

**TWELFTH
ANNUAL REPORT
2014-2015
(ABRIDGED)**



FACOR STEELS LIMITED

COPORATE INFORMATION

Board of Director

Narayandas Saraf
Chairman

M. D. Saraf
Vice-Chairman & Director

Vinod Saraf
Managing Director

Anurag Saraf

A. S. Kapre

M. B. Thaker

Mohandas S. Adige

K.A. Pardhi

Champaka Rangachari

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 ans Craige Blunt & Caroe

Auditors

SALVE & Co.
Chartered Accountants

Internal Auditors

M. M. Jain & Associates
Chartered Accountants

Cost Auditors

S.K. Phatak & Co.
Cost Accountants

Registrars & Share Transfer Agents

(for Both Physical & Electronic)

Link Intime India Pvt. Ltd.

C-13 Pannalal Silk Mills
Compound, LBS Marg,
Bhandup (W),
MUMBAI-400 078
Phone No. 022-2594 6970
Fax No, 022-2594 26970
E-mail: rnt.helpdesk@linkintime.co.in

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Notice to Members

Notice is hereby given that the **TWELFTH 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 28th of September, 2015 at 2.30 P.M to transact, with or without modification as may be permissible, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March 2015, including Audited Balance Sheet and Statement of Profit and Loss 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. Narayandas Saraf (DIN: 00006260), 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 M. Saraf (DIN: 00009691), 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 in accordance with the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments therefore for the time being in force), appointment of M/s Salve & Company, Chartered Accountants, (Regn. No. 109003W), as Statutory Auditors of the Company, which was approved by the shareholders for a period 3 years from the conclusion of the 11th Annual General Meeting held on 11th September, 2014 be and is hereby ratified at this 12th Annual General Meeting of the Company and they are, therefore, to continue to hold office from the conclusion of this Annual General Meeting till the conclusion of the 14th Annual General Meeting of the Company at such remuneration plus service tax as applicable and reimbursement of expenses incurred by them incidental to their functions, as shall be fixed by the Board of Directors of the Company. The appointment of the Auditors shall be subject to ratification by members in every subsequent Annual General Meeting till the conclusion of the 14th Annual General Meeting.”

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary

Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Champaka Rangachari (DIN No. 00701676), a non-executive Independent Woman Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and was appointed as an Additional Director w. e. f. 30th March, 2015 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Woman Director of the Company, to hold office for 5 (five) consecutive years with effect from 30th March, 2015 up to 29th March, 2020.”

Registered Office:

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

By ORDER OF THE BOARD

Vinod Saraf
Managing Director

Dated: 5th August, 2015

Place: Nagpur

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Item no. 5 at the meeting, is annexed hereto.
2. The Register of Members and the Share Transfer books of the Company will remain closed from Tuesday, 22nd September, 2015 to Monday, 28th September, 2015 (both days inclusive) for annual closing.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

4. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
5. The Securities and Exchange Board of India (SEBI) has mandated the 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.
6. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part Report on Corporate Governance. The Directors have furnished the requisite declarations for their appointment/re-appointment.
7. Electronic copy of the Abridged Annual Report for 2014-2015 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Abridged Annual Report for 2014-2015 is being sent in the permitted mode. Complete copy of the Annual Report for 2014-2015 shall be provided on request to members.
8. In accordance with the Companies Act, 2013 read with the Rules framed there under Electronic copy of the Notice of the 12th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 12th Annual General Meeting of the Company inter alia indicating the process and

manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

9. Members may also note that the Notice of the 12th Annual General Meeting and the Annual Report for 2014-2015 will also be available on the Company's website **www.facorsteel.com** and **www.facorgroup.in** for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Nagpur for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: **investors@facorsteel.com**
10. **Voting through electronic means**
 1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and also 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 12th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited

The instructions for e-voting are as under:

- (i) The voting period begins on 25th September, 2015 at 9:00 a.m. and ends on 27th September, 2015 at 6:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21st September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Log on to the e-voting website **www.evotingindia.com**
- (iv) Click on "Shareholders" tab.
- (v) Now, select the electronic voting sequence number (EVSN) 150804028 alongwith "FACOR STEELS LIMITED" from the drop down menu and click on "SUBMIT"
- (vi) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8

- Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (vii) Next enter the Image Verification as displayed and Click on Login.
 - (viii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (ix) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank Details filed as mentioned in instruction (vi).

