is a key player in global ferro alloys industry with moderate share and is one of the 10 largest producers of the ferro alloys in the world.

Fortune of the Ferro Alloys Industry is linked with the growth of Stainless Steel Industry. Stainless Steel industry globally has witnessed compounded growth of around 6.8% per annum during the last four years. The growing segment is Asia, where Stainless Steel production grew around 20.60% to 15.20 million tones. Asia now produces more than half of Stainless Steel in the world. Stainless Steel market entered into high growth segment of around 11-14% which is much higher than the world average of approximately 6%. Supply of Ferro Chrome in the world market is expected to be tightened due to several factors including acute power shortage in South Africa which supplies about 40-45 per cent of world's total demand of Ferro Chrome and increased demand of Stainless Steel from all key end users.

On the domestic front, as has been repeatedly assured by the Central Government, impact of the global recession and economic meltdown is expected to be the least in India and development of infrastructure related activities like Roads, Ports, Power etc. is expected to continue without any abatement leading to increased demand of Stainless Steel. The increased demand of Stainless Steel within the country and globally is a welcome sign for the Ferro Alloys Industry for the coming years. Consumption of Chrome Alloys has increased considerably in line with increase in Steel and Stainless Steel production and is expected to increase further with higher growth rate in the Steel Sector. However, the industry is concerned about the insufficient availability of Raw materials of required quality at reasonable prices. This issue needs to be addressed by the Government to enable the ferro alloys producers to compete in domestic and 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

The year 2008-09 witnessed the deepest recession mainly on account of general slow down of major economies of the world. Reflecting a depression in the economies, the world over, the global demand including steel products has become sluggish resulting into massive production cut by all producers. As a result, requirement of ferro alloys which is a key input in steel manufacturing has decreased substantially. Working of the company was also impacted due to these adverse factors as well as by way of high raw material and operational cost.

Despite all these adversities, the sales realisations during the year were slightly higher as compared to that of the previous year 2007-2008. The overall turnover of the Company increased from Rs.225.75 crores in 2007-2008 to Rs.255.95 crores in 2008-2009 recording an increase of 13%. Exports were also higher at Rs.163.75 crores as compared to Rs.127.81 crores in the previous year registering a growth of 28%. Despite increased turnover, profit before tax was lower to Rs.41.24 crores as compared to Rs. 79.19 crores in the previous year recording a fall of 48% on account of above and other factors.

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

As in the past, the main focus during the year was also on competency development of dedicated and focused work force by imparting in house/outside training. Executives were nominated to various seminars and programmes for exposure to the best business practices. Adequate cost consciousness in the minds of all employees has been inculcated continuously by way of formal/informal interactions by Sectional/Departmental heads to attain the goal of cost reduction. The Management could amicably and without disturbance satisfactorily conclude the wage settlement for a further period of three and half years. The overall industrial relations in the Company were cordial during the year with voluntary cooperation and support from employees. The overall manpower consisting of workmen, supervisors and managers etc. worked out to 792 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 have 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 Directorship held in other Public Limited Companies As on 31.03.2009	No. of Membership/ Chairmanship of Board Committee of other Public Limited Companies As on 31.03.2009	No. of Board Meetings attended	Whether Last AGM attended
Mr. R.K.Saraf Chairman & Managing Director	Executive*	1	1	5	Yes
Mr. M.D. Saraf Vice Chairman	Non-Independent Non-Executive*	3	Nil	3	No
Mr. Yogesh Saraf Joint Managing Director	Executive*	2	Nil	3	No
Mr. Ashim Saraf Joint Managing Director	Executive*	2	Nil	5	Yes
Mr.C.N.Harman Director (Technical)	Executive	Nil	Nil	3	Yes
Mr. Arye Berest	Non-Independent Non-Executive**	2***	Nil	2	Yes
Mr. Vinod Saraf (Alternate Director to Mr Arye Berest)	Non-Executive*	3	2	1	No
Mr. K.Jayabharath Reddy	Independent Non-Executive	8	5	5	Yes
Mr. P.V.R.K.Prasad	Independent Non-Executive	Nil	Nil	3	Yes
Mr. Gautam Khaitan	Independent Non-Executive	8	5	3	Yes
Mr. A.S. Kapre	Independent Non-Executive	2	6	5	Yes
Mr. R. Sampath (Nominee of Bank of India as Lender)	Independent Non-Executive	Nil	Nil	3	Yes
Mr.V J. Trivedi	Independent Non-Executive	1	NA	4	Yes

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

During the Financial Year April 2008 to March 2009, 5 Board Meetings were held on 26/04/08, 30/07/08, 15/09/08, 20/10/08 & 28/01/09.

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 2008-2009 on 26/04/08, 30/07/08, 20/10/08 & 28/01/09. All four meetings were attended by all members except Mr. P.V.R.K. Prasad who attended only two 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. A.S. Kapre and Mr. V.J. Trivedi, who are non-executive independent Directors of the Company. The remuneration being paid to the Managing Director, Joint Managing Directors and Wholtime 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 2008-09:

Name of Director	Total Remuneration including perquisites and allowances	Period of Agreement
1. Mr. R.K. Saraf, CMD	Rs. 1335883/-	5 years from 01/04/09
2. Mr. Yogesh Saraf, JMD	Rs. 2074648/-	5 years from 01/05/09
3. Mr. Ashim Saraf, JMD	Rs. 1815619/-	5 years from 01/04/09
4. Mr. C.N. Harman, Dir (Tech)	Rs. 816390/-	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 2008-2009, they were paid sitting fee/ remuneration as under:

Name of Director	Sitting fee paid	No. of equity shares of Re. 1/- each held
1. Mr. A.S. Kapre	Rs. 70000/- *	100000
2. Mr. K Jayabharath Reddy	Rs. 65000/- *	--
3. Mr. P.V.R.K. Prasad	Rs. 35000/- *	--
4. Mr. Kesharao Pardhey (ceased w.e.f. 30-07-08)	Rs. 5000/-	100
5. Mr. Arye Berest	Rs. 10000/-	--

Name of Director	Sitting fee paid	No. of equity shares of Re. 1/- each held
6. Mr. Gautam Khaitan	Rs. 25000/-	--
7. Mr. M.D. Saraf	Rs. 25000/-	661343
8. Mr. Vinod Saraf	Rs. 5000/-	735374
9. Mr. R. Sampath (paid to Bank of India who has nominated him)	Rs. 25000/-	--
10. Mr. V.J. Trivedi	Rs. 50000/- *	147
Total	Rs. 315000/-	

* 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. V.J.Trivedi. The Chairman of the Committee is Mr. R.K. Saraf.

- a) Mr. S.S.Sharma, Secretary of the Company is the Compliance Officer
- b) No. of Shareholders' complaints received during the period 1-4-2008 to 31-3-2009 60
- c) No. of complaints not solved to the satisfaction of the Shareholders. Nil
- d) Number of pending complaints as on 31-3-2009 Nil

6. GENERAL BODY MEETINGS

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

AGM held	Day, date & time	Venue
3rd AGM	Tuesday, 26th September, 2006 At 4.30 p.m.	Administrative Building, Shreeramnagar-535 101, Garividi, Dist-Vizianagaram (A.P.)
4th AGM	Friday, 17th August, 2007 At 4.30 p.m.	- do -
5th AGM	Monday, 15th September, 2008 At 4.30 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 : Yes
- d) Person who conducted the postal ballot exercise : Mr. Ashish Saxena, Practising Company secretary
- e) Whether any special resolution is proposed to be conducted through postal ballot this year : Yes, the company proposes to pass Special Resolutions, through postal ballot, relating to giving loans/guarantees to other bodies corporate/making investment in other bodies corporate.
- f) Procedure for postal ballot : The procedure will be as laid down in Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolutions by Postal Ballot) Rules 2001.

