



FACOR ALLOYS LIMITED

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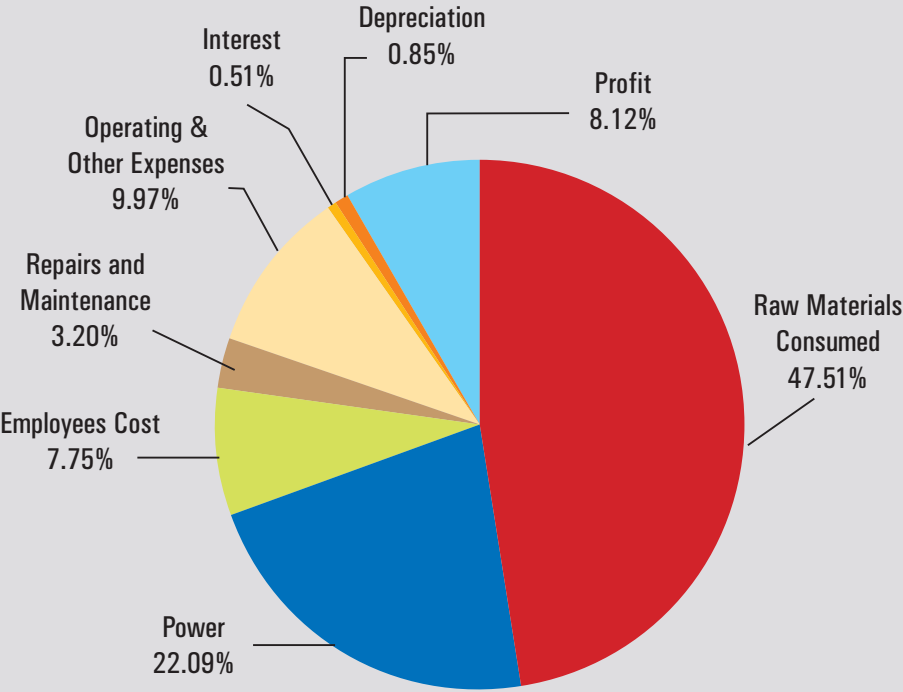
FACOR ALLOYS LIMITED

HIGHLIGHTS - 2009-2010

PARTICULARS	In Rupees Lacs		In US Dollars ('000)	
	2009-10	2008-09	2009-10	2008-09
Total Production (in MT)	64250	63350	–	–
Total Turnover (in MT)	64349	64343	–	–
Total Turnover	26193.88	25594.72	58028	56701
Profit before interest,Tax and Depreciation	2550.43	4443.48	5650	9844
Profit after Tax	1403.11	3814.70	3108	8451
Exchange Rate Rs. 45.14 for March, 2010				



DISTRIBUTION OF REVENUE



CORPORATE INFORMATION**Board of Directors****R.K. Saraf**

Chairman & Managing Director

M.D. Saraf

Vice Chairman

Yogesh Saraf

Joint Managing Director

Ashim Saraf

Joint Managing Director

G.L.N. Sastry (w.e.f. 23.10.2009)

Nominee of Bank of India

C.N. Harman

Director (Technical)

K. Jayabharath Reddy**P.V.R.K. Prasad****V. J. Trivedi (Upto 28.05.2010)****A. S. Kapre****Gautam Khaitan****Arye Berest****Vinod Saraf (upto 28.04.2010)**