- (x) After entering these details appropriately, click on "SUBMIT" tab.
- (xi) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein

they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xiii) Click on the EVSN No. 150804028 for Facor Steels Limited.
- (xiv) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xvi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xviii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xix) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xx) Note for Non-Individual Shareholders and Custodians
 - Non-individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 21st September, 2015 may follow the same instructions as mentioned above for e-Voting.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

In case of members receiving the physical copy:

- (A) Please follow all steps from Sl. no. (i) to sl. no. (xx) above to cast vote.
- (B) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com, as aforesaid.
- (C) The e-voting period commences on 25th September, 2015 (9:00 am) and ends on 27th September, 2015 (6:00 pm). During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21st September, 2015 may cast their vote electronically. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (D) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 21st September, 2015, as referred in preceding clause..
- (E) Mr. Pradeep S. Chenna., Company Secretaries, (Membership No. FCS 6265 and C. P. No.7138)

has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

- (F) The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (G) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website www.facorgroup.in within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

11. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company on all working days during normal business hours (9.00 am to 5.00 pm) except Saturdays, Sundays and Holidays up to and including the date of the Annual General Meeting of the Company.

Registered Office:

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

By ORDER OF THE BOARD

Vinod Saraf
Managing Director

Dated: 5th August, 2015
Place: Nagpur

**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT IN RESPECT OF THE
SPECIAL BUSINESS PURSUANT TO SECTION 102 OF
THE COMPANIES ACT, 2013**

Item No. 5

Mrs. Champaka Rangachari joined the Board of Directors of the Company on 30th March, 2015. Mrs. Champaka Rangachari, aged 82 years is a retired Professor. She has done her PhD in Zoology from Delhi University and has published a number of papers in National and International journals on Zoology. She is associated with various management organizations and has conducted various seminars on leadership, motivation and communication. She has rich experience in Corporate advertising work and she started Admas Advertising in 1976 and was its CMD till 2010.

As per the provisions of Section 149 of the Companies Act, 2013 which has come into force w.e.f. 1st April, 2014, an

Facor Steels Limited

Independent Director shall hold office for a term up to 5 consecutive years on the Board of a company and is not liable to retire by rotation. Mrs. Champaka Rangachari has given declaration to the Board that she meets the criteria of Independence as provided under Section 149(6) of the Act. The matter regarding appointment of Mrs. Champaka Rangachari as Independent Director was placed before the Nomination and Remuneration Committee, which commends her appointment as an Independent Director from 30th March, 2015 to 29th March, 2020.

In opinion of the Board, Mrs. Champaka Rangachari fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Woman Director and She is independent of the management. In Compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mrs. Champaka Rangachari, as an Independent Woman Director, is now being placed before the Members in General Meeting for their approval.

Copy of the Draft letter of appointment of Mrs. Champaka Rangachari would be available for inspection without any fee by the Members at the Registered Office of the Company

during normal business hours on all working days upto the AGM date.

None of the of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP, except Mrs. Champaka Rangachari are interested or concerned in the Resolution concerning her appointment proposed in Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.5 of the Notice for approval of the members.

The information as required in terms of Clause 49 of the Listing Agreement is given in Corporate Governance Report annexed to the Directors' Report.

Registered Office:

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

By ORDER OF THE BOARD

Vinod Saraf
Managing Director

Dated: 5th August, 2015

Place: Nagpur

DIRECTORS' REPORT TO THE MEMBERS

Your Directors submit the **TWELFTH ANNUAL REPORT** on the business and operations of the Company and the Audited Statements of Accounts for the year ended 31st March, 2015.

FINANCIAL RESULTS

Particulars	(` in lacs)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
Gross Profit/(Loss)	(2623.80)	(2267.52)
Depreciation / Amortization	469.38	537.29
Profit /(Loss) before exceptional items & Tax	(3093.18)	(2804.81)
Exceptional items	1842.11	0.00
Profit/(Loss) before tax for the year	(1251.07)	(2804.81)
Provision/(Credit) for MAT/DEF. TAX /WT	0.00	0.00
Profit/(Loss) after tax for the year	(1251.07)	(2804.81)

OVERALL PERFORMANCE

Your Company's performance during the financial year 2014-15 was badly affected due to the closure of the plant operations with effect from 30/05/2014 due to consensus lockout declared as per agreement reached with the workforce. This closure

was necessitated due to adverse market conditions with subdued demand for Alloy and Stainless Steel resulting in lower utilization of capacity. The lay off is still continuing due to no change in the situation.