7. DISCLOSURES

- a) There were no materially significant related-party transactions i.e. transactions of the Company of material nature, with its promoters, Directors or the management, their Subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.
- b) There were no instances of non-compliance and no penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authorities on any matter related to capital markets during the last year.
- c) Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted a 'Code of Conduct' for 'Prevention of Insider Trading' (The code). The code is applicable to all Directors and such designated employees who are expected to have access to unpublished price sensitive information relating to the Company.

Mr. S.S.Sharma, 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 Regulation 3 (l)(e)(i) of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 1997 – List of persons, who are constituting group as defined under MRTP Act, 1969.

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 Corpn. Ltd. | (2) FACOR Steels Ltd. |
| (3) Rai Bahadur Shreeram & Co.Pvt.Ltd; | (4) Shreeram Durgaprasad Ores Pvt.Ltd; |
| (5) Saraf Bandhu Pvt.Ltd; | (6) Facor Power Ltd.; |
| (7) GDP Infrastructure Pvt. Ltd; | (8) Vidharbha Iron & Steel Corpn.Ltd; |
| (9) Shreeram Shipping Services Pvt.Ltd; | (10) Suchitra Investments & Leasing Ltd; |
| (11) Dass Paper Products Ltd; | (12) Premier Commercial Corpn; |
| (13) Geedee Sales Services; | (14) Godavaridevi Saraf & Sons; |
| (15) Deepee sales Corporation; | (16) Investar Ltd; |
| (17) Super Vision Ltd; | (18) Precisetec Ltd; |
| (19) Teracota Consultancy Services Ltd; | (20) Imagitec 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) Trusta Trading Co. AG | |

8. MEANS OF COMMUNICATION

- a) Quarterly results are communicated through newspaper advertisement.
- b) The quarterly results are published in the "Financial Express" and "Andhra Jyoti" newspapers.
- c) We do not 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
14th August. 2009	3.30 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 31-3-2009	Chairman/ Member of the committee of Board of other public Limited Companies on which he was a Director as on 31-3-2009.	Shares held
1) Mr. K Jayabharath Reddy	12th April, 1937	1st 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., Lanco Kondapalli Power Ltd., Viceroy Hotels Ltd., SQL Star International Ltd., BPL Power Projects Ltd., NCL Altex Seccolor Ltd., JCT Electronics Ltd., Indus Medicare Ltd.	6	Nil
2) Mr. A.S. Kapre	1st May 1949	27th October, 2007	Over 33 years Experience mainly in Project and Corporate Lending, Rehabilitation, Finance & Risk Management.	B.Tech, LLB	FACOR Steels Ltd., Ferro Alloys Corpn. Ltd.	6	100000
3) Mr. Arye Berest	27th November 1939	1st February, 2005	Expertise in metals and minerals as well as Finance and International trade	Qualified in Business studies, Polytechniques from London	FACOR Steels Ltd., Ferro Alloys Corpn. Ltd.	Nil	Nil

- iii) Financial Year ending : 31st March
- iv) AGM : August
- v) Date of Book closure from : Monday, 10th August, 2009 to Friday, 14th August, 2009 (both days inclusive)
- vi) Dividend payment date : Not applicable since no final dividend is recommended by the Board.
- vii) Listing on Stock Exchange and stock code : The Bombay Stock Exchange Ltd., 532656

- viii) Market price data-High/Low during each month of the financial year 2008-09 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	High	Low
April 2008	15.88	8.03	17480.74	15297.96
May 2008	15.59	10.86	17735.70	16196.02
June 2008	12.78	9.42	16632.72	13405.54
July 2008	12.80	8.51	15130.09	12514.02
August 2008	12.13	9.32	15579.78	14002.43
September 2008	9.50	5.77	15107.01	12153.55
October 2008	6.80	3.67	13203.86	7697.39
November 2008	4.67	2.48	10945.41	8316.39
December 2008	3.85	2.39	10188.54	8467.43
January 2009	3.86	2.70	10469.72	8631.60
February 2009	2.99	2.38	9724.87	8619.22
March 2009	2.83	1.93	10127.09	8047.17

- ix) 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.

- x) 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 from date of lodgment of transfer deeds. The deficient transfer documents are returned to the sender with objection memos for making good the shortcomings.

- xi) a) Distribution of shareholding as on 31.03.2009 :

No. of equity shares held	No. of shareholders	No. of shares held	% of issued share capital
upto 500	48608	6007682	3.07
501 to 1000	8013	7393974	3.78
1001 to 2000	4458	7597914	3.89
2001 to 3000	1794	4841656	2.47
3001 to 4000	858	3197676	1.64
4001 to 5000	1255	6135858	3.14
5001 to 10000	1531	12089004	6.18
10001 and above	1414	148283591	75.83
Total	67931	195547355	100.00
Physical Mode	23624	891032	0.46
Electronic Mode	44307	194656323	99.54

b) Categories of shareholders as on 31.03.2009 :

S. No.	Categories	No. of shares held	Percentage
1.	Promoters, their relatives, associates etc.	91554681	46.82
2.	Financial Institutions	2798422	1.43
3.	State Government Company/ State Financial Corporation	38066	0.02
4.	Nationalised Banks	1810	0.00
5.	Bodies Corporate	15440293	7.90
6.	Others	85714083	43.83
Total		195547355	100.00

xii) Dematerialisation of shares and liquidity :

99.54 % of the share capital has been dematerialized as on 31st March, 2009.

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

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

xv) Address for correspondence:

a) For matters relating to Company's 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. 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 31st March, 2009.

Place : Tumsar
Date : 29th June, 2009

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 Limited, for the year ended on 31st March 2009 as stipulated in Clause 49 of the Listing agreement of the said Company with Stock Exchanges.

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

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

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

Place : TUMSAR

Date : 29th June, 2009

AUDITORS' REPORT

To,
The Members of
FACOR ALLOYS LIMITED

We have audited the attached Balance Sheet of Facor Alloys Limited as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. 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.
2. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, (together 'the order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account of the Company;
 - (iv) In our opinion, subject to Note No. 11 of Schedule K, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of the written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto (specially Note No.12) give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in the case of Profit and Loss Account, of the 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 And Company,
Chartered Accountants,

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

Place : TUMSAR
Date : 29th June, 2009

ANNEXURE TO AUDITORS' REPORT :

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

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All the fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) The Company has not disposed off any major part of fixed assets during the year.
- ii) a) Physical verification of inventory has been conducted at reasonable intervals by the Management.
- b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory and no material discrepancies were noticed by the Management on physical verification.
- iii) The Company has neither granted nor taken any loans, secured or unsecured, to/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 are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) 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) Maintenance of cost records have not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
- 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, 2009 for a period of more than 6 months from the date they became payable.
- b) A sum of Rs.153.60 lacs (including interest and penalty) has been demanded by Asst Commissioner – Commercial Taxes, Vizianagaram, (AP) for financial years 2005-06 to 2008-09 (up to Nov.'08).The company has deposited Rs.127.41 lacs (except penalty of Rs.26.19 lacs) under protest on account of dispute which is pending with the Appellate Deputy Commissioner-Commercial taxes, Visakhapatnam (AP).
- x) The Company was registered on 14th May, 2004 and therefore the information regarding accumulated losses etc. is not required to be given.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company and, therefore, Clauses 4(xiii) (a), (xiii) (b), (xiii) (c) and (xiii) (d) of the said Order are not applicable.
- xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.
- xvi) 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 And Company,
Chartered Accountants,

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

Place : TUMSAR
Date : 29th June, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

