

FIFTY FIFTH ANNUAL REPORT 2010-2011



AN ALLOY OF GROWTH & SUCCESS



FERRO ALLOYS CORPORATION LIMITED

युक्तः कर्मफलं त्यक्त्वा शान्तिमाप्नोति नैष्ठिकीम्।

अयुक्तः कामकारेण फले सक्तो निबध्यते॥

The Karmayogi who can disregard the fruits of his labour finds peace and is united with the Divine, whereas the one who remains greedy for the results of his activities is entangled and fails to reach Divinity

Chapter 5, verse 12 of the Srimad Bhagawat Gita



Shri Durgaprasadji Saraf

25th September, 1911 – 25th July, 1988

“*A Karmayogi Whose Shining Spirit
Still Guides Us*”

Homage to our beloved founder on his birth centenary

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

Chairman & Managing Director

M. D. Saraf**Manoj Saraf**

Managing Director

Vineet Saraf

Joint Managing Director

Ashish Saraf

Joint Managing Director

Rohit Saraf

Joint Managing Director

Harish Salve**A.S. Kapre****Umesh Kumar Khaitan****P.K. Sangamkar**

(ceased w.e.f. 1.7.2011)

Nominee of Bank of India

Arye Berest**S.B. Mishra****N.L. Ajwalia****M.B. Thaker****Ritesh Chaudhry**

Company Secretary

Executives**R.D. Agrawal**

Advisor

O.P. Banka

Director (Finance)

Sanjiv Goyal

Chief Financial Officer

Ashok Agrawal

Director (Mines)

M.K. Pujari

Chief General Manager (Mines)

B.B. SinghDirector (Technical)
(Charge Chrome Plant)**P.G. Sureshkumar**General Manager
(Charge Chrome Plant)**Bankers**

Bank of India

Central Bank of India

State Bank of India

Syndicate Bank

State Bank of Bikaner & Jaipur

Solicitors

Mulla & Mulla and

Craig 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 6969

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

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NOTICE is hereby given that the **FIFTY FIFTH ANNUAL GENERAL MEETING** of the Members of the Company will be held at the **Registered Office** of the Company at **"FACOR DP Officers' Club at DP Nagar, Randia – 756 135, Dist. Bhadrak, Orissa"** on **Monday, the 12th day of September, 2011 at 12 Noon** 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, 2011 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 Dividend on Equity Shares.
3. To appoint a Director in the place of Mr. M.B. Thaker who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. A.S. Kapre who retires from office by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr. Vineet Saraf who retires from office by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in the place of Mr. N.L. Ajwalia who retires from office by rotation and, being eligible, offers himself for re-appointment.
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 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:

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

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions if any of the Companies Act, 1956, the Company hereby approves and confirms the decision of the Board of Directors inter alia approving execution of guarantees on behalf of Facor Power Limited vide their resolution date 17th September, 2010, in favour of Rural Electrification Limited and Central Bank of India for Term loans, Bridge Loans, working capital/ other facilities availed from them as per the details given below:

Nature of facility	Name of Financing Agency	Amount ₹ in Crs.
Term Loan	Rural Electrification Corporation Limited	257.68
Short Term Loan	Central Bank of India	125.00
Total		382.68

Registered office:

D.P. Nagar,
P.O. Randia – 756 135
Distt. Bhadrak, Orissa

Dated : 1st August, 2011
Place: New Delhi

By Order of the Board

Ritesh Chaudhry
Company Secretary

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.
2. Members / Proxies are requested to bring their Attendance Slip sent herewith, duly filled in, for attending the meeting.
3. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 3rd of September, 2011 to Monday, the 12th September, 2011, both days inclusive.
5. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board, if declared at the meeting, will be paid to those members (on or before 11th October, 2011) or their mandates:

- a. Whose names appear as Beneficial owners as at the end of business hours on Friday, the 2nd day of September, 2011 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
 - b. Whose names appear as members in the Register of members of the Company after giving effect to valid share transfers in physical form lodged with the Registrar & Share Transfer Agents of the Company on or before Friday, the 2nd day of September, 2011.
6. Members may please note that the Dividend Warrants shall be payable at par at the designated branches of the bank printed on the reverse of the Dividend Warrant for an initial period of three months only. Thereafter, the Dividend Warrant on revalidation shall be payable only at limited centres / branches of the said Bank. The members are, therefore, advised to encash Dividend Warrants within the initial validity period.
7. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
8. **Change of address or other particulars:**
- Members are requested to inform their Change of address (with PIN CODE), Nominations in respect of their shareholding, Bank Details, Mandate instructions, Electronic Clearing Service (ECS) mandates as also any changes in the above (under the signature of the registered holder(s) of shares) etc. to:-
- The Registrar and Share Transfer Agent (RTA) of the Company in respect of shares held in physical form; and
 - The Depository Participants in respect of shares held in electronic form.
9. Shareholders intending to require information on the accounts at the meeting are requested to furnish the queries to the Company at least 10 (ten) days in advance of the Annual General Meeting to facilitate ready response.
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. Non-resident Shareholders are requested to inform the change in their residential status on return to India as also the details of their bank account in India to:
- The Registrar and Share Transfer Agent (RTA) of the Company in respect of shares held in physical form; and
 - The Depository Participants in respect of shares held in electronic form.
12. Those Members who have so far not encashed their dividend warrants for the financial years 2006-07, 2007-08, 2008-09 and 2009-2010 may claim or approach the Company's Secretarial Department at Corporate One, Suite # 401, Plot No. 5, Jasola, New Delhi – 110 025 for payment thereof as the same will be transferred to the "Investor Education & Protection Fund" of the Central Government pursuant to Section 205 of the Companies Act, 1956 on the following dates:
- Dividend for the year 2006-2007, on 8th September, 2014.
 - Interim Dividend for the year 2007-2008, on 22nd February, 2015.
 - Final Dividend for the year 2007-08, on 7th October, 2015.
 - Interim Dividend for the year 2008-09, on 24th August, 2015.
 - Dividend for the year 2009-2010, on 10th October, 2017.

Registered Office:

D.P. Nagar,
P.O. Randia – 756 135
Distt. Bhadrak, Orissa

Dated: 1st August, 2011
Place: New Delhi

By Order of the Board

Ritesh Chaudhry
Company Secretary

Explanatory Statement as required by Section 173 of the Companies Act, 1956**Item No. 8**

Facor Power Limited, a Company promoted by the Company has undertaken to set up a Captive Power Plant at Bhadrak in the State of Orissa which shall provide electricity to the Charge Chrome Plant of the Company. The initial capital outlay of the project was ₹.200 Crores for 45MW. With increase in capacity of the project to 100MW the projected capital outlay now stands at ₹ 570 Crores. The cost of the project has to be funded by a mixed debt and equity in the ratio of 70:30.

The additional debt expenditure of ₹ 257.68 Crores was agreed to be funded by Rural Electrification Corporation Limited (REC). One of the conditions of the sanction of the said debt amount was that a Corporate Guarantee of ₹ 257.68 Crores be executed by the Company in favour of REC.

Further, Facor Power Limited had approached Central Bank of India for short term loan of ₹ 125 Crores to meet its working capital facilities

for the period wherein the disbursement from REC was awaited. One of the terms of sanction of the Short Term loan was that the Company was required to execute a corporate guarantee in favour of Central Bank of India securing the loan amount.

Owing to the urgent nature of the matter the Board passed a resolution according approval to the Company subject to the approval of the shareholders of the company as required under proviso to sub-section (1) of Section 372A and other applicable provisions if any, to give guarantees on behalf of Facor Power Limited in favour of REC and Central Bank of India.

The company is in compliance with the above stated provisions. The Board requests your approval.

None of the Directors except, Mr. Vineet Saraf, Mr Ashish Saraf being directors in the Company and in Facor Power Limited and Mr R.K. Saraf, being father of Mr. Ashish Saraf may be deemed to be interested in the resolution to the extent of their shareholding in the Company.

Your Directors are delighted to present the 55th Annual Report of your Company and the Audited Statement of Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

Particulars	₹ in lacs	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Gross Profit/(Loss)	6870.18	3373.27
Depreciation/Amortization	997.84	1024.03
Provision for taxation	2128.02	947.36
Net Profit/(Loss) for the year after tax	3744.32	1401.88
Transfer to General Reserve	2000.00	2000.00
Balance carried to Balance Sheet	4185.19	2979.18

OPERATIONS

2010-11 witnessed both natural and economic disasters which could not keep any company across the globe insulated thus affecting operations in some way or the other. Your company was also affected due to the above.