During the year under review, your Company reported total income of ` 3043.78 Lacs as against ` 6636.74 Lacs of previous year. After making a provision of ` 781.29 Lacs towards interest and ` 469.38 Lacs towards depreciation, the loss for the current financial year amounts to ` 1251.07 Lacs as against net loss of ` 2804.81 Lacs reported in the previous year. The net loss of ` 1251.07 Lacs of the current year has been arrived after considering exceptional items of ` 1842.11 Lacs, details of which has been given in Note 32 of on Financial Statement.

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations. A detailed Management Discussion and Analysis Report forms part of this report is annexed as **Annexure-1**.

OUTLOOK FOR 2015-16

The lay off at Company's plant is continuing and it is unviable to operate the plant under present business conditions. In our effort to revive operations, the Company and its Promoters have been engaged in scouting for tie-ups with Potential Investors/ Strategic Partners who can introduce newer value added product portfolios in the market and infuse capital in the Company.

DIVIDEND

In the absence of profit, your directors are unable to declare any dividend for the year 2014-15.

BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION

As the accumulated losses of the Company at the Financial year ended 31st March, 2014 exceeded its net worth, the Company has made reference to the Board for Industrial and Financial Reconstruction (BIFR) under section 15 of the Sick Industrial Companies (Special) Provisions Act, 1985. The reference has been registered vide Case No. 74/2014 by BIFR and proceedings have started.

PARTICULAR OF LOANS, GUARANTEES OR INVESTMENT

There are no loans, Guarantees and Investments made under the provisions of Section 186 of the Companies Act, 2013 during the year under review. Details of Loans, Guarantees and Investments as at the year end are given in the notes to the Financial Statements.

RELATED PARTY TRANSACTION

There are no contracts or arrangement with related parties referred to in Section 188 (1) by the Companies Act, 2013. The details of other transactions entered into with the related parties are given in Note 43 to the Financial Statement.

The Policy on Related Party Transactions approved by Board is uploaded on the Company's Website.

DEPOSITS

The Company has not accepted deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

CAPITAL STRUCTURE

Authorised Capital of the Company is ` 60,00,00,000/- and there was no change in the authorised capital of the company during the year under review.

Paid up capital of the company is ` 53,43,23,679/- comprising of 20,65,23,679 equity shares of ` 1/- each and 32,78,000 5% Redeemable Cumulative Preference Shares of ` 100/- each. During the year under review there was no change in the paid up capital of the company.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

In view of the continuing losses, the company is not in a position to make any expenditure under Corporate Social Responsibility as per the Provisions of Companies Act, 2013.

INDUSTRIAL RELATIONS

The Company has declared Consensus lock out as per the agreement reached with its work force effective from 30th May, 2014. Since then Company has separated 50 officers of the Company. Further 282 staff and workers have been separated through Voluntary Separation Scheme. The general industrial

relation situation is cordial.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT 9 is annexed herewith as **Annexure- 2**

NUMBER OF BOARD MEETINGS HELD

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year Seven Board Meetings, Five Audit Committee Meetings, One Stakeholders Relationship Committee Meeting & Three Nomination and Remuneration Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

CORPORATE GOVERNANCE

The report on corporate governance as per the requirement of the listing agreement with stock exchange forms part of this report is annexed as **Annexure-3**. The Company has complied with all the requirements of corporate governance. The certificate from the Auditors of the Company confirming compliance to the conditions of the corporate governance requirements is also annexed.

DIRECTOR RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement referred in Section 134(5) of Companies Act, 2013, it is hereby stated.

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis; and
- (e) the directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable Laws and that such system were adequate and operating effectively.

INFORMATION ON REMUNERATION

Information as per the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1), 5(2) and 5(3) of

the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as **Annexure-4** and **Annexure-5** to this report.

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-6** and **Form A** which forms part of this Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

FINANCE

Company's banks accounts have been classified as NPA by all banks during the year under review due to non payment of interest and the considerable reduction in the drawing power due to suspension of production activities. Company has also received notices from certain banks under Section 13(2) of SARFAESI Act. The company has replied to the said notices. Company has received a letter from Central Bank of India on 12/06/2015 informing the bank has assigned all the rights, title and interest in financial assistance granted to the company in favour of Invent Assets Securitisation & Reconstruction Private Limited (INVENT) vide assignment agreement dated 01/06/2015. Hence INVENT has become the secured lender and all the rights, title and interest of Central Bank of India has been vested with INVENT in respect of the above financial assistance.