		(Rupees in lacs)	
		31st March, 2009	31st March, 2008
		Schedules	
I SOURCES OF FUNDS :			
(1) SHAREHOLDERS' FUNDS :			
(a) Share Capital	A	1,955.48	1,955.48
(b) Reserves and Surplus	B	<u>11,368.03</u>	<u>11,368.03</u>
		13,323.51	13,323.51
(2) LOAN FUNDS :			
(a) Secured Loans	C	1,632.39	1,604.97
(b) Unsecured Loans	D	<u>17.26</u>	<u>40.61</u>
		1,649.65	1,645.58
TOTAL		<u>14,973.16</u>	<u>14,969.09</u>
II APPLICATION OF FUNDS :			
(1) FIXED ASSETS :			
(a) Gross Block	E	5,704.09	4,679.42
(b) Less: Depreciation		<u>3,847.10</u>	<u>3,711.58</u>
(c) Net Block		1,856.99	967.84
(d) Capital Work-in-Progress		<u>—</u>	<u>137.28</u>
		1,856.99	1,105.12
(2) INVESTMENTS	F	20.14	33.58
(3) DEFERRED TAX ASSETS (Net) (Refer Note 6)		13.62	73.07
(4) CURRENT ASSETS, LOANS & ADVANCES :			
(a) Inventories	G	2,480.82	2,231.30
(b) Sundry Debtors		3,773.83	2,239.90
(c) Cash and Bank Balances		4,575.17	4,385.63
(d) Other Current Assets		10.55	20.15
(e) Loans and Advances		<u>2,455.04</u>	<u>2,753.08</u>
		13,295.41	11,630.06
Less: CURRENT LIABILITIES AND PROVISIONS:			
(a) Liabilities	H	3,499.24	4,485.83
(b) Provisions		<u>135.70</u>	<u>280.38</u>
		3,634.94	4,766.21
NET CURRENT ASSETS			
		9,660.47	6,863.85
(5) PROFIT & LOSS ACCOUNT		19,680.88	22,957.41
Less: General Reserve (As per contra)		<u>16,258.94</u>	<u>16,063.94</u>
		3,421.94	6,893.47
TOTAL		<u>14,973.16</u>	<u>14,969.09</u>
NOTES FORMING PART OF THE ACCOUNTS		K	

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

For and on behalf of the Board,

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

S.S.SHARMA
Secretary

R.K.SARAF
Chairman & Managing Director

TUMSAR : 29th June, 2009

TUMSAR : 29th June, 2009

M.D.SARAF
Vice-Chairman

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

		(Rupees in lacs)	
	Schedules	Year ended 31st March, 2009	Year ended 31st March, 2008
INCOME :			
Sale of Products and other Income :	I	26,102.74	24,362.28
EXPENDITURE :			
Manufacturing and other Expenses	J	21,659.26	16,138.54
Depreciation		176.13	157.10
Interest (Refer Note 4)		143.07	147.25
TOTAL EXPENDITURE		<u>21,978.46</u>	<u>16,442.89</u>
PROFIT/(LOSS) before taxes		<u>4,124.28</u>	<u>7,919.39</u>
Provision for Taxes:			
Current Year Income Tax/ MAT (Refer Note 5)		237.10	—
Tax for earlier years		(5.22)	—
Fringe Benefit Tax		15.25	9.50
Deferred Tax (Refer Note 6)		59.45	208.46
Wealth Tax		3.00	3.00
		<u>309.58</u>	<u>220.96</u>
PROFIT/(LOSS) for the year after Tax		<u>3,814.70</u>	<u>7,698.43</u>
TRANSFERS AND APPROPRIATIONS:			
Transfer to General Reserve		195.00	—
Interim Dividend on Equity Shares		293.32	—
Corporate tax on Dividend		49.85	—
		<u>538.17</u>	<u>—</u>
Balance		<u>3,276.53</u>	<u>7,698.43</u>
Balance brought forward from last year		(22,957.41)	(30,655.84)
Balance carried to Balance Sheet		(19,680.88)	(22,957.41)
Basic and diluted earning per equity share (in Rs)			
(Face value Re. 1/-per share)		1.95	3.94
NOTES FORMING PART OF THE ACCOUNTS	K		

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

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

TUMSAR : 29th June, 2009

S.S.SHARMA
Secretary

TUMSAR : 29th June, 2009

For and on behalf of the Board,

R.K.SARAF
Chairman & Managing Director

M.D.SARAF
Vice-Chairman

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

	2008-09	(Rupees in lacs) 2007-08
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	4,124.28	7,919.39
Adjustment for:		
Depreciation	176.13	157.10
Investments	(16.80)	(0.53)
Interest and Dividend Income	(211.91)	(168.85)
Interest	143.07	147.25
Profit on Sale of Fixed Assets (Net)	(11.08)	(526.16)
	<u>79.41</u>	<u>(391.19)</u>
Operating Profit before Working Capital changes	4,203.69	7,528.20
Adjustment for:		
Trade and other receivables	(440.18)	(2,403.02)
Inventories	(249.52)	(516.53)
Trade payables	(1,131.27)	634.88
	<u>(1,820.97)</u>	<u>(2,284.67)</u>
Cash generated from operations	2,382.72	5,243.53
Interest paid	(144.24)	(144.58)
Direct taxes paid/adjusted	(1,016.21)	(5.74)
	<u>(1,160.45)</u>	<u>(150.32)</u>
Cash flow before extraordinary items	1,222.27	5,093.21
Extraordinary items	—	—
Net Cash flow from Operating Activities (A)	1,222.27	5,093.21
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(943.51)	(228.38)
Sale of Fixed Assets	26.59	1,220.55
Purchase of Investments	(1.00)	(0.04)
Sale of Investments	31.24	0.65
Interest and Dividend Income	191.88	148.88
Net Cash flow from Investing Activities (B)	(694.80)	1,141.66
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Share Capital (Net)	—	(664.50)
Proceeds from Long and Short term borrowings	5.24	(2,370.42)
Dividend / Corporate Tax paid	(343.17)	—
Net Cash used in Financing Activities (C)	(337.93)	(3,034.92)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>189.54</u>	<u>3,199.95</u>
Cash and Cash equivalents (Opening Balance)	4,385.63	1,185.68
Less : Cash and Cash equivalents (Closing Balance)	4,575.17	4,385.63
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>189.54</u>	<u>3,199.95</u>

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

For and on behalf of the Board,

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

S.S.SHARMA
Secretary

R.K.SARAF
Chairman & Managing Director

TUMSAR : 29th June, 2009

TUMSAR : 29th June, 2009

M.D.SARAF
Vice-Chairman

AUDITORS' CERTIFICATE

We have examined the above Cash Flow statement of Facor Alloys Limited for the year ended 31st March, 2009. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 29th June,2009 to the members of the Company.

TUMSAR : 29th June, 2009

For SALVE AND Company,
Chartered Accountants
C.A. K.P. SAHASRABUDHE
Partner
Membership No. 7021

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	(Rupees in lacs)	
	31st March, 2009	31st March, 2008
SCHEDULE A		
SHARE CAPITAL		
AUTHORISED:		
360,000,000 Equity Shares of Re. 1/- each	3,600.00	3,600.00
3,900,000 Redeemable Preference Shares of Rs. 100/- each	3,900.00	3,900.00
TOTAL	<u>7,500.00</u>	<u>7,500.00</u>
ISSUED, SUBSCRIBED, CALLED & PAID-UP:		
195,547,355 Equity Shares of Re. 1/- each fully paid-up	1,955.48	1,955.48
TOTAL	<u>1,955.48</u>	<u>1,955.48</u>
 SCHEDULE B		
RESERVES AND SURPLUS		
CAPITAL RESERVE:		
Opening Balance	8,700.51	8,234.72
Add : Discount availed on pre-mature redemption of 0.01% Redeemable Preference Shares	—	465.79
	<u>8,700.51</u>	<u>8,700.51</u>
SHARE PREMIUM	2,667.52	2,667.52
PREFERENCE SHARE CAPITAL REDEMPTION RESERVE:		
Opening Balance	—	42.93
Less : Transferred to General Reserve since no longer required	—	42.93
	—	—
GENERAL RESERVE :		
Opening Balance	16,063.94	16,021.01
Add : Transferred from Preference Share Capital Redemption Reserve (supra)	—	42.93
Add : Transferred from Profit & Loss Account	195.00	—
	<u>16,258.94</u>	<u>16,063.94</u>
Less : Set off against Profit and Loss Account (As per contra)	16,258.94	16,063.94
TOTAL	<u>11,368.03</u>	<u>11,368.03</u>

