

9th

ANNUAL REPORT 2011-2012



FACOR STEELS LIMITED

CORPORATE INFORMATION

Board of Directors

Narayandas Saraf

Chairman & Whole-time 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

Mohandas S. Adige

Vibhu Bakhru

Rajkamal Rao

Amit G. Pandey

General Manager (Legal) &
Company Secretary

Executives

D.B. Moharil

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 Craige Blunt & Caroe

Auditors

Salve & Co.

Chartered Accountants

Internal Auditor

M. M. Jain & Associates

Chartered Accountants

Registrar & Share Transfer Agent

(for Both Physical & Electronic)

Link Intime India Pvt. Ltd.

C-13 Pannalal Silk Mills

Compound, LBS Marg,

Bhandup (W),

MUMBAI – 400 078

Phone No. 022-2596 3838

Fax No. 022-2594 6969

E-mail: mumbai@linkintime.co.in

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NOTICE TO MEMBERS

Notice is hereby given that the NINTH ANNUAL GENERAL MEETING of the Members of the Company will be held at the Registered Office of the Company at 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur- 440 028 on Monday the 24th of September, 2012 at 12.30 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 2012 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. N. D. Saraf, who retires from office by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Vibhu Bakhru, who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass the following resolution which will be proposed as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the 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."

SPECIAL BUSINESS:

5. To appoint Mr. Mohandas S. Adige (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. Mohandas S. Adige 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. Mohandas S. Adige be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

6. To appoint Mr. Rajkamal Rao (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. Rajkamal Rao 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. Rajkamal Rao be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

7. To consider and, if thought fit, to pass the following resolution which will be proposed as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (the 'Act') read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such further approvals, if any, as may be necessary, the company hereby approves of the re-appointment of Mr. M. D. Saraf as Managing Director of the Company for a period of 5 years with effect from 14-8-2012 upon the terms and conditions as to remuneration and otherwise as set out in the draft agreement prepared in that behalf and submitted to this meeting and initialed by the Company Secretary for the purpose of identification which draft agreement, broad details of which are given in the Explanatory Statement in respect of this item of the Notice, is hereby specifically approved and with a liberty to the directors to vary the terms and conditions of the remuneration and appointment and/or the Agreement in such manner and to such extent as may be agreed to between the Directors and Mr. M. D. Saraf in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement when finalized be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item No. 5 to 7 of the Notice set out above is annexed hereto
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 21st September, 2012 to Monday, 24th September, 2012 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 Private 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 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 46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur – 440 028
6. Shareholders intending to require information about accounts and operations of the company, to be explained at the meeting, are requested to furnish the queries to the Company Secretary at least 10(ten) days in advance of the Annual General Meeting so that the same could be complied in time.
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.
11. Securities and Exchange Board of India (SEBI) has made it mandatory for submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrars and Transfer Agents quoting reference of their folio no.
12. Members who hold shares in physical form in multiple folios in identical names or joint names in the same order of names are requested to send the share certificates to the Registrar and Transfer Agent of the Company for consolidation into a single folio.
13. The Ministry of Corporate Affairs (MCA) has vide its circular nos.17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively, undertaken a "Green Initiative in Corporate Governance" and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/ updating their email addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Registrar and Transfer Agent of the Company i.e. Link Intime India Private Limited.

Registered Office:

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

By ORDER OF THE BOARD

Amit Pandey
General Manager (Legal) &
Company Secretary

Dated: 14th August, 2012

ANNEXURE TO THE NOTICE

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

Item No.5 & 6

Mr. Mohandas S. Adige and Mr. Rajkamal Rao were appointed as Additional Directors of the Company w. e. f. 7/11/2011 and 6/02/2012 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. Adige is a Metallurgical Engineering Graduate (1967) from Banaras Hindu University. He underwent special training at Firth Brown Ltd. and its associate companies in Sheffield, UK for over a year and also attended a course in Iron & Steel Technology (part of M.Met) at the Sheffield University (1972/73). He has Diplomas in Operations, & Financial Management from the Jamnalal Institute of Management Studies Bombay University.

He was the Deputy Managing Director of Mahindra Ugine Steel Co. Ltd. (MUSCO) for two years and retired as the Managing Director of Nagpur Power & Industries Ltd. (earlier Khandelwal Ferroalloys) in 2006.

Mr. Rajkamal Rao is aged around 64 years and is a science graduate from Agra University and also holds PGDPA and FI (Mech.) E. (London) degrees. He is Fellow Member of the Institute of Rail Transport FIE(India). Mr. Rajkamal Rao has held various important posts in the Engineering Department in the Indian Railways. He has rich experience in engineering products required for Indian Railways.

