



**FACOR STEELS LIMITED**



**Standing : Left to Right**

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

**Sitting : Left to Right**

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

## CORPORATE INFORMATION



### Board of Directors

**Narayandas Saraf**  
Chairman &  
Wholetime Director

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

**Vinod Saraf**  
Managing Director

**Anurag Saraf**  
Joint Managing Director

**A. S. Kapre**

**M. B. Thaker**

**Arye Berest**

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

**P. K. Kukde**

**Vibhu Bakhru**

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

**Amit G. Pandey**  
Company Secretary

### Executives

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

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

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

### Bankers

Bank of India

Central Bank of India

State Bank of India

Syndicate Bank

State Bank of Bikaner & Jaipur

Indian Overseas Bank

### Solicitors

Mulla & Mulla, and  
Craig Blunt & Caroe

### Auditors

Salve & Co.,  
Chartered Accountants

### Internal Auditor

**M. M. Jain**  
Chartered Accountant

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

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

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## NOTICE TO MEMBERS

Notice is hereby given that the FIFTH ANNUAL GENERAL MEETING of the Members of the Company will be held at the Registered Office of the Company at 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur- 440 028 on Wednesday, the 17th of September, 2008 at 12.15 p.m to transact, with or without modification as may be permissible, the following business:

### ORDINARY BUSINESS:

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

### SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the relevant provisions of the Companies Act 1956 including Section 257, Mr P. K. Kukde be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

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

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

7. To consider and, if thought fit, to pass the following Resolution which will be proposed as an **Ordinary Resolution: (To be voted only by Postal Ballot)**

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

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

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

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

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

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

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

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

## NOTICE



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

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

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

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

### NOTES:

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos. 5 to 8 of the Notice set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. With respect to Resolutions at item Nos. 7 & 8 of the Notice, Members are requested to vote only by Postal Ballot in terms of Section 192-A of the Companies Act, 1956 read with the aforesaid Postal Ballot Rules. A Postal Ballot Notice alongwith the Form and pre-paid postage envelope are enclosed for the said purpose. Votes cast otherwise than in the said Postal Ballot Form will be rejected. Please read the instructions in the Postal Ballot Form carefully.

The result of the Postal Ballot on the said resolutions will be announced at the Annual General Meeting.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday 11th September, 2008 to Wednesday 17th September, 2008 both days inclusive.
4. Members are requested to notify immediately any change in their address/bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company viz., Intime Spectrum Registry Limited, (Unit: FACOR Steels Limited) C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup(W), Mumbai-400 078, Maharashtra in respect of their physical share holding, if any. While intimating change of address to Depositories and



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Registrar and Share Transfer Agents please indicate your client ID No./Folio No., as may be applicable. The address should be complete with Pin Code No.

5. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company are requested to submit Form No. 2B duly filled in and signed to the above Registrar & Transfer Agents. The Form can be had from the Share Department at the Registered Office of the Company at 46A&B, MIDC Industrial Estate, Hingna Road, Nagpur 440 028
6. Shareholders intending to require information about accounts to be explained at the meeting are requested to furnish the queries to the Company at least 10(ten) days in advance of the Annual General Meeting.
7. As required by the Listing Agreement with the Stock Exchange, the relevant details in respect of the Directors proposed to be appointed/re-appointed are set out in the Report on Corporate Governance forming part of the Annual Report.
8. The Company's securities are admitted in the National Securities Depository Ltd. and Central Depository Services Ltd. and the ISIN No., allotted to the Company by them in respect of Equity Shares is INE 829G01011.
9. Non-resident Indian Members are requested to inform the Registrar and Transfer Agents of the Company their Depository particulars about:
  - a) The change in their residential status on return to India for permanent settlement.
  - b) The details of the bank account in India with complete name, branch, account type, account no. and address of the bank.
10. All documents referred-to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.

Registered Office:

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

Dated: 30th July, 2008

By ORDER OF THE BOARD

Amit Pandey  
Company Secretary

### ANNEXURE TO THE NOTICE

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

**Item No.5 & 6**

Mr. P. K. Kukde and Mr. Vibhu Bakhru were appointed as Additional Directors of the Company w.e.f. 27/10/2007 and 01/07/2008 respectively. Pursuant to Section 260 of the Companies Act, 1956 read with Article 107 of Articles of Association of the Company, they hold office as Directors only until the forthcoming Annual General Meeting of the Company. The Company has received notices alongwith requisite deposit under Section 257 of the Companies Act, 1956, from members in respect of the above candidates, proposing their appointment as Directors of the Company.

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

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

## ANNEXURE TO THE NOTICE



The Board is of the view that continued association of Mr. P.K. Kukde and Mr. Vibhu Bakhru as Directors of the Company will be of immense benefit to the Company and hence the above Resolutions in Item no.5 and Item no. 6 of this notice are commended for approval of the Members.

None of the Directors except Mr. P.K. Kukde and Mr. Vibhu Bakhru are concerned or interested in the Resolutions.

### Item No. 7

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

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

### Item No. 8

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

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

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

#### Registered Office:

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

By ORDER OF THE BOARD

Amit Pandey  
Company Secretary



## DIRECTORS' REPORT TO THE MEMBERS



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

### FINANCIAL RESULTS:

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

### OVERALL PERFORMANCE:

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

### DIVIDEND:

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

### PROSPECTS:

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

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

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

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

# DIRECTORS' REPORT TO THE MEMBERS



## FINANCE:

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

## COST AUDITOR:

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

## INDUSTRIAL RELATIONS:

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

## DIRECTORS:

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

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

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

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

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

## DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

## AUDIT COMMITTEE:

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

## AUDITORS:

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

## AUDITOR'S REPORT:

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

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

The statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with