		(Rupees in lacs)	
		31st March, 2009	31st March, 2008
SCHEDULE C			
SECURED LOANS			
FROM BANKS:			
Term Loan Accounts	—		65.18
Add : Interest accrued and due	—		0.83
		—	<u>66.01</u>
Term Loan Accounts-Statutory Dues	—		26.48
Add : Interest accrued and due	—		0.23
		—	<u>26.71</u>
		—	<u>92.72</u>
Working Capital Term Loan Accounts (WCTL)	—		19.00
Add : Interest accrued and due	—		0.24
		—	<u>19.24</u>
PLR-4% Funded Interest Term Loan Accounts (FITL)	366.55		538.35
Add : Interest accrued and due (Refer Note below)	3.42		3.30
		369.97	<u>541.65</u>
0% Funded Interest Term Loan Accounts (FITL) (Refer Note below)		378.12	600.39
Cash Credit Accounts (Refer Note below)		884.30	350.97
TOTAL		<u>1,632.39</u>	<u>1,604.97</u>

NOTE :

Secured by hypothecation of stocks of raw-materials, finished products, book debts, and other receivables and by way of first charge on fixed assets of the Company by deposit of title deeds in respect of immovable properties and guaranteed by two Directors. These are also secured by Inter-Company guarantees by Ferro Alloys Corporation Ltd. and Facor Steels Ltd. as well as by pledge of Promoters' Shareholding.

		(Rupees in lacs)	
		31st March, 2009	31st March, 2008
SCHEDULE D			
UNSECURED LOANS			
Hire Purchase Credits		17.26	40.61
TOTAL		<u>17.26</u>	<u>40.61</u>

**SCHEDULE E
FIXED ASSETS**

(Rupees in lacs)

PARTICULARS	GROSS BLOCK AT COST			DEPRECIATION / IMPAIRMENT			NET BLOCK			
	As at 1.04.2008	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2009	Upto 1.04.2008	For the Year	Deductions/ Adjustments	Upto 31.03.2009	As at 31.03.2008	As at 31.03.2009
LAND FREEHOLD	52.27	—	0.14	52.13	—	—	—	—	52.27	52.13
MINES AND QUARRIES	1.14	—	—	1.14	—	—	—	—	1.14	1.14
BUILDINGS	841.17	55.66	—	896.83	513.61	20.27	—	533.88	327.56	362.95
RAILWAY SIDINGS	53.99	—	—	53.99	14.91	5.39	—	20.30	39.08	33.69
PLANT AND MACHINERY	2,799.50	800.38	0.01	3,599.87	2,455.66	73.70	—	2,529.36	343.84	1,070.51
OFFICE AND OTHER EQUIPMENTS	433.80	18.59	22.33	430.06	351.90	16.96	19.65	349.21	81.90	80.85
FURNITURE AND FIXTURES	163.22	3.60	2.20	164.62	154.04	2.21	2.12	154.13	9.18	10.49
VEHICLES	334.33	202.56	31.44	505.45	221.46	57.60	18.84	260.22	112.87	245.23
WORK - IN - PROGRESS	4,679.42	1,080.79	56.12	5,704.09	3,711.58	176.13	40.61	3,847.10	967.84	1,856.99
TOTAL	4,816.70	1,358.59	471.20	5,704.09	3,711.58	176.13	40.61	3,847.10	1,105.12	1,856.99
Previous Year	10,574.52	233.55	5,991.37	4,816.70	8,846.29	157.10	5,291.81	3,711.58	—	1,105.12

Notes:

(a) No account has been taken for depletion of Mines and Quarries.

(b) Depreciation on fixed assets of Ferro Manganese Plant as per written down value method and depreciation on other fixed assets (Ferro Chrome Plant, 16 MVA Furnace and Captive Power Plant) as per straight line method has been charged at the rates of Depreciation as per Schedule XIV of Companies Act, 1956 as amended.

	(Rupees in lacs)	
	31st March, 2009	31st March, 2008
SCHEDULE F		
INVESTMENTS - Long Term		
a) IN GOVERNMENT SECURITIES : (At Cost)		
i) 6 Years National Savings Certificates (Face Value Rs.1.00 lac) (Previous year 0.05 lac) (Unquoted)	1.00	0.05
ii) NIL (Previous year 11672) 6.75 % Tax Free Bonds of Rs.100/- each of Unit Trust of India	—	11.67
iii) 2158.391 Units of Rs 10/- each of UTI Balanced Fund of Unit Trust of India (Face Value Rs.0.26 lac) (Unquoted)	0.26	0.26
(b) TRADE INVESTMENTS : (At Cost)		
(i) NIL (Previous Year: 14469) Equity Shares of Rs.10/- each of Camphor & Allied Products Limited fully paid up	—	2.72
(ii) 1,36,663 Equity Shares of Rs.10/- each of Vidarbha Iron & Steel Corporation Limited, fully paid up (Face Value Rs.13.67 lacs) (Unquoted)	13.67	13.67
(iii) 3,000 Equity Shares of Rs. 10/- each of Sunil Healthcare Limited, fully paid up (Face Value Rs. 0.30 lac) (Unquoted)	0.20	0.20
(iv) 20 Equity Shares of Rs.50/- each of Anand Udyog Premises Co-operative Society Limited, fully paid up (Face Value Rs.0.01 lac) (Unquoted)	0.01	0.01
(c) SHARES OF SUBSIDIARY COMPANY : (At Cost)		
5,000 Equity Shares of Rs.100/- each of Best Minerals Limited, fully paid up (Face Value Rs.5.00 lacs) (Unquoted)	5.00	5.00
TOTAL	20.14	33.58

Notes:

- | | | |
|--|-------|-------|
| (a) Aggregate cost of Quoted Investments | — | 2.72 |
| Market value of Quoted Investments | — | 9.74 |
| Aggregate carrying cost of Unquoted Investments | 20.14 | 30.86 |
| (b) National Savings Certificates of the Face Value of Rs. 1.00 lac is pledged with Government/ Semi Government authorities as Security Deposit. | | |

		(Rupees in lacs)	
		31st March, 2009	31st March, 2008
SCHEDULE G			
CURRENT ASSETS, LOANS AND ADVANCES			
(a) INVENTORIES :			
Stores, Spare Parts, Loose Tools and Stock-in-Trade (As per inventory taken, valued and as certified by the Management) :			
Stores and Spare Parts (At Cost)	138.35		114.48
Loose Tools (At Cost)	15.70		11.26
Stock-in-Trade:			
Work-in-Process (At Cost or Net realisable value whichever is lower)	63.18		63.13
Finished Products (At Cost or Net realisable value whichever is lower)	475.43		811.02
	<u>538.61</u>		<u>874.15</u>
Raw Materials (At Cost)	1,788.16		1,231.41
	<u>2,326.77</u>		<u>2,105.56</u>
		2,480.82	2,231.30
(b) SUNDRY DEBTORS :			
Unsecured and considered good (Unless otherwise stated):			
Debts outstanding for a period exceeding six months	9.86		0.20
Other Debts	3,763.97		2,239.70
		3,773.83	2,239.90
(c) CASH AND BANK BALANCES:			
Cash in hand	3.31		1.97
With Scheduled Banks:			
In Current Accounts	190.54		305.36
In Fixed Deposit Accounts	4,381.32		4,030.63
In Cash Credit Accounts	—		47.67
	<u>4,571.86</u>		<u>4,383.66</u>
		4,575.17	4,385.63
(d) OTHER CURRENT ASSETS :			
Interest accrued on Fixed Deposits		10.55	20.15
(e) LOANS AND ADVANCES :			
Unsecured and considered good (Unless otherwise stated)			
(i) Loans to Subsidiary	4.45		4.30
(ii) Advance Tax including TDS (Net of provisions)	919.26		(6.15)
(ii) Advances recoverable in cash or in kind or for value to be received	612.36		1,836.65
(iii) Claims Recoverable	26.89		27.01
(iv) Deposits	892.08		891.27
		<u>2,455.04</u>	<u>2,753.08</u>
TOTAL		<u>13,295.41</u>	<u>11,630.06</u>
		6.32	5.92

Note : Fixed Deposit Receipts lodged with Banks as security for Letters of Credit/ Guarantees.