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. 022-2594 6970

Fax No. 022-2594 2969

E-mail: rnt.helpdesk@linkintime.co.in**Contents :**

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NOTICE

Notice is hereby given that the **SEVENTH 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 **SATURDAY, the 18th September, 2010 at 2.30 p.m.** to transact, with or without modifications as may be permissible, the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 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 declare a dividend on equity shares.
3. To appoint a Director in the place of Mr Ashim Saraf who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr C.N. Harman who retires from office by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr Gautam Khaitan 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 an Ordinary Resolution:
 2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT SHREERAMNAGAR-535101, GARIVIDI, DIST.VIZIANAGARAM (A.P.) NOT LESS THAN 48 HOURS BEFORE HOLDING THE MEETING.
 3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday the 11th September, 2010 to Saturday, the 18th September, 2010, both days inclusive.
 4. The dividend recommended by the Board, if declared at the AGM will be paid to those members or their mandates whose name appear on the Register of Members of the Company on 18th September, 2010. In respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose at the end of business hours on 10th September, 2010. No deduction of tax at source will be made from dividend.
 5. Pursuant to Section 205C of the Companies Act, 1956, unclaimed dividend is to be transferred to the "Investor Education and Protection Fund" of the Central Government after a period of 7 years from the date of transfer to unpaid dividend account. Shareholders who have not en-cashed/misplaced/not received the dividend warrant for the year 2008-09 (interim) are requested to write to M/s. Link Intime India Pvt.Ltd., (Unit: Facor Alloys Ltd.) C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W) Mumbai 400 078, Maharashtra for claiming the dividend. Due date for the transfer of the unclaimed dividend of the year 2008-09 to the said fund is 3rd September, 2015 and shareholders cannot make a claim after that date.
 6. Members are requested to notify immediately any change in their address/bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company viz., Link Intime India Pvt. Limited,(Unit: Facor Alloys Ltd.) C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W) Mumbai 400 078, Maharashtra in respect of their physical share holding, if any. While intimating change of address to Depositories and Registrar and Share Transfer Agents please indicate your client ID No. / Folio No., as may be applicable. The address should be complete with Pin Code No.
 7. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company are requested to submit Form No.2B duly filled in and signed to the above Registrar & Transfer Agent. The Form can be had from the Share Department at the Registered Office of the

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

NOTES:

1. 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.

Company at Shreeramnagar-535101 Distt. Vizianagaram, Andhra Pradesh.

8. Shareholders intending to require information about accounts to be explained at the meeting are requested to furnish the queries to the Company at least 10 (ten) days in advance of the Annual General Meeting.
9. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
10. As required by the Listing Agreement with the Stock Exchange, the relevant details in respect of the Directors proposed to be appointed/re-appointed are set out in the Report on Corporate Governance forming part of the Annual Report.
11. The Company's securities are admitted in the National Securities Depository Ltd. and Central Depository Services Ltd. and the ISIN No. allotted to the Company by them in respect of Equity Shares is INE 828G01013.
12. Non-resident Indian Members holding shares in physical form are requested to inform the Registrar and Transfer Agent of the Company about:
 - a) The change in their residential status on return to India for permanent settlement.
 - b) The details of the bank account in India with complete name, branch, account type, account no. and address of the bank.
13. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.

Registered Office:

By Order of the Board,

Administrative Building,
Shreeramnagar-535 101,
Garividi, Dist. Vizianagaram,
Andhra Pradesh
Dated: 24th July, 2010

S.S. Sharma
Secretary

DIRECTORS' REPORT TO THE MEMBERS

The Directors submit the **SEVENTH ANNUAL REPORT** on the business and operations of the Company and the Audited Statements of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

	For the year ended 31-3-2010 (Rs. in Lacs)	For the previous Year ended 31-3-2009 (Rs. in Lacs)
Gross Profit/(Loss)	2414.14	4300.41
Depreciation	227.85	176.13
Provision for taxation (MAT/Fringe Benefit/Wealth Tax)	536.53	255.35
Tax for earlier years	(0.21)	(5.22)
Deferred Tax	246.86	59.45
Net Profit/(Loss) for the year	1403.11	3814.70
APPROPRIATIONS		
Transfer to General Reserve	75.00	195.00
Dividend on Equity Shares	293.32	293.32
Corporate Tax on Dividend	48.72	49.85
Balance Carried Forward to Balance Sheet	986.07	3276.53

OVERALL PERFORMANCE

During the first half of Financial Year 2009-10, the Ferro Alloys Industry was passing through critical times due to the slow down in the demand and lack of new orders from domestic as well as export markets as a result of the Global Financial Meltdown. The Meltdown had a serious impact in all sectors of industries, with the steel sector being no exception. Ferro Alloys, the intermediate products used in the making of steel as de-oxidants and for rust proofing, have seen their fortunes take a steep dive. The deepest recession during the first half hit the Ferro Alloys Industry hard, coupled with shrinking demand, sliding prices and sweeping cutbacks. Hence performance of the company was also adversely affected during the first half of the financial year 2009-10.

However during the second half of the financial year 2009-10, revival of local demand for steel products happened due to a series of economic stimulus measures announced by the Government. Around the same time, similar measures announced across the world led to a revival of global demand as well.