However, with GDP estimated to have grown at 8.6% in 2010-11 in real terms, the economy has shown remarkable resilience and so has your company.

During the year 2010-11 operations at the Charge chrome plant and mines showed improved performance. The production of Charge Chrome/Ferro Chrome and chrome ores was higher as compared to that of the previous year. Over the years, the company has also reduced the tonnage under conversion contract with Tata Steel.

Ferro alloy products are used in the production of steel as de-oxidant and alloying agents and the Ferro alloys industry acts an intermediate industry to the Iron & Steel industry. Being an intermediate product its demand and prices move in sync with that of steel.

Power cost forms almost 40% of the cost of production and ever increasing price is affecting revenue and as such has rendered Indian ferro alloys product non competitive in the international market. To tide over this problem your company is in the process of establishing a captive power plant with total capacity of 100 MW first phase comprising of 45 MW has now been synchronized and awaits commissioning. Post commissioning your company shall be self reliant for power.

The overall turnover of the Company increased from ₹ 348.58 crores in 2009-2010 to ₹ 487.87 crores in 2010-2011 recording an increase of 39.96%. Exports were also higher at ₹ 282.31 crores as compared to ₹ 208.35 crores in the previous year registering a growth of 35.50%. Profit before tax too surged to ₹ 58.72 crores as compared to ₹ 23.49 crores in the previous year recording an increase of 149.98%.

DIVIDEND

Your Directors have, in their meeting held on 1st August, 2011 proposed dividend at the rate of ₹ 0.25 (25%) per share of ₹ 1 each for the financial year ended 31st March, 2011 which shall be paid on or before 11th October, 2011 once approved by the members of the Company at the 55th Annual General Meeting of the Company.

FINANCE

Your Company has not raised any deposit from public during the year.

PROSPECTS

The ferro alloys industry forms part of the core sector under the Ministry of Steel and is engaged in supplying crucial intermediate products to the Steel industry. Consequent to dip in global stainless steel production during the preceding year coupled with cut down in Chinese steel production the demand as well as price of ferro alloys was reduced by 25%. Also, the credit squeeze policy of the Chinese Government has aggravated the situation and the demand for ferro alloys products has reduced during the last two quarters. There is overcapacity of Stainless steel as demand for stainless steel is around 5-6 Million tons against the production capacity of 8-9 Million tons. European markets also do not seem very encouraging with Greece and Spain opting for debt restructuring. Also, the Turkish producers have become aggressive in the chrome ore market and have resulted lower chrome ore prices.

On the domestic front ferro alloys industry has capacity of 4.04 million tons and is working at capacity utilization of 65%. However, Ferro alloys producers are now looking towards the domestic market for sustenance with mega steel projects been approved for installation for various capacities which now are poised to be commissioned at the earliest. Per capita consumption of steel is very low in India as against the global standards and that of developed countries which provides strong growth opportunity. With India on growth path, steel industry shall remain in the focus as it forms the core sector for development, in the light of which the prospects of ferro alloys industry for the coming years are expected to remain good.

Further, the steps taken by the Government of India to boost the sentiments of the manufacturing industry in general and iron & steel industry, in particular, by imposing export duty on chrome ore to ensure availability of this important raw material for production of High Carbon Ferro Chrome provides an indication for the growth of Indian ferro alloys industry.

FUTURE STRATEGY AND GROWTH

The first phase covering 45 MW of the 100 MW captive thermal power plant set up by Facor Power Limited has completed the synchronization process and awaits commissioning is likely to go onstream by end of August, 2011 and the second phase by November / December, 2011.

With power deficit in the country your company sees opportunity in the power sector and is on look out for various opportunities in both conventional and renewable sources with varying capacities.

Also, your company is also looking at forward and backward integration. While forward integration is being planned by way of setting up green field projects, acquisitions, joint ventures etc., backward integration is being planned for setting up power projects to contain the power cost, acquisition of chromite mines, enhancement of existing capacities etc.

Further, your company also remains focused on upgradation of technology for a sustained growth.