		(Rupees in lacs)	
		31st March, 2009	31st March, 2008
SCHEDULE H			
CURRENT LIABILITIES AND PROVISIONS			
(a) CURRENT LIABILITIES :			
Bills Discounted	1,542.24		1,043.01
Sundry Creditors *	1,285.40		2,970.90
Unclaimed Dividend	7.48		—
Managerial Remuneration payable	1.70		1.57
Other Liabilities	662.42		470.35
		3,499.24	4,485.83
(b) PROVISIONS :			
For Gratuity	—		115.17
For P.L. Encashment	135.70		165.21
		135.70	280.38
TOTAL		3,634.94	4,766.21

Note:

* Small scale industrial undertakings to whom amount due for a period exceeding 30 days is Rs. NIL

		(Rupees in lacs)	
		Year Ended 31st March, 2009	Year Ended 31st March, 2008
SCHEDULE I			
SALE OF PRODUCTS AND OTHER INCOME			
Sales including conversion charges, less Returns		25,594.72	22,575.13
Export Incentives		212.15	294.86
Interest on Deposits (Gross) (Income tax deducted at source Rs.29.75 lacs, Previous Year Rs. 0.13 lac)		158.60	114.57
Other Interest (Gross)		52.85	53.22
Interest Received on Securities		0.43	0.79
Dividend on Trade Investments (Gross)		0.03	0.27
Miscellaneous Receipts		0.13	147.70
Profit on sale of Trade Investment		16.80	0.53
Profit /(Loss) on Fixed Assets Sold/Discarded (Net)		11.08	526.16
Adjustments relating to earlier years (Net)		55.95	649.05
TOTAL		26,102.74	24,362.28

		(Rupees in lacs)
		Year Ended
		Year Ended
		31st March,
		31st March,
		2009
		2008
SCHEDULE J		
MANUFACTURING AND OTHER EXPENSES		
Raw Material Consumed :		
Opening Stocks:	1,231.41	1,044.70
Add: Purchases	<u>10,464.97</u>	<u>5,863.35</u>
	11,696.38	6,908.05
Less: (i) Sales and Claims	—	178.78
(ii) Consumption for other manufacturing purpose	105.82	48.59
(iii) Closing Stock (At Cost)	<u>1,788.16</u>	<u>1,231.41</u>
	1,893.98	1,458.78
		9,802.40
Payments and Other Benefits to Employees :		
Salaries, Wages and Bonus	1,283.14	1,332.86
Provident Fund & ESI Contributions	144.48	152.38
Staff Gratuity & Superannuation	95.07	122.09
Welfare Expenses	<u>196.17</u>	<u>193.26</u>
		1,718.86
Operating and Other Expenses :		
Power and Fuel	7,047.52	6,670.69
Mining, Handling and other Production Expenses	382.06	374.12
Freight, Shipment and Sales Expenses	479.96	676.80
Excise Duty (Net)	(27.15)	13.90
Stores and Spares	227.40	350.47
Sampling and Analysis	21.48	14.20
Works Expenses (Refer Note 7)	831.91	438.97
Transport Expenses	165.63	141.71
Repairs and Maintenance to Plant and Machinery	397.21	389.05
Repairs and Maintenance to Casting Pans and Ladles	72.77	88.91
Repairs and Maintenance to Buildings	219.50	185.49
Insurance	10.13	8.26
Rent (Net)	6.83	12.98
Rates and Taxes	12.23	11.22
Commission and Brokerage on Sales	149.91	19.73
Commission and Brokerage on Others	—	24.56
Donations	12.90	24.16
Subscriptions	10.76	5.27
Payments to Auditors (Refer Note 8)	2.58	1.81
Directors' Sitting Fees	3.15	1.48
Office Establishment Expenses	96.08	133.35
Research and Test Expenses	1.52	6.73
Bad Debts Written Off	—	3.70
Tools Consumed	<u>2.91</u>	<u>10.23</u>
		10,127.29
Provision for Bad & Doubtful Debts written back		—
Directors' Remuneration (Refer Note 9)		50.24
Decrease/(Increase) in Stock :		
a) Opening Stock	874.15	521.50
b) Less : Closing Stock	<u>538.61</u>	<u>874.15</u>
		335.54
Reimbursement of Expenses (Refer Note 10)		(375.07)
		21,659.26
		16,138.54
TOTAL		

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

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

(b) Sales :

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

(c) Research and Development :

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

(d) Employees Retirement Benefits :

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

(e) Fixed Assets :

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

(f) Depreciation :

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

(g) Current Assets :

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

(h) Investments :

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

(i) Foreign Currency Transactions :

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

(j) Provision for Current and Deferred Tax :

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws

that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

2 Contingent Liabilities:

- (a) Estimated amount of contracts on Capital Account remaining to be executed and not provided for in accounts is Nil (Previous Year Nil.)
- (b) Claims not acknowledged as debts Rs.NIL since settled during the year (Previous Year Rs.2429.96 lacs). Amounts already paid under protest Rs.NIL (Previous Year :Rs.1186.74 lacs) have been debited to Advance Account.
- (c) Counter guarantees in favour of Consortium Banks in respect of their outstandings with Ferro Alloys Corporation Limited and Facor Steels Limited. Due to the nature of the liability, its financial impact is not ascertainable.

3 During the year, Asst. Commissioner -Comm. Taxes(LTU), Vizianagaram(AP) has raised a demand of Rs.153.60 lacs (Including interest of Rs.22.64 lacs and penalty of Rs.26.19 lacs) by disallowing Input Tax Credit on Job work for the financial years 2005-06 to 2008-09 (upto Nov.08). The Company has challenged the order with Appellate Deputy Commissioner - Commercial Taxes, Visakhapatnam. The Company has paid Rs.127.41 lacs under protest. The matter is still pending with the concerned authorities.

		(Rupees in lacs)	
		<u>2008-09</u>	<u>2007-08</u>
4	Interest includes :		
	Interest on Fixed Loans	51.14	85.11
	Others	91.93	62.14
		<u>143.07</u>	<u>147.25</u>

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

6 The Deferred Tax Assets as on 31-03-2009 as per the Accounting Standard AS-22 issued by the ICAI:

		(Rupees in lacs)		
		As at	Debited/(Credited)	As at
		<u>1/4/2008</u>	<u>during the year</u>	<u>31/3/2009</u>
A)	Deferred Tax Assets:-			
	Disallowance u/s.43B of the Income Tax Act, 1961 to be allowed on payment basis	216.38	14.11	202.27
B)	Deferred Tax Liability:-			
	Difference between Book and Income Tax depreciation	1.39	(160.80)	162.19
	Net Deferred Tax Assets (A-B)	<u>214.99</u>	<u>(174.91)</u>	<u>40.08</u>
	Tax on above	<u>73.07</u>	<u>(59.45)</u>	<u>13.62</u>

		(Rupees in lacs)	
		<u>2008-09</u>	<u>2007-08</u>
7	Works Expenses includes Directors' Travelling	50.97	36.39

8 Payments to Auditors include:

	Audit Fees	1.50	1.00
	Other matters	0.15	0.10
	Expenses reimbursed	0.93	0.71
		<u>2.58</u>	<u>1.81</u>

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

		(Rupees in lacs)	
		<u>2008-09</u>	<u>2007-08</u>
(b) Directors' Remuneration being minimum remuneration is as under :			
(i) Salaries		38.97	39.28
(ii) Contribution to Provident Fund and Superannuation		6.96	7.50
(iii) Perquisites in cash		4.31	0.71
	TOTAL	<u>50.24</u>	<u>47.49</u>
Estimated value of Other Perquisites		<u>10.19</u>	<u>10.57</u>