The company is in receipt of winding up petition filed by some of the unsecured creditors from the Nagpur Bench of the Hon'ble High Court of Mumbai. The company is in the process of responding to the same.

AUDITORS

STATUTORY AUDITOR

M/s Salve & Company, Chartered Accountants hold office upto the conclusion of the ensuing 12th Annual General Meeting. Based on the recommendation of the Audit Committee, the

Board of Directors of the Company have proposed the appointment of M/s Salve & Co., Chartered Accountants, as the Auditors of the Company from the conclusion of the forthcoming 12th Annual General Meeting till the conclusion of the 14th Annual General Meeting (subject to ratification by shareholders at every Annual General Meeting). M/s Salve & Co., have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 141 of the Companies Act, 2013.

Your Directors request you to ratify the appointment of M/s Salve & Company, Chartered Accountants (Registration No.109003W) as Statutory Auditors of the Company at the ensuing 12th Annual General Meeting and to fix their remuneration.

COST AUDITOR

Pursuant to Section 141 & 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its activity is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s S. K. Phatak & Co. to audit the cost accounts of the Company for the financial year 2014-15. The members have given the approval for the appointment of M/s S.K. Phatak as cost auditors for the financial year 2014-15 in the Eleventh AGM held on 11th September, 2014.

Your Directors had, in accordance with the General Circular from the Ministry of Corporate Affairs appointed M/s S. K. Phatak & Co., Cost Accountants, as Cost Auditors for Financial Year ended 31st March, 2015, for which Central Government approval had been received by the Company. The report on Cost audit for Financial Year ended 31st March, 2015 would be filed with Central Government before 30th September, 2015.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s P. S. Channe & Co., a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for financial Year 2014-15. M/s P. S. Channe & Co., have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 141 of the Companies Act, 2013. The Report of the Secretarial Audit Report is annexed herewith as **Annexure-7**. There are no qualifications or observations or remarks made by Secretarial Auditor in his report.

DECLARATION BY INDEPENDENT DIRECTORS:

Shri A. S. Kapre, Shri M. B. Thaker, Shri Mohan S. Adige, Shri K. A. Pardhi and Mrs. Champaka Rangachari are Independent

Directors on the Board of your Company. In the Opinion of the Board and as confirmed by the these Directors, they fulfill the conditions specified in Section 149 of the Companies Act, 2013 and the rules made thereunder about their status as Independent Directors of the Company.

DIRECTORS:

Mr. N. D. Saraf and Mr. Anurag Saraf shall retire by rotation at the ensuing 12th Annual General Meeting and, being eligible, offer themselves for re-appointment in accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company.

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.

The Board of Directors had appointed Mrs. Champaka Rangachari as Additional Directors of the Company in the category of Independent Directors with effect from March 30, 2015 The above mentioned appointment is regularized in this Annual General Meeting of the Company. Information about the Directors proposed to be appointed / reappointed as stipulated under Clause 49 of the listing agreement with the Stock Exchange in India are provided in the report on Corporate Governance forming part of this report.

Shri M. D. Saraf resigned as Managing Director of the Company with effect from the close of business hours on 25th May, 2015 and continues to be the Vice Chairman and Director of the Company.

The Board has placed on record its appreciation for the outstanding contributions made by Mr. Rajkamal Rao and Mr. Arye Berest during their tenure.

KEY MANAGERIAL PERSONAL:

Shri C. V. Raghavan, the Chief Finance Officer and Shri Amit G. Pandey, the General Manager(Legal) and Company Secretary have resigned from the service of the Company with effect from the close of business hours on 1st June, 2015.

NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

AUDIT COMMITTEE

Audit Committee of the Company comprises of Mr. A. S. Kapre, Mr. M. B. Thaker, Mr. M. S. Adige and Mr. Anurag Saraf, Except Mr. Anurag Saraf, who is a Promoter Director of the Company, rest all members of the Audit Committee are Independent

Directors. The committee has been constituted in strict compliance with the provisions of Clause 49 of the Listing agreement and assumes all responsibilities provided therein, discharging their duties diligently with transparency and accountability as their sole motivation.

You are requested to appoint Auditors for the current year and to fix their remuneration.