Despite all these adversities, during the year under consideration the production and sale of Ferro Chrome were slightly higher as compared to that of the previous year 2008-2009. The overall turnover of the Company marginally increased from Rs.255.95 crores in 2008-2009 to Rs.261.94 crores in 2009-10. Exports were also higher at Rs.215.19 crores as compared to Rs.163.75 crores in the previous year registering

a growth of 31%. Despite increased turnover, profit before tax was lower to Rs.21.86 crores as compared to Rs.41.24 crores in the previous year recording a fall of 47% on account of above and other factors.

DIVIDEND

Your Directors have recommended payment of dividend at Re.0.15 per equity share of Re.1/- each (15%) on the equity share capital of Rs.19,55,47,355/- for the year ended 31st March, 2010 aggregating to Rs.2,93,32,103/- and to pay dividend tax of Rs.48,71,696/-. The dividend if approved by the shareholders will be paid to those members or their mandates whose name appear on the Register of Members on 18th September, 2010 for those holding shares on physical form and as per the details furnished by the depositories as at the end of business hours on 10th September, 2010 for those holding shares on dematerialized form.

PROSPECTS

Ferro Alloys is a crucial raw material of the Steel Industry and hence growth of Ferro Alloys Industry is largely dependent on growth of Steel Industry. The Indian economy is expected to grow at an accelerated growth rate of 8–10 percent, Steel production would also simultaneously witness a growth. Moreover with the massive expansion plans in both Steel & Stainless Steel segment in leading markets including China and India, the outlook of steel industry is quite optimistic which is a welcome sign for the Ferro Alloys Industry as consumption of Ferro Alloys will also increase. Steel production in 2008 -2009 was 54.5 Million Ton (MT) which has increased and is estimated to be around 60 MT in 2009–10. Globally Steel Industry is expected to grow at 5–6 percent this year. Further, the Global Stainless Steel production is likely to reach 25 MT. The demand as well as production of Ferro Alloys is likely to see an increase of around 8–10 percent in fiscal year 2010-11.

On a Global Platform China, South Africa, CIS and India are the major producers of Ferro Alloys. At present, South Africa and Kazakhstan are the two leading Ferro Alloys Producers in the World. Ferro Chrome production in the World is around 7–8 MT per annum. South Africa is the largest producer of Ferro Chrome, producing around 3–3.5 MT, China and Kazakhstan follow behind and India is the forth largest producer of Ferro Chrome in the World. Previously the Ferro Alloys requirement of Europe was being largely met by South Africa which has around 65 percent of the World's Chrome Ore reserves. With power shortage in South Africa hitting its Ferro Alloys Manufacturers hard, India is now being seen as a Ferro Alloys Industry hub. Since the Steel capacity is not adequate to consume the entire Ferro Alloys Production in the Country, Export is an important Life-line for survival of the Industry. A considerable amount of Ferro Alloys produced in the country is being exported. Earlier China used to be a net exporter but it has now become a net importer. Generally Ferro Alloys is exported

to China which is the biggest importer. In addition to this, other prime importers include Europe, Turkey, Italy, Portugal, Spain, European Union, Japan, Taiwan, Korea and Brazil.

At the same time, the Indian Ferro Alloys Industry is concerned about the insufficient availability of good quality raw-material mainly Chrome Ore, Coke and availability of cheaper imported Ferro Alloys. Further, Power is a prime input in the production of Ferro Alloys and higher power tariff is a threat for the industry. In addition to the higher power tariff, the power cuts in Andhra Pradesh is affecting the industry badly. These issues need to be addressed by the Government to enable the Ferro Alloys Producers to compete in the Domestic as well as International Markets.

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, 2009 to 31st March, 2010 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

During the year Bank of India has nominated Mr. G.L.N. Sastry, Zonal Manager as a Director of the company in place of Mr. R. Sampath w.e.f. 23-10-2009. Mr. V.J. Trivedi ceased to be a Director of the company w.e.f. 28th May, 2010 due to his demise. The Directors place on record their deep sense of sorrow at the passing away of Mr. V.J. Trivedi. They also place on record their appreciation for the sincere and valuable services rendered by them.

Mr Vinod Saraf resigned as Alternate Director of the company effective 28th April, 2010. The Directors place on record their appreciation for the valuable services rendered by him.