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

- 10 As in earlier years, common administrative expenses incurred during the financial year and allocated to Group companies viz Ferro Alloys Corporation Ltd., and Facor Steels Ltd, for reimbursement, are as under:

		(Rupees in lacs)	
Account Head		<u>2008-09</u>	<u>2007-08</u>
1	Salaries, Wages and Bonus	210.15	221.85
2	Provident Fund & ESI Contribution	14.32	19.23
3	Gratuity and Superannuation	25.60	38.22
4	Welfare Expenses	26.97	25.17
5	Power and Fuel	7.30	8.07
6	Repairs and Maintenance to Buildings	12.95	1.17
7	Insurance	0.55	0.81
8	Rent	8.72	8.34
9	Rates and Taxes	1.19	1.05
10	Commission & Brokerage on others	—	0.12
11	Donation	0.07	—
12	Office establishment expenses	67.25	86.37
		<u>375.07</u>	<u>410.40</u>

- 11 The assets and liabilities as well as turnover etc., of Best Minerals Limited, a 100% subsidiary of the Company, being insignificant, Consolidated Financial Statements as required by the directives of the Securities and Exchange Board of India and AS-21 issued by ICAI have not been prepared and attached with this annual report. However, as required under section 212 of the Companies Act, 1956 the audited financial statements of the subsidiary, for the year ended 31st March 2009, are annexed.
- 12 In accordance with the accounting policy followed by the Company, Excise Duty in respect of goods manufactured by the Company is being accounted for at the time of removal of goods from the factory. Such Excise Duty payable on goods awaiting clearances from the factory is estimated at Rs. 39.12 lacs (Previous Year Rs. 68.79 lacs). However, the said liability, if accounted, would have no impact on the results for the year.
- 13 In the absence of necessary information with the Company relating to registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be compiled and disclosed.

14 Particulars of Licensed and Installed Capacity :		Quantity in M.T.	
		<u>2008-09</u>	<u>2007-08</u>
(i)	Licensed Capacity	72,500	72,500
(ii)	Installed Capacity	72,500	72,500
15 (a)	Production in M.Tons (including Recoveries and Production on conversion but excluding quantity used for internal consumption):		
	High Carbon Ferro Chrome	63,350	69,075

	2008-09		2007-08	
	Quantity in M.T.	Value (Rupees in lacs)	Quantity in M.T.	Value (Rupees in lacs)
(b) Sales (including conversion charges):				
High Carbon Ferro Chrome	64,343	25,568.41	67,966	22,543.86
By Products		26.31		31.27
		<u>25,594.72</u>		<u>22,575.13</u>
(c) Stock Particulars-goods produced/sold (after adjustment of shortages / excesses):				
High Carbon Ferro Chrome				
Opening Stock	1,499	524.86	390	141.10
Closing Stock	506	214.19	1,499	524.86
By Products				
Opening Stock		349.29		380.40
Closing Stock		324.42*		349.29
* Represents 4,32,557 MT approx. (Previous year 4,65,728 MT approx.) of Ferro Manganese Slag containing 2% small size Ferro Manganese valued at Rs.324.42 Lacs (Previous year Rs.349.29 Lacs) at net realisable value after deducting the estimated processing cost.				
16 Consumption of important basic Raw Materials :				
Chrome Ore	18,208	3,723.58	25,517	2,493.80
Chrome Ore Concentrate/Others	45,060	4,112.51	30,619	1,523.74
Coke & Coal	19,335	1,670.37	18,636	1,161.81
Carbon Paste	725	246.35	863	209.44
Quartz	8,327	32.62	9,552	33.56
Miscellaneous		16.97		26.92
		<u>9,802.40</u>		<u>5,449.27</u>
	(Rupees in lacs)	Percentage	(Rupees in lacs)	Percentage
17 (a) 1. Value of Consumption of imported Raw Materials	932.56	9.51	546.23	10.02
2. Value of Consumption of indigenous Raw Materials	8,869.84	90.49	4,903.04	89.98
	<u>9,802.40</u>	<u>100.00</u>	<u>5,449.27</u>	<u>100.00</u>
(b) 1. Value of Consumption of imported Components and Spare Parts	0.22	0.04	0.32	0.10
2. Value of Consumption of indigenous Components and Spare Parts	573.71	99.96	309.53	99.90
	<u>573.93</u>	<u>100.00</u>	<u>309.85</u>	<u>100.00</u>
			(Rupees in lacs)	
18 C.I.F. Value of Imports :			<u>709.47</u>	<u>345.95</u>
19 Earnings in Foreign Exchange on account of Exports of Goods on F.O.B. basis			15,754.43	12,130.13
20 Expenditure in Foreign Currency :				
(a) Commission on sales			144.18	1.98
(b) Travelling Expenses			29.09	6.92
(c) Research & Test Expenses			2.26	6.73
(d) Others			7.38	3.69
			<u>182.91</u>	<u>19.32</u>
21 Amounts remitted during the year in foreign currencies on account of dividends			62.38	Nil

22 Segment Information:

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.

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

24 Related Party Disclosure:-

I List of related parties:-

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

Best Minerals Ltd. - 100% Subsidiary Co.

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 Shreeram & Co. Pvt. Ltd. | 4 Shreeram Durgaprasad Ores Pvt. Ltd. |
| 5 Dass Papers Products Ltd. | 6 Godavari Devi Saraf & Sons |
| 7 Shreeram Shipping Services Pvt. Ltd. | 8 GDP Infrastructure Pvt. Ltd. |
| 9 Saraf Bandhu Pvt. Ltd. | 10 Shri Durgaprasad Saraf Charitable Trust |
| 11 Vidharbha Iron & Steel Corp. Ltd. | 12 Smt. Godavari Devi Saraf Janseva Trust |

C. Key Management Personnel :

- | | |
|----------------|------------------------------|
| 1 R.K.Saraf | Chairman & Managing Director |
| 2 M.D.Saraf | Vice Chairman |
| 3 Yogesh Saraf | Joint Managing Director |
| 4 Ashim Saraf | Joint Managing Director |
| 5 C.N.Harman | Director (Technical) |

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

(Rupees in lacs)

Particulars	With Best Minerals Ltd- 100% Subsidiary Company		With Key Management Personnel		With Enterprise where Significant influence exists	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
i) Purchase of Goods	—	—	—	—	6,471.10	2,878.91
ii) Rent paid	—	—	—	—	74.05	6.62
iii) Interest paid	—	—	—	—	—	23.50
iv) Donations	—	—	—	—	10.00	20.00
v) Car Hire charges	—	—	—	—	—	6.19
vi) Unsecured Advances given	0.15	0.16	—	—	—	—
vii) Clearing & forwarding and other services charges	—	—	—	—	8.86	14.35
viii) Finance received/(repaid)	—	—	—	—	(1,126.79)	(2,248.39)
ix) Directors Remuneration	—	—	60.43	58.06	—	—
x) Outstanding balances as on 31-03-2009						
a) Loans & advances given	4.45	4.30	—	—	—	23.38
b) Unsecured Loans taken	—	—	—	—	40.77	1,167.56
c) Sundry Creditors	—	—	1.70	1.57	5.02	4.92

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

I REGISTRATION DETAILS

REGISTRATION NO.	<input type="text" value="43252"/>	State Code :	<input type="text" value="01"/>
Balance Sheet Date	<input type="text" value="31.03.2009"/>		

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

Public Issue	<input type="text" value="NIL"/>	Rights Issue	<input type="text" value="NIL"/>
Bonus issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

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

Total Liabilities	<input type="text" value="1860810"/>	Total Assets	<input type="text" value="1860810"/>
-------------------	--------------------------------------	--------------	--------------------------------------

SOURCES OF FUNDS

Paid up Capital	<input type="text" value="195548"/>	Reserves and Surplus	<input type="text" value="1136803"/>
Secured Loans	<input type="text" value="163239"/>	Un-Secured Loans	<input type="text" value="1726"/>