The Board is of the view that continued association of Mr. Mohandas S. Adige and Mr. Rajkamal Rao 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. Mohandas S. Adige and Mr. Rajkamal Rao are concerned or interested in the Resolutions.

Item No.7

The Board of Directors in their meeting held on 14th August, 2012 has approved the re-appointment of Mr. M. D. Saraf as Managing Director of the company for another period of 5 years w.e.f 14th August, 2012. The Remuneration Committee has also approved the terms

and conditions including remuneration payable to Mr. M. D. Saraf as Managing Director for a period of 5 years w.e.f. 14th August, 2012, subject to approval of the members.

The material terms & conditions of his appointment and remuneration which are in conformity with the Schedule XIII to the Act as contained in the draft Agreement are as follows:

- a. Basic Salary Rs 95,000/- per month in the scale of Rs 75,000 – 5,000 – 1,00,000/-
- b. Perquisites and Allowances:

In addition to the aforesaid salary, the Managing Director shall also be eligible to the perquisites and allowances as given hereunder;

The perquisites and allowances payable to the Managing Director will include dearness and other allowances, accommodation [furnished or otherwise] or House Rent Allowance in lieu thereof: reimbursement of expenses for utilization of gas, electricity, water, furnishing, medical reimbursement at actual for self and his family, leave travel concession at actual for self and his family, club fees, medical insurance and such other perquisites within the amount specified above. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules there under [including any statutory modification(s) or re-enactment thereof, for the time being in force]. In the absence of any such rules, perquisites and allowances shall be evaluated at actual. However, Company's contribution to Provident fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and Gratuity payable and encashment of leave at the end of tenure, as per rules of the Company, shall not be included in the computation of limits for the remuneration. Further, the Company shall provide car for use on company's business and telephone at residence for official purpose. Provision of a car for use on company's business and telephone at residence for official purpose are not to be considered as perquisites.

The term "Family" means the spouse, the dependent children and the dependent parents of the Managing Director.

The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

The Managing Director shall be eligible for increment, as per the basic scale, at the start of every financial year with the first increment falling due on 1st of April, 2013.

The remuneration payable to the Managing Director by way of salary, dearness allowance, perquisites and any other allowances shall not however exceed the ceiling limit of Rs. 18,00,000/- per annum.

The Board of Directors or any Committee thereof is entitled to determine and revise the salary and perquisites and allowances payable to the Managing Director of the Company at any time, such that the overall remuneration payable shall not exceed the aggregate limit of Rs 18,00,000/- per annum as specified above.

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Director, the company has no profits or its profits are inadequate, then also he shall be paid salary, allowances and perquisites as specified above in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, if any, required.

None of the Directors except Mr. N. D. Saraf (being brother of Mr. M. D. Saraf), Mr. Anurag Saraf (being son of Mr. M. D. Saraf) & Mr. M. D. Saraf whose appointment is being considered be deemed to be concerned or interested in this resolution.

The Particulars set out above may be treated as an abstract of the draft Agreement between the said Vice Chairman and Managing

Director and the Company pursuant to Section 302 of the Companies Act, 1956.

The Draft Agreement between the Company and Mr. M. D. Saraf is available for inspection by the Members of the Company at the Registered Office between 11 a.m. to 1 p.m. on any working day upto and inclusive of the date of the Annual General Meeting.

Accordingly the resolution in Item No. 7 of the accompanying Notice is commended for your approval.

Registered Office:

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

Dated: 14th August, 2012

By ORDER OF THE BOARD

Amit Pandey
General Manager (Legal) &
Company Secretary

DIRECTORS' REPORT TO THE MEMBERS

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

FINANCIAL RESULTS:

	For the year ended 31.3.2012 (Rs. in lacs)	For the Previous year ended 31.3.2011 (Rs in lacs)
Gross Profit / (Loss)	(348.16)	334.27
Depreciation / Amortization	543.42	547.80
Adjustments relating to earlier years	(25.26)	(130.87)
	(866.32)	(82.66)
Provision /(Credit) for MAT/FBT/DEF.TAX/WT	0.18	271.34
Profit/(Loss) after tax for the year	(866.50)	(354.00)

OVERALL PERFORMANCE:

The year 2011-12 did not see much increase in domestic demand of special alloy steels as compared to 2010-11. However, there was an increase in export demand by almost 18% in 2011-12 as compared to 2010-11. The competition continued to grow with most of the Steel Plants coming up with Blast Furnaces, Sponge Iron and Captive Power units thereby affecting the demand supply situation and the net realization to the company. The increased interest rate affected the sales of Auto industries that started looking at various sops and incentives from the Govt. to keep the momentum of production and sales.