AUDITOR'S REPORT

The report by Auditors if self explanatory. Further, in view of consensus lockout at plant and preparation of Accounts on going concern basis, the Auditors have made some observations under "Emphasis of matter appearing in the Auditors Report which management has responded in Note (b) and 28 to the Audited Financial Statements for the year ended 31st March, 2015

PARTICULARS OF EMPLOYEES

In terms of the provisions of section 197(12) of the Companies Act, 2013, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of section 136 of the said Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company.

DISCLOSURE WHERE COMPANY IS REQUIRED TO CONSTITUTE NOMINATION AND REMUNERATION COMMITTEE:

The Company has constitute a Nomination & Remuneration Committee under Clause 49 of the Listing Agreement & Company has Nomination & Remuneration Policy for appointment and remuneration of Directors Under Section 178 of the Companies Act, 2013 an Clause 49 of the Listing Agreement. All the appointments of Directors is as per the Nomination & Remuneration Policy of the Company, which were also approved by the Committee.

DISCLOSURE OF VIGIL MECHANISM IN BOARD REPORT:

The Company have adopted the Vigil Mechanism Policy for the Company in its duly held Board Meeting on 14th February, 2015 and the same is available on the website of the Company.

DISCLOSURE ABOUT ESOP AND SWEAT EQUITY SHARE

Company has not issued any share under ESOP or Sweat Equity Shares during the year.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORK PLACE (PREVENTION , PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a policy for Prevention of Sexual harassment in accordance with the requirements of the Sexual

Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013. All employees (Permanent, Contractual, temporary, trainees) are covered under this policy. The Company did not receive any complaint during the year 2014-15.

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 also thanks the shareholders, Business Associates, Financial Institutions & Banks,

Customers and Suppliers for the faith reposed in the Company. The Board expresses its sincere appreciation to the dedicated and committed team of employees and workmen of your Company.

On behalf of Board of Directors,

Vinod Saraf **Anurag Saraf**
 Managing Director Director

Nagpur

Dated : 5th August, 2015

Annexure-1 to the Directors Report

MANAGEMENT DISCUSSION AND ANALYSIS:

The overall global economic growth conditions continued to remain suboptimal since 2012 at level of 3.2% to 3.4%, down from the earlier level of 4%. The global economic growth in calendar year 2013 was at same level of 3.4% even in calendar year 2014.

The World Economic Outlook (World Bank) has forecasted growth in world economy, advanced economies and emerging / developing Economies for 2015 at 3.5%, 2.4% and 4.3% respectively. As per the report, the average global growth will improve to 3.8% and that of Emerging and Developing countries at about 4.7% in 2016.

During the year under review, the Indian economy registered a GDP growth rate of 7.4% as per the economic survey tabled by the Government. The Index of Industrial Production in the year 2014-15 was higher at 2.8% compared to (-) 0.1% in the previous year. The growth recorded in the various sectors of the Indian economy has been detailed here below.

Domestic GDP Growth

	FY-13	FY-14	FY-15
Agriculture	1.2%	3.7%	1.1%
Industry & Infrastructure	2.4%	4.5%	5.9%
Manufacturing	6.2%	5.3%	6.8%
Mining	0.2%	5.4%	2.3%
Services	8.0%	9.1%	10.6%
Overall	5.1%	6.9%	7.4%

India is the fourth largest producer of steel in the world accounting for a production of 88.12 Million Tons of finished steel in the year under review. The domestic steel industry is unable to reap full benefits from this upturn as there is a huge import especially from China, South Korea, Japan and Russia. This is evident from the fact that import of finished steel has increased in the second half of the year under review.

Since our company is engaged in the production of special and alloy steel long products, we will discuss about those industries whose fortunes are directly affecting the alloy and stainless steel long product industry.

The Indian Automobile growth story remains somewhat, intact the overall sales across various automobile segments grew by 7%, while exports grew by 14%. Sales of passenger cars and commercial vehicles increased marginally in the year under report, while the sales of two and three wheelers were a meager 3% on account of slow growth in rural markets.

According to the society of Indian Automobile manufactures, revenues of the Indian Automobile industry will raise five fold to hit the USD 300 Billion mark by the end of the financial year 2026 i.e. in the next 10 years the annual growth is expected to be around 24%.

The year witnessed softening of almost all raw material prices required for steel making. Prices of Nickel, Moly Oxide, Ferro Chrome, Shredded Scrap and Furnace Oil have all eased during the year under review. Further, over production by China and continued export from China contributed to fall in global steel prices.

Steel market needs fresh policy and initiative to ensure the industry follows a path that is sustainable when it comes to capacity addition, environment, raw material sources, quality of steel products and the use of technologies in steel making.