APPLICATION OF FUNDS

Net Fixed Assets	<input type="text" value="185699"/>	Investments	<input type="text" value="2014"/>
Net Current Assets	<input type="text" value="966047"/>	Misc. Expenditure	<input type="text" value="NIL"/>
Accumulated Losses	<input type="text" value="342194"/>	Deferred Tax Assets (Net)	<input type="text" value="1362"/>

IV PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover (Gross Revenue)	<input type="text" value="2610274"/>	Total Expenditure	<input type="text" value="2197846"/>
Profit (+)/Loss(-) Before Tax	<input type="text" value="412428"/>	Profit (+)/Loss(-) After Tax	<input type="text" value="381470"/>
Earning per Share (Rs.)	<input type="text" value="1.95"/>	Dividend Rate	<input type="text" value="15.00%"/>

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

Item Code No. (ITC Code)	Products Description
<input type="text" value="720241-00"/>	FERRO CHROME CONTAINING BY WEIGHT MORE THAN 4%C
<input type="text" value="720249-00"/>	FERRO ALLOYS OTHERS

Signatures to Schedules A to K
As per our report of even date attached,
For SALVE AND Company,
Chartered Accountants

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

TUMSAR : 29th June, 2009

S.S.SHARMA
Secretary

TUMSAR : 29th June, 2009

For and on behalf of the Board,

R.K.SARAF
Chairman & Managing Director

M.D.SARAF
Vice-Chairman

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956. RELATING TO BEST MINERALS LIMITED, A SUBSIDIARY COMPANY

- 1 The extent of the Holding Company's interest in the Subsidiary Company at the end of the financial year ended on 31st March, 2009.
The whole of the Share Capital of the Subsidiary Company is held by Facor Alloys Limited.
- 2 The net aggregate amount of Profits/Losses of Subsidiary Company so far as it concerns the Members of Facor Alloys Limited, and is not dealt with in Company's accounts are:

	Rupees in lacs
(a) Loss for the financial year ended 31st March, 2009	0.18
(b) Losses for the previous financial years since it became Subsidiary of the Company (including losses incurred up to 31st March, 2003 till the time it was subsidiary of Ferro Alloys Corporation Limited).	8.08
3 The net aggregate amount of the Profits/Losses of Subsidiary Company so far as have been dealt with in the Accounts of Facor Alloys Limited:	
(a) For the year ended 31st March, 2009	Nil
(b) For the previous financial years since it became Subsidiary of the Company	Nil

S.S.SHARMA
Secretary

TUMSAR : 29th June, 2009

For and on behalf of the Board,

R.K.SARAF
Chairman & Managing Director

M.D.SARAF
Vice-Chairman

DIRECTORS' REPORT TO THE MEMBERS

The Directors present herewith the Annual Report of the Company alongwith the Audited Statements of Accounts for the year ended 31st March, 2009.

WORKING RESULTS:

During the year 2008-09 the Company has suffered loss of Rs. 18,020/- against loss of Rs. 10,109/- in the previous year. After considering the current year's loss, the balance of accumulated loss aggregating to Rs. 8,96,599/- has been carried over to the next year.

DIRECTORS:

Shri A.T. Surjan and Shri S.D. Sharma, Directors of the Company, retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of Companies Act, 1956, your Directors state as under:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed.
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period.
- c) That the Directors have taken proper and sufficient care of 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.
- d) That the directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES:

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

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

The Company has no manufacturing activities and hence conservation of energy, technology absorption etc. do not apply. There were no foreign exchange earnings and outgo during the year under review.

AUDITORS:

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring Auditors of the Company M/s Salve And Company, Chartered Accountants, are eligible for re-appointment. They have furnished a certificate to the Company to the effect that the proposed re-appointment, if made, will be in compliance with the provisions of Section 224(1B) of the Companies Act, 1956.

On behalf of the Board of Directors

A.T.SURJAN
DIRECTOR

PLACE : TUMSAR
DATED : 27th June, 2009

M.D. JOSHI
DIRECTOR

AUDITORS' REPORT

To,
The Members of
BEST MINERALS LIMITED

We have audited the attached Balance Sheet of Best Minerals Limited as at 31st March, 2009, the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, (together 'the order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account dealt with by this report are in agreement with the books of account of the Company;
 - (iv) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (v) On the basis of the written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
 - (b) In the case of Profit and Loss Account, of the loss for the year ended on that date.

For SALVE & Company,
Chartered Accountants,
C.A. K.P. Sahasrabudhe
Partner
Membership No. 7021

Place : Nagpur
Date : 27th June, 2009

ANNEXURE TO AUDITORS' REPORT:

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

- i)
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) All the fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
 - c) The Company has not disposed off any major part of fixed assets during the year.
- ii) Since the company does not have any inventory, we have nothing to report on clauses 4(ii) (a), (ii) (b), (ii) (c) of the Order.

- iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from Companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, Clauses 4 (iii) (b), (iii) (c), (iii) (d), (iii) (f), (iii) (g) of the said Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) There were no contracts or arrangements referred to in Section 301 of the Act that needed to be entered in the Register required to be maintained under that section and therefore Clauses 4(v)(b) of the said Order is not applicable.
- vi) The Company has not accepted deposits from the public.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
- ix) a) 1) According to the records examined by us, the Company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Investor Education and Protection fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, with the appropriate authorities.
2) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2009 for a period of more than 6 months from the date they became payable.
b) On the basis of our examination of the documents and records, there are no dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty and Cess, which have not been deposited on account of any dispute.
- x) In our opinion and according to the information and explanation given to us the accumulated losses of the Company at the end of the financial year at 31st March, 2009 are not less than fifty percent of its net worth and the Company has incurred cash loss in the said financial year and also in the financial year immediately preceding such 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 Company has not raised any fund on short term basis which have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix) During the period covered by our audit report, the Company has not issued any secured debentures.
- xx) The Company has not raised any money by public issues during the year.
- xxi) According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For SALVE & Company,
Chartered Accountants,
C.A. K.P. SAHASRABUDHE
Membership No. 7021
Partner

Place : Nagpur
Date : 27th June, 2009

BEST MINERALS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedules	31st March, 2009	(Rupees) 31st March, 2008
I SOURCES OF FUNDS :			
(1) SHAREHOLDERS' FUNDS:			
(a) Capital	A	500,000	500,000
(b) Reserves and Surplus: Capital Reserve		4,000	4,000
		<u>504,000</u>	<u>504,000</u>
(2) LOAN FUNDS: Unsecured Loan from Holding Company		444,899	429,869
	TOTAL	<u>948,899</u>	<u>933,869</u>
II APPLICATION OF FUNDS :			
(1) FIXED ASSETS:	B		
(a) Gross Block		2,328	2,328
(b) Less : Depreciation		—	—
(c) Net Block		<u>2,328</u>	<u>2,328</u>
(2) INVESTMENTS: 12 Years National plan Savings Certificate (Unquoted) (Face Value Rs 1000)		1,000	1,000
(3) CURRENT ASSETS, LOANS & ADVANCES:			
(a) Cash and Bank Balances			
(I) Cash in hand		1,523	1,523
(II) with Scheduled banks in current Accounts		50,003	51,493
		<u>51,526</u>	<u>53,016</u>
(b) Sundry Deposits (Unsecured and considered good)		3,000	3,000
		<u>54,526</u>	<u>56,016</u>
Less : CURRENT LIABILITIES FOR EXPENSES		5,554	4,054
NET CURRENT ASSETS		48,972	51,962
PROFIT & LOSS ACCOUNT		<u>896,599</u>	<u>878,579</u>
	TOTAL	<u>948,899</u>	<u>933,869</u>

NOTES FORMING PART OF THE ACCOUNTS

As per our report of even date attached,
For SALVE AND Company,
Chartered Accountants
C.A. K.P. SAHASRABUDHE
Partner, Membership No. 7021
Place : Nagpur
Date : 27th June, 2009