On the production level in 2011-12 the production of Steel Melting Shop (SMS) was lower by almost 4000 Tons and that of Rolling Mill was lower by 2000 MT as compared to 2010-11, however, in Forge production there was an increase by almost 200 MT as compared to 2010-11. The most encouraging feature in Forged segment was that sales increased by almost 18% and Exports also increased by 15%. The Working capital requirement increased with increase in input cost whereas there was no equivalent increase in Steel prices. The development of new products continues to remain a major thrust for the company for critical end applications and import substitution which gave higher realization.

The stiff competition coupled with sluggish economic conditions has had adverse impact on the working of the company, which has resulted in company posting a net loss of Rs. 866.50 lacs for the year 2011-12.

DIVIDEND:

In the absence of profit, your directors are unable to declare any dividend for the year 2011-2012.

PROSPECTS:

The Indian economy is facing a very challenging environment and the GDP growth rate is constantly on decline which is not a good sign for domestic market, further the value of Indian Rupee has also declined in the currency market which has made imports dearer and export attractive. In order to ensure better returns your company now

is focusing more on exports of its products and also tapping domestic market for substituting imports of niche products, where margins are expected to be higher with less competition from domestic steel plants. In order to achieve desired results your company has entered into an agreement for long term co-operation with M/s INTECO Special Melting Technologies GmbH, (INTECO) a company based in Austria, Europe, which specializes in transfer of technology for alloyed and special steel, including special melting technology, Secondary Metallurgy, forging, Heat Treatment and supply of relevant equipments relating to steel making.

You company has also entered into the open die forged products material in a big way thereby increasing the customer's base and product range in 2011-12. In the year under review several new products that meet the requirement of high end Automobile applications, energy and oil and gas sector have been added. The company is constantly exploring business opportunity in these markets and is being recognized as a reputed manufacturer.

The company also diversified into special shapes and sizes of forged products as per the requirement of customers.

With the combined strategy of increasing export, catering to domestic market in niche segment to substitute imports and increasing sales of forged products in the open die segment, your company hopes to achieve better results in future.

FINANCE:

The Company has not accepted any fixed deposit from the public during the year under review. However, continued losses posted by the company for the consecutive third year has considerably affected the fund flow of the company. In order to improve the net worth of the company Inter-corporate Deposit (ICD) worth Rs.10 Crores belonging to Promoter Group entities was converted into 5% Redeemable Cumulative Preference Shares during the year under review. Further, steps are being taken by the Company to effectively manage the finances and it is expected that with the improvement in the production level the finance position of the company will also stabilize.

COST AUDITOR:

The Board of Directors on recommendation of the Audit Committee has appointed Mr. Shridhar K. Phatak, a Practicing Cost Accountant, as Cost Auditor of the company for the financial year 2012-13 to carry out cost audit of the company's Mini Steel Plant situated at Nagpur. Necessary approval of the Central Government in respect of appointment of Mr. Shridhar K. Pathak as Cost Auditor of the Company has been received by the Company. As required under the provisions of Section 224(1B) read with Section 233 (B)(2) of the Companies Act, 1956, the Company has obtained written confirmation from Mr. Shridhar K. Phatak to the effect that he is eligible for appointment as Cost Auditor under Section 233B of the Companies Act, 1956. The Audit Committee has also received a certificate from the Cost Auditor certifying his independence and arm's length relationship with the Company.

INDUSTRIAL RELATIONS:

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

DIRECTORS:

Mr. N. D. Saraf and Mr. Vibhu Bakhru, Directors of the Company, retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.

Mr. G.L.N. Sastry, Nominee Director, Bank of India, ceased to be director on board of the company w.e.f. 30th June, 2011 consequent to his retirement from service of the bank of India on achieving superannuation. Mr. P. K. Kukde resigned from Directorship of the Company w.e.f. 7th November, 2011. The Board has placed on record its sincere appreciation of the services rendered by Mr. G. L. N. Sastry and Mr. P. K. Kukde during their tenure as Directors of the Company.

During the year Mr. Mohandas S. Adige & Mr. Rajkamal Rao were appointed Additional Directors by the Board of Directors of the Company under Article 107 of the Articles of Association of the Company w.e.f 07.11.2011 & 06.02.2012 respectively. The Additional Directors hold office under the said Article and Section 260 of the Companies Act, 1956 upto the date of ensuing Annual General Meeting. The Company has received notices from members under section 257(1) of the Companies Act, 1956, signifying their intention to propose candidature of Mr. Mohandas S. Adige & Mr. Rajkamal Rao, for the office of Directors of the Company at the forthcoming Annual General Meeting.