INDUSTRIAL RELATIONS

Apart from a brief lockout by the Company on its plant located at Randia, from 29.06.11 to 10.07.11 industrial relations with the labour union were peaceful and satisfactory. The lockout was called due to unlawful activities by the labour union which resulted in non conducive and potentially unsafe work environment. The matter was subsequently settled amicably.

DIRECTORS

Mr. M.B. Thaker, Mr. A.S. Kapre, Mr. Vineet Saraf and Mr. N.L. Ajwalia shall retire by rotation at the ensuing 55th Annual General Meeting and, being eligible, offer themselves for re-appointment.

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.

SUBSIDIARIES

The Report and Accounts of and Facor Realty And Infrastructure Limited, subsidiary of your Company, are annexed along with statement pursuant to section 212 of the Companies Act, 1956.

DIRECTORS REPOSIBILITY 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 along with proper explanations;
- 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) 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

Audit Committee of the Company comprises of Mr A.S. Kapre, Mr M.B. Thaker, Mr Umesh Khaitan and Mr. S.B. Mishra, all Independent Directors . The committee has been constituted in strict compliance with the provisions of Clause 49 of the Listing agreement and assume all responsibilities provided therein, discharging their duties diligently with transparency and accountability as their sole motivation.

AUDITORS

M/s Salve & Company, Chartered Accountants hold office upto the conclusion of the ensuing 55th Annual General Meeting. The Company has received a requisite Certificate pursuant to Section 224 (1B) of the Companies Act 1956 regarding their eligibility for reappointment as Auditors of the Company. You are requested to appoint Auditors for the current year and to fix their remuneration.

AUDITOR'S REPORT

The observations made in the Auditors' Report are self explanatory and therefore, do not call for any further comments u/s 217(3) of the Companies Act, 1956.

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

A 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 as Annexure 'A' which forms part of this Report.

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of the Report. However, as per the provision of section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all shareholders of the Company excluding the statement of particulars of employees u/s 217(2A) of the said Act. Any shareholder desirous of obtaining a copy of the statement may write to the Company Secretary of the Company.

CORPORATE GOVERNANCE

In terms of clause 49 of the Listing Agreement, a separate report on Corporate Governance, Management Discussion and Analysis along with your Company's Statutory Auditors' Certificate dated 1st August, 2011 confirming the above compliance is annexed to and forms part of the Directors' Report.

ACKNOWLEDGEMENTS

Directors of the Company wish to thank the Central and State Governments for their continued support and co-operation extended

towards the business as well as the company's social functions. The Management thanks the shareholders, Business Associates, Financial Institutions & Banks, Customers and Suppliers for the faith reposed in the Company and in them. The Board also expresses its sincere appreciation to the dedicated and committed team of employees and workmen without whom reaching this far and maintaining the standard and quality of the products for which the

company is famous, would not have been possible and look forward to continued support.

On behalf of Board of Directors,

Place : New Delhi
Dated : 1st August, 2011

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
- b) Additional investment and proposals if any being implemented for reduction of consumption of energy
- c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
- d) Total energy consumption and energy consumption per unit of production in prescribed form 'A'.

Conservation of Energy is an ongoing process and is always attached great importance. Installation of efficient electric equipments and other measures taken in recent past have brought down energy consumption. However, it is difficult to quantify the same and/or assess its impact on cost of production.

Form 'A' is not applicable to Ferro Alloys Industry.

B) TECHNOLOGY ABSORPTION:

Research & Development (R&D):

- a) Specific areas in which R & D carried out by the company
- b) Benefits derived as a result of the above R&D
- c) Future Plan of action
- d) Expenditure on R&D
- e) Technology absorption, adaptation and innovation:
 - i) Efforts, in brief, made towards technology absorption, adaptation and innovation.
 - ii) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.
 - iii) Information regarding technology imported during last 5 years

R&D in the operation of Ferro Chrome Production and manufacturing of briquettes is a continuous process. Studies to recover the entrapped metal from the discharged slag are in progress.

: The Company is analyzing and experimenting different methods of briquetting to cut down cost of production.

: Recurring expenditure on R&D has been shown under respective heads of accounts in Profit & Loss Account.

: Not applicable since no new technology has been adopted

: Not applicable

: No technology has been imported during the last five years.