During the year under review, the company could achieve the sale turnover of ` 32.57 Crores as compared to ` 71.72 Crores in the previous year. It is to be noted that the company has declared a consensus lockout at its plant effective from 30/05/2014 as per the agreement reached with its workforce. Hence the performance of the company was adversely affected due to this closure which is continuing till date.

In order to revive the operations, the company has been engaged in scouting tie-ups with potential investors / strategic partners who can introduce newer product portfolio in the market and infuse capital in the company. The company is also restructuring and rationalizing manpower and other fixed

costs. The company is planning to submit a rehabilitation package to the BIFR for revival of the company.

The financial performance outlook for the financial year 2015-16 and status on Human resources / industrial relations are given in the Directors Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Considering the size and nature of its business your company has an adequate internal control system. The internal audit of the company is carried out by an independent agency which submits its report to the Audit Committee which reviews and submits its findings to the Board of Directors on quarterly basis. The company has an adequate system of internal control implemented by the Management towards achieving efficiency in operations, optimum utilization of resources, and effective

monitoring thereof and in compliance with all applicable regulations. Your company also takes quarterly compliance certificates in respect of applicability of various laws from the concerned departmental heads and executives and the same is placed before the Board of Directors for its observation, review and suggestions, if any.

CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis describing the Company's projections and estimates are forward looking statements and progressive within the meaning of applicable securities laws and regulations. Actual results may defer materially from those expressed or implied, depending upon economic conditions, Government policies and other incidental factors.

Annexure-2 to the Directors Report

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st March 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	L27100MH2004PLC146283
ii) Registration Date	13 th MAY, 2004
iii) Name of the Company	FACOR STEELS LIMITED
iv) Category/Sub-Category of the Company	PUBLIC LIMITED COMPANY
v) Address of the Registered office and contact details	46 A & B, MIDC INDUSTRIAL ESTATE, HINGNA ROAD, NAGPUR-440028 (Maharashtra)
vi) Whether listed company	YES, LISTED ON BSE LIMITED
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/S LINK INTIME INDIA PVT. LTD. C-13, PANNALAL SILK MILLS COMPOUND, L. B. S. MARG, BHANDUP (W), MUMBAI-400078 PH. NO. 022-25963838 FAX NO. 022-25946969

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
1.	Manufacture of Alloys Steel Bar	27151	38.81%
2.	Manufacture of Stainless Steel Bar	27153	60.15%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name And Address of The Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
NIL					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year 01.04.2014				No. of Shares held at the end of the year 31.03.2015				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
A. Promoters & promoter group									
(1) Indian									
a) Individual/ HUF	13398876	Nil	13398876	06.49	8905728	Nil	8905728	4.31	(2.18)
b) Central Govt.									
c) State Govt.									
d) Bodies Corp.	66256427	Nil	66256427	32.08	66256427	Nil	66256427	32.08	Nil
e) Banks/FI									
f) Any Other									
(i) Directors & their Relatives	56877510	Nil	56877510	27.54	56877510	Nil	56877510	27.54	Nil
(ii) Trusts	25000	Nil	25000	0.01	25000	Nil	25000	0.01	Nil
(iii) Association of Person	Nil	Nil	Nil	0.00	4493148	Nil	4493148	2.18	2.18
Sub-total(A)(1):-	136557813	Nil	136557813	66.12	136557813	Nil	136557813	66.12	Nil
(2) Foreign									
a) NRI's-Individuals	119285	Nil	119285	0.06	119285	Nil	119285	0.06	Nil
b) Others-Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any Other									
Sub-total(A) (2):-	119285	Nil	119285	0.06	119285	Nil	119285	0.06	Nil
Total Shareholding of Promoters (A)=(A)(1)+ (A) (2)	136677098	Nil	136677098	66.18	136677098	Nil	136677098	66.18	Nil
B. Public Shareholding									
1. Institutions									
a) Mutual Fund/UTI	2869	Nil	2869	0.00	2869	Nil	2869	0.00	Nil
b) Banks/FI	17828	1610	19438	0.01	17828	1610	19438	0.01	Nil
c) Central Govt.									
d) State Govt's									
e) Venture Capital Funds									
f) Insurance Companies	810	3300	4110	0.00	810	3300	4110	0.00	Nil
g) FIs	Nil	60	60	0.00	Nil	60	60	0.00	Nil
h) Foreign Venture Capital Funds									
i) Others (specify)									
ii) State Finance Corporation	Nil	2023	2023	0.00	Nil	2023	2023	0.00	Nil
Sub-total(B)(1):-	21507	6993	28500	0.01	21507	6993	28500	0.01	Nil
2. Non-Institutions									
a) Bodies Corp.	5503289	4774	5508063	2.67	5399353	4774	5404127	2.62	(0.05)
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ` 1 lakh	48882037	330173	49212210	23.83	48761935	327373	49089308	23.77	(0.06)
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	12609943	Nil	12609943	6.11	13127883	Nil	13127883	6.36	0.25