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, in selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonably and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date;
- 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.

PRESENTATION OF FINANCIAL RESULTS:

Pursuant to Notification dated 28th February, 2011 issued by the Ministry of Corporate Affairs, the format for disclosure of financial

statement prescribed under Schedule VI to the Companies Act, 1956 has been substantially revised. The financial results of the Company for the year ended 31st March, 2012 have, therefore, been disclosed as per the revised Schedule VI. Previous year's figures have also been restated to confirm with the current year's presentation.

AUDITORS:

M/s Salve & Company, Chartered Accountants retire as Statutory Auditors of the Company at the ensuing Annual General Meeting and have given their consent for re-appointment as the Statutory Auditors of the Company for the year 2012-13. Pursuant to the provision of Section 224(1B) of the Companies Act, 1956, the Company has obtained written consent from the above auditors that their re-appointment if made, would be in conformity with the limits specified in the said section.

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 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. 60,00,000/- per annum or Rs.5,00,000/- per month requiring disclosure as per the provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975.

CORPORATE GOVERNANCE:

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

ACKNOWLEDGEMENT AND APPRECIATION:

Your Directors wish to express their appreciation for the continued support and co-operation received from Central and State Government, Financial Institutions, Banks, Customers, Suppliers and the Shareholders of the Company. The Directors also appreciate the value and contributions made by every employee of the company in the operations of the company.

On behalf of Board of Directors,

Vinod Saraf Anurag Saraf
Managing Director Jt. Managing Director

Nagpur
Dated : 14th August, 2012

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 : In 16" Mill Furnace burner design modified to reduce oil consumption.
- 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. : Rs.500/- per MT based on reduction of Approx. 10 Liter/Ton in 16" Mill.
- d) Total energy consumption and energy consumption per unit of production in prescribed form 'A'. : As per Form A attached

B. TECHNOLOGY ABSORPTION:**Research and development:**

- a. Specific areas in which R & D carried out by the Company : Development of Stainless Steel Flats in Grade X20Cr13 Turbine Blade application for BHEL.
- b. Benefits derived as a Result of above R & D. : Under development. Will be developed within 3 months.
- c. Future plan of action. : To develop complete technology and do commercial production.
- d. Expenditure on Research & Development. : Rs. 10 Lacs.
- e. Technology absorption, adaptation and innovation. : X20CrMoBVn11 A/c. BHEL, Trichy Micro Alloy Steel for Delphi, M12-023A
- i) Efforts, in brief, made towards Technology absorption, adaption and innovation. : All inhouse experiments/trials conducted to achieve properties & desired results of above grades.
- ii) Benefits derived as a result of above efforts. : Product Mix was broadened due to inclusion of these products.
- iii) Information regarding technology imported during the last five years. : None

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- 1) Activities relating to exports initiatives taken to increase exports, development of new exports markets for products and services and export plans. : New grades developed.
- 2) Total Foreign Exchange used and earned (2011-2012): **(Rs.in Lacs)**
 - i) CIF value of imports **929.78**
 - Expenditure in Foreign Currency **89.42**
 - ii) Foreign Exchange earned **5373.44**

On behalf of Board of Directors,

Vinod Saraf
Managing Director

Anurag Saraf
Joint Managing Director

Nagpur
Dated: 14th August, 2012

FORM 'A'

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

PARTICULARS	STEEL	
	CURRENT YEAR 2011-2012	PREVIOUS YEAR 2010-2011
A. POWER AND FUEL CONSUMPTION:		
1. ELECTRICITY		
a) Purchased		
Units (KWH in lacs)	468.32	529.26
Total Amount (Rs. in Lacs)	2948.62	2442.12
Average rate per unit (Rs.)	6.30	4.61
b) Own generation		
i) Through Diesel Generator		
Units (KWH)	-	-
Units per ltr. of diesel oil	-	-
Cost/unit (Rs.)	-	-
ii) Through Steam Turbine/Generator		
Units	-	-
Units per ltr. of fuel oil/gas	-	-
Cost/unit (Rs.)	-	-
2. Coal (specify quality)	-	-
3. Furnace Oil		
Quantity (K.Liter)	3446.87	4537.17
Total cost (Rs.in Lacs)	1306.36	1250.75
Average Rate (Rs./K. Liters)	37905.14	27566.75
4. Others/Internal Generation	-	-
B. CONSUMPTION PER UNIT OF PRODUCTION:		
ELECTRICITY (KWH per tonne)		
Rolled & Forged Products	1333.000	1335.000
FURNACE OIL (K.Liter per tonne)		
Rolled & Forged Products	0.084	0.084
Coal (Specify quality)	-	-
Others (Specify)	-	-