Mr. Ashim Saraf, Mr. Gautam Khaitan and Mr.C.N. Harman, 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 10 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 Mr. K. Jayabharath Reddy, Mr. P.V.R.K. Prasad & Mr. A.S. Kapre who are Non-Executive Independent Directors of the Company and Mr. R.K. Saraf. Mr. K. Jayabharath Reddy is its Chairman. The Committee's role, terms of reference and the authority and powers are in conformity with the requirement of the Companies Act, 1956 and the Listing Agreement.

AUDITORS

You are requested to appoint Auditors for the current year and to fix their remuneration. M/s Salve & Company, Chartered Accountants hold office upto the conclusion of the ensuing 7th Annual General Meeting. The Company has received a requisite Certificate pursuant to Section 224 (1B) of the Companies Act 1956 regarding their eligibility for re-appointment as Auditors of the Company.

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 : New Delhi
Dated: 24th July, 2010

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) Maintenance of 70-80% proportion of high metallic content briquettes in charge mix helps in faster reduction reaction because of high permeability of the charge resulting into saving of specific power consumption.
2) Specific power consumption has been brought down by effective process monitoring with better electrode management and furnace availability. |
| b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy. | Nil |
| c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods. | Considerable savings in power consumption. |
| d) Total energy consumption and energy consumption per unit of production in prescribed form 'A'. | Form "A" is inapplicable to Ferro Alloys Industry |

B. TECHNOLOGY ABSORPTION

Research and development:

- | | |
|--|--|
| a. Specific areas in which R & D carried out by the Company. | Nil |
| b. Benefits derived as a result of above R & D | Nil |
| c. Future plan of action | Nil |
| d. Expenditure on Research & Development. | Rs. 1.79 Lacs |
| e. Technology absorption, adaptation and innovation : | |
| i) Efforts, in brief, made towards Technology absorption, adaptation and innovation. | Recovery of Cr ₂ O ₃ Content from HC FeCr Slag:
Preliminary experiments were conducted by processing the slag through beneficiation plant equipment namely Crushers rod-mill, cyclone, hydrosizer and spirals/tables

Magnetic separation test work on chromite concentrate:
By using wet high intensity magnetic separator (WHIMS) concentrates with Cr : Fe ratio of 2.0 : 1 was enriched to 2.6:1 with 93% chromium recovery. |
| ii) Benefits derived as a result of above efforts. | Nil |
| iii) Information regarding technology imported during the last five years. | Nil |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | |
|---|---|
| 1) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans. | During the year 2009-10 42825 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 (2009-2010): | (Rs.in Lacs) |
| i) CIF value of imports | 1788.79 |
| ii) Expenditure in Foreign Currency | 665.87 |
| iii) Foreign Exchange earned | 20699.98 |

On behalf of Board of Directors,

Place : New Delhi

Dated: 24th July, 2010

R.K. SARAF

Chairman & Managing Director

MANAGEMENT DISCUSSIONS AND ANALYSIS

INDUSTRY STRUCTURE, DEVELOPMENT AND OTHER RELATED MATTERS

Ferro Alloys is a crucial raw material of the Steel Industry and hence growth of Ferro Alloys Industry is largely dependent on growth of Steel Industry. The Indian economy is expected to grow at an accelerated growth rate of 8–10 percent, Steel production would also simultaneously witness a growth. Moreover with the massive expansion plans in both Steel & Stainless Steel segment in leading markets including China and India, the outlook of steel industry is quite optimistic which is a welcome sign for the Ferro Alloys Industry as consumption of Ferro Alloys will also increase. Steel production in 2008 -2009 was 54.5 Million Ton (MT) which has increased and is estimated to be around 60 MT in 2009–10. Globally Steel Industry is expected to grow at 5–6 percent this year. Further, the Global Stainless Steel production is likely to reach 25 MT. The demand as well as production of Ferro Alloys is likely to see an increase of around 8–10 percent in fiscal year 2010-11.