A T SURJAN }
MOHAN JOSHI } Directors

Place : Tumsar
Date : 27th June, 2009

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

	Schedules	Year ended, 31st March, 2009	(Rupees) Year ended, 31st March, 2008
INCOME:			
Sale of Products and other income		—	—
		<u>—</u>	<u>—</u>
EXPENDITURE:			
Rates and Taxes		8,600	5,590
Audit Fees		1,500	1,500
Legal and Professional Expenses		4,400	606
Miscellaneous Expenses		2,000	—
Bank Charges and Commission		1,520	2,413
		<u>18,020</u>	<u>10,109</u>
Profit /(Loss) for the year		(18,020)	(10,109)
Balance brought forward as per last year's account		(878,579)	(868,470)
Balance carried to Balance Sheet		<u>(896,599)</u>	<u>(878,579)</u>

NOTES FORMING PART OF THE ACCOUNTS

As per our report of even date attached,
For SALVE AND Company,
Chartered Accountants
C.A. K.P. SAHASRABUDHE
Partner, Membership No. 7021
Place : Nagpur
Date : 27th June, 2009

A T SURJAN }
MOHAN JOSHI } Directors

Place : Tumsar
Date : 27th June, 2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

		(Rupees)	
		31 st March, 2009	31 st March, 2008
SCHEDULE 'A'			
SHARE CAPITAL			
AUTHORISED:			
5000	Equity Shares of Rs .100/- each	500,000	500,000
ISSUED:			
5000	Equity shares of Rs. 100/- each fully paid up (Of the above, 4940 Equity Shares of Rs 100/- each fully paid up are held by FACOR Alloys Limited, the Holding Company and 60 Equity Shares of Rs 100/- each fully paid up are held by nominees of the said Holding Company)	500,000	500,000

SCHEDULE 'B'

FIXED ASSETS

PARTICULARS	GROSS BLOCK AT COST				Depreciation up to 31/3/2009 Rupees	Net Value as at 31/3/2009 Rupees
	AS at 1/4/2008 Rupees	Additions during the year Rupees	Deductions during the year Rupees	Total as at 31/3/2009 Rupees		
LAND	2,328	—	—	2,328	—	2,328
TOTAL	2,328	—	—	2,328	—	2,328
PREVIOUS YEAR	2,328	—	—	2,328	—	2,328

SCHEDULE 'C'

CONTINGENT LIABILITIES AND NOTES

(1) Significant Accounting Policies:

- (a) The Company follows accrual system of accounting.
- (b) Closing stock is valued at cost or net realisable value, whichever is lower.
- (c) Fixed Assets are stated at cost of acquisition less depreciation
- (d) Investments are stated at cost.

(2) No provision for Taxation is considered necessary in view of the losses.

(3) Previous year's figures have been regrouped wherever necessary.

(4) (a) Production, Opening and Closing Stocks of Finished Product: NIL

(b) Purchase and Sales of Finished Product: NIL

SCHEDULE 'C' (Contd.)

CONTINGENT LIABILITIES AND NOTES

(5) Balance Sheet abstract and Company's General Business Profile :

I REGISTRATION DETAILS

REGISTRATION NO.	<input type="text" value="9710/TA"/>	State Code :	<input type="text" value="11"/>
Balance Sheet Date	<input type="text" value="31.03.2009"/>		

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

Public Issue	<input type="text" value="NIL"/>	Rights Issue	<input type="text" value="NIL"/>
Bonus issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

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

Total Liabilities	<input type="text" value="954"/>	Total Assets	<input type="text" value="954"/>
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SOURCES OF FUNDS

Paid up Capital	<input type="text" value="500"/>	Reserves and Surplus	<input type="text" value="4"/>
Secured Loans	<input type="text" value="0"/>	Un-Secured Loans	<input type="text" value="445"/>

APPLICATION OF FUNDS

Net Fixed Assets	<input type="text" value="2"/>	Investments	<input type="text" value="1"/>
Net Current Assets	<input type="text" value="49"/>	Misc. Expenditure	<input type="text" value="NIL"/>
Accumulated Losses	<input type="text" value="897"/>		

IV PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover (Gross Revenue)	<input type="text" value="-"/>	Total Expenditure	<input type="text" value="18"/>
Profit (+)/Loss(-) Before Tax	<input type="text" value="(-) 18"/>	Profit (+)/Loss(-) After Tax	<input type="text" value="(-) 18"/>
Earning per Share (Rs.)	<input type="text" value="-"/>	Dividend Rate	<input type="text" value="NIL"/>

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

Item Code No. (ITC Code)	<input type="text" value="NIL"/>	Products Description	<input type="text" value="NOT APPLICABLE"/>
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Signatures to Schedules A to C

As per our report of even date attached,

For SALVE AND Company,
Chartered Accountants

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

A T SURJAN
Director

MOHAN JOSHI
Director

Place : Nagpur
Date : 27th June, 2009

Place : Tumsar
Date : 27th June, 2009

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 : facorgvd@bsnl.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 : facor@satyam.net.in
Fax : 91-7183-232271

Regional Office:

Mumbai :

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

New Delhi :

Corporate One, Suite 401,
Plot No. 5, Jasola
New Delhi – 110 044.
Phone : 4070 1000
Gram : FACOR
E-Mail : facordelhi@facorgroup.in
facordelhi@airtelmail.in
Fax : 91-11-4162 4880
Shri Ishwar Das
Manager [Administration]

Kolkata :

Everest House, 17th 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
Asst 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 : facor@bbsr@dataone.in
Fax : 91-674-2302612
Shri M.V.Rao
Resident Manager

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 _____

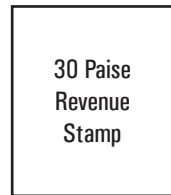
_____ of _____ in the District of _____

as my / our proxy to vote for me / us and on my / our behalf at the **Sixth Annual General Meeting** of the Company to be held at **Administrative Building, Shreeramnagar 535 101** on **Friday, the 14th August, 2009 at 3.30 p. m.** and at any adjournment thereof.

Signed this _____ day of _____ 2009

Ledger Folio Nos. /Client ID No. _____

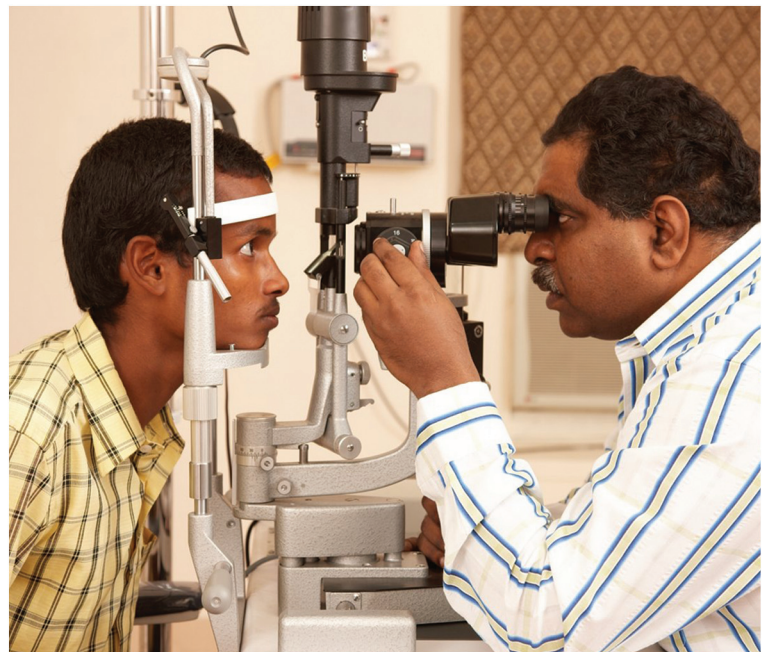
No. of Shares held _____



Shareholder's Signature

NOTES

- [a] If a member is unable to attend the Meeting, he may sign this form and send it to the Secretary, FACOR ALLOYS LIMITED, Shreeramnagar-535 101. Garvidi, 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.





FACOR ALLOYS LIMITED

Ph: +91-11-4070 1000 Fax: +91-11-4162 4880 Email: facordelhi@facorgroup.in

www.facorgroup.in