Category of Shareholders	No. of shares held at the beginning of the year 01.04.2014				No. of Shares held at the end of the year 31.03.2015				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
c) Others (specify)									
i) Trusts	9	6235	6244	0.00	9	6235	6244	0.00	Nil
ii) Directors & their Relatives	Nil	2647	2647	0.00	Nil	2647	2647	0.00	Nil
iii) NRI	1409196	21661	1430857	0.69	1440850	21661	1462511	0.71	0.02
iv) Clearing Members	763929	Nil	763929	0.37	474541	Nil	474541	0.23	(0.14)
v) NRIs/OCBs	283866	322	284188	0.14	250498	322	250820	0.12	(0.02)
Sub-total(B)(2):-	69452269	365812	69818081	33.81	69455069	363012	69818081	33.81	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	69473776	372805	69846581	33.82	69476576	370005	69846581	33.82	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	NA	Nil	Nil	Nil	NA	NA
Grand Total (A+B+C)	206150874	372805	206523679	100.00	206153674	370005	206523679	100.00	Nil

ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year 01.04.2014			Shareholding at the end of the year 31.03.2015			% change in shareholding during the year
	No. of shares	% of total Shares of the Company	% of Shares Pledged/ encumbered total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged/ encumbered total shares	
1 Manojkumar Umashankar Saraf	5558811	2.69	100.00	5558811	2.69	100.00	Nil
2 Yogeshkumar Umashankar Saraf	1913277	0.93	100.00	1913277	0.93	100.00	Nil
3 Murlidhar Durgaprasad Saraf	1500000	0.73	100.00	0	0	0	(0.73)
4 Mohinidevi Umashankar Saraf	1500000	0.73	100.00	0	0	0	(0.73)
5 Vanitadevi Vineetkumar Saraf	1493148	0.72	100.00	0	0	0	(0.72)
6 Aisha Ashishkumar Saraf	545750	0.26	100.00	545750	0.26	100.00	Nil
7 Ramadevi Manojkumar Saraf	459880	0.22	100.00	459880	0.22	100.00	Nil
8 Madhavhari Yogeshkumar Saraf	185981	0.09	100.00	185981	0.09	100.00	Nil
9 Madhuri Manojkumar Saraf	78974	0.04	100.00	78974	0.04	100.00	Nil
10 Raghuhari Yogeshkumar Saraf	62589	0.03	100.00	62589	0.03	100.00	Nil
11 Manojkumar Umashankar Saraf	51777	0.03	100.00	51777	0.03	100.00	Nil
12 Vibhav Vineetkumar Saraf	37869	0.02	100.00	37869	0.02	100.00	Nil
13 Sidarth Vineetkumar Saraf	3674	0.00	100.00	3674	0.00	100.00	Nil
14 Sunandadevi Yogeshkumar Saraf	2696	0.00	100.00	2696	0.00	100.00	Nil
15 Raghavendra Saraf	2400	0.00	100.00	2400	0.00	100.00	Nil
16 Yogeshkumar Umashankar Saraf	2050	0.00	100.00	2050	0.00	100.00	Nil
TOTAL:-	13398876	6.49	100.00	8905728	4.31	100.00	(2.18)
Bodies Corporate							
1 R B Shreeram & Co. Pvt. Ltd.	59202982	28.67	100	59202982	28.67	100	Nil
2 Shreeram Shipping Service Pvt. Ltd.	3263374	1.58	100	3263374	1.58	100	Nil
3 Dass Papers Pvt. Ltd.	1500000	0.73	100	1500000	0.73	100	Nil
4 Shreeram Durgaprasad Ores Pvt. Ltd.	1500000	0.73	100	1500000	0.73	100	Nil
5 Saraf Bandhu Pvt. Ltd.	493725	0.24	100	493725	0.24	100	Nil
6 Suchitra Investments & Leasing Ltd.	158554	0.00	100	158554	0.08	100	Nil
7 GDP Infrastructure Pvt. Ltd.	128720	0.06	100	128720	0.06	100	Nil
8 Vidarbha Iron & Steel Co. Ltd	9072	0	100	9072	0.00	100	Nil
Total	66256427	32.08	100.00	66256427	32.08	100.00	Nil