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
- 2) Total Foreign Exchange used and earned (2010-11)
 - i) CIF value of imports
 - ii) Expenditure in Foreign currency
 - iii) Foreign exchange earned on FOB basis

: To explore new avenues of exports and to understand latest developments in the international markets, your directors undertake foreign tours as and when required.

₹ in lacs
2275.35
459.18
25755.57

On behalf of Board of Directors,

Place : New Delhi,
Dated : 1st August, 2011

R.K. SARAF
CHAIRMAN & MANAGING DIRECTOR

INDUSTRY STRUCTURE, DEVELOPMENT AND OTHER RELATED MATTERS

Ferro Alloys industry is one of the oldest industry in India, dating back to early '50s when the country started its industrial journey. Being an intermediate product for steel manufacturing, ferro alloys industry primarily depends upon the steel sector for growth and development. The present installed capacity of Indian ferro alloys industry is 4.04 million tons and is working at capacity utilization of 65%.

The Indian Ferro Alloys products are at par with CIS nations in term of quality, lags behind only South Africa and China but far ahead of Japan and Europe. As an intermediate industry, the ferro alloys industry is required to be in tandem with the steel industry but the built up capacity is in excess of the requirement of domestic steel industry. International market does not favor Indian ferro alloys products owing to their expensiveness in comparison with the product of South Africa, Kazakhstan, China etc. This is highlighted by the fact that price cues for global sales are determined in line with those fixed by the mentioned countries.

The dismal state of the ferro alloy products are further highlighted by unavailability of good quality raw materials such as low Phosphorous Coke in the domestic market that renders the company to depend on imports which, in turn, increases the cost of production further. As a result the ferro alloys product manufactured in India loses competitiveness in the international market. Further, low duty on imports has rendered loss of market share to domestic players.

RISKS AND CONCERNS / OPPORTUNITIES AND THREATS / OUTLOOK

Ferro alloys industry is a cyclical industry and as such the various constraints upon it and owing to its critical nature to the steel industry of the country makes the situation even more critical. The various stimulus and reliefs granted in general for benefit of the industries and those to steel industry in particular helped the ferro alloys industry tide through the recessionary phase. However, to ensure that growth is sustained various measures including availability of good quality raw materials, providing for infrastructure expansion and stimulus for industry is required.

Following is a brief list of the major concern affecting the Indian ferro alloys industry:

- Industry has time and again raised the concern that the present import duty of 5% be hiked to 7.5% to curb the flow of imports. However, the Ministry has found no merit to this argument stating that the lower duty is in the interest of domestic steel industry in the form of quality enhancement and international competitiveness.

- Power costs continue to be very high in comparison to international ferro alloys producers. Electricity accounts for 30-40% of the cost of production leading to uncompetitive rates in international as well as domestic markets as compared to international product.
- Besides high cost of LAM coke its availability has also become an issue with production failing to meet the demand.
- Rising crude prices have led to hike in fuel prices leading to increase in transportation costs; and
- Market for ferro alloys product continue to be highly fluctuating and volatile leading to uncertainty which in turn affects realization.

However, Government has taken the following positive steps towards benefitting the ferro alloys industry:

- Import duty on vanadium pentaoxide and vanadium sludge, which go into the making of noble alloys.
- The sanction of duty free import of stainless steel scrap shall boost the demand resulting in increase in demand for ferro alloys product.
- The budgetary concessions shall definitely give a fillip to the local demand, however, to sustain the push there is urgency for early commissioning of various stainless steel capacity.
- As regards the power cost ferro alloys producers are now focusing on making their units self reliant by setting up their own power units. This not only reduces the input cost but ensures continuous supply of quality power. In the long run this effort of backward integration shall definitely help the domestic ferro alloys producers compete in the international market.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Your company's turnover for the current financial year, 2010-11 stands at ₹ 48786.54 lacs as against ₹ 34857.60 lacs last year, posting an increase of 39.96%. Exports during the year saw a rise of 35.50% at ₹ 28238.50 lacs as against ₹ 20834.88 lacs last year.

However, Profit before tax stands at ₹ 5872.34 lacs as against ₹ 2349.24 lacs in the previous year, recording a spectacular increase of 149.98%.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has placed systems and procedures of internal control and checks in operation commensurate with the size and the nature of its business for optimum utilization of available precious resources. The mechanism of internal control and checks are reviewed by the management, internal and statutory auditors from time to time and