On a Global Platform China, South Africa, CIS and India are the major producers of Ferro Alloys. At present, South Africa and Kazakhstan are the two leading Ferro Alloys Producers in the World. Ferro Chrome production in the World is around 7–8 MT per annum. South Africa is the largest producer of Ferro Chrome, producing around 3–3.5 MT, China and Kazakhstan follow behind and India is the forth largest producer of Ferro Chrome in the World. Previously the Ferro Alloys requirement of Europe was being largely met by South Africa which has around 65 percent of the World's Chrome Ore reserves. With power shortage in South Africa hitting its Ferro Alloys Manufacturers hard, India is now being seen as a Ferro Alloys Industry hub. Since the Steel capacity is not adequate to consume the entire Ferro Alloys Production in the Country, Export is an important Life-line for survival of the Industry. A considerable amount of Ferro Alloys produced in the country is being exported.

RISKS AND CONCERNS /OPPORTUNITIES AND THREATS / OUTLOOK

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

At the same time, the Indian Ferro Alloys Industry is concerned about the insufficient availability of good quality raw-material mainly Chrome Ore, Coke and availability of cheaper imported Ferro Alloys. Further, Power

is a prime input in the production of Ferro Alloys and higher power tariff is a threat for the industry. In addition to the higher power tariff, the power cuts are affecting the industry badly. These issues need to be addressed by the Government to enable the Ferro Alloys Producers to compete in the Domestic as well as International Markets.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the first half of Financial Year 2009-10, the Ferro Alloys Industry was passing through critical times due to the slow down in the demand and lack of new orders from domestic as well as export markets as a result of the Global Financial Meltdown. The Meltdown had a serious impact in all sectors of industries, with the steel sector being no exception. Ferro Alloys, the intermediate products used in the making of steel as de-oxidants and for rust proofing, have seen their fortunes take a steep dive. The deepest recession during the first half hit the Ferro Alloys Industry hard, coupled with shrinking demand, sliding prices and sweeping cutbacks. Hence performance of the company was also adversely affected during the first half of the financial year 2009-10.

However during the second half of the financial year 2009-10, revival of local demand for steel products happened due to a series of economic stimulus measures announced by the Government. Around the same time, similar measures announced across the world led to a revival of global demand as well.

Despite all these adversities, during the year under consideration the production and sale of Ferro Chrome were slightly higher as compared to that of the previous year 2008-2009. The overall turnover of the Company marginally increased from Rs.255.95 crores in 2008-2009 to Rs.261.94 crores in 2009-10. Exports were also higher at Rs.215.19 crores as compared to Rs.163.75 crores in the previous year registering a growth of 31%. Despite increased turnover, profit before tax was lower to Rs.21.86 crores as compared to Rs.41.24 crores in the previous year recording a fall of 47% 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 overall manpower consisting of workmen, supervisors and managers etc. worked out to 750 excluding indirect employment.

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

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

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

2. BOARD OF DIRECTORS

Name of the Directors	Category	No. of Directorship held in other Public Limited Companies As on 31.03.2010	No. of Membership/ Chairmanship of Board Committee of other public limited companies As on 31.03.2010	No. of Board Meetings attended	Whether Last AGM attended
Mr. R.K.Saraf Chairman & Managing Director	Executive*	1	2	7	Yes
Mr. M.D. Saraf Vice Chairman	Non-Independent Non-Executive*	3	Nil	6	Yes
Mr. Yogesh Saraf Joint Managing Director	Executive*	2	Nil	3	No
Mr. Ashim Saraf Joint Managing Director	Executive*	1	Nil	7	Yes
Mr.C.N.Harman Director (Technical)	Executive	Nil	Nil	5	Yes
Mr. Arye Berest	Non-Independent Non-Executive**	2***	Nil	–	No
Mr. Vinod Saraf (upto 28.04.2010) (Alternate Director to Mr Arye Berest)	Non-Executive*	3	2	1	No
Mr. K.Jayabharath Reddy	Independent Non-Executive	10	5	4	Yes
Mr. P.V.R.K.Prasad	Independent Non-Executive	1	Nil	5	Yes
Mr. Gautam Khaitan	Independent Non-Executive	10	10	5	No
Mr. A.S. Kapre	Independent Non-Executive	2	6	7	Yes
Mr. G.L.N. Sastry (w.e.f. 23.10.2009) (Nominee of Bank of India as Lender)	Independent Non-Executive	1	Nil	1	No
Mr. V J. Trivedi (upto 28.05.10)	Independent Non-Executive	1	NA	5	Yes

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