Shareholder's Name	Shareholding at the beginning of the year 01.04.2014			Shareholding at the end of the year 31.03.2015			% change in shareholding during the year
	No. of shares	% of total Shares of the Company	% of Shares Pledged/encumbered total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged/encumbered total shares	
Directors & their relatives							
1 Anurag Murlidhar Saraf	11340279	5.49	100	11340279	5.49	100	Nil
2 Rohitkumar Narayandas Saraf	8139047	3.94	100	8139047	3.94	100	Nil
3 Sushmadevi Vinodkumar Saraf	4806497	2.33	100	4806497	2.33	100	Nil
4 Urmiladevi Narayandas Saraf	4197337	2.03	100	4197337	2.03	100	Nil
5 Vanitadevi Vineetkumar Saraf	3405759	1.65	100	3405759	1.65	100	Nil
6 Sonal Ashimkumar Saraf	3002840	1.45	100	3002840	1.45	100	Nil
7 Murlidhar Durgaprasad Saraf	2800834	1.36	100	2800834	1.36	100	Nil
8 Shailajadevi Ashishkumar Saraf	2382631	1.15	100	2382631	1.15	100	Nil
9 Vinodkumar Saraf	2344346	1.14	100	2344346	1.14	100	Nil
10 Promiladevi Ramkisan Saraf	2036014	0.99	100	2036014	0.99	100	Nil
11 Vineetkumar Vithaldas Saraf	1977476	0.96	100	1977476	0.96	100	Nil
12 Ramkisan Durgaprasad Saraf	1921714	0.93	100	1921714	0.93	100	Nil
13 Narayandas Durgaprasad Saraf	1906729	0.92	100	1906729	0.92	100	Nil
14 Ashishkumar Ramkisan Saraf	1417361	0.69	100	1417361	0.69	100	Nil
15 Manjudevi Murlidhar Saraf	1383628	0.67	100	1383628	0.67	100	Nil
16 Ashimkumar Ramkisan Saraf	1279090	0.62	100	1279090	0.62	100	Nil
17 Mohinidevi Umashankar Saraf	1258712	0.61	100	1258712	0.61	100	Nil
18 Bimladevi Vithaldas Saraf	729763	0.35	100	729763	0.35	100	Nil
19 Vineetkumar Vithaldas Saraf	293131	0.14	100	293131	0.14	100	Nil
20 Gautam Vinodkumar Saraf	98174	0.05	100	98174	0.05	100	Nil
21 Saritadevi Sanjivkumar Saraf	46529	0.02	100	46529	0.02	100	Nil
22 Gauri Sanjiv Saraf	44440	0.02	100	44440	0.02	100	Nil
23 Payal Murlidhar Saraf	41969	0.02	100	41969	0.02	100	Nil
24 Sushmadevi Vinodkumar Saraf	6852	0	100	6852	0	100	Nil
25 Preetidevi Rohitkumar Saraf	6300	0	100	6300	0	100	Nil
26 Gaurav Vinodkumar Saraf	2578	0	100	2578	0	100	Nil
27 Sakhi Sanjiv Saraf	2564	0	100	2564	0	100	Nil
28 Gauri Sanjiv Saraf	2400	0	100	2400	0	100	Nil
29 Vinodkumar Saraf	1780	0	100	1780	0	100	Nil
30 Narayandas Durgaprasad Saraf	736	0	100	736	0	100	Nil
TOTAL:-	56877510	27.54	100	56877510	27.54	100	Nil
Trusts							
Ramkisan Durgaprasad Saraf	13788	0.01	0	13788	0.01	0	Nil
Manojkumar Umashankar Saraf	11212	0.01	0	11212	0.01	0	Nil
TOTAL:-	25000	0.01	0	25000	0.01	0	Nil

Shareholder's Name	Shareholding at the beginning of the year 01.04.2014			Shareholding at the end of the year 31.03.2015			% change in shareholding during the year
	No. of shares	% of total Shares of the Company	% of Shares Pledged/ encumbered total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged/ encumbered total shares	
Individuals (NRI)							
Sanjiv Narayandas Saraf	112313	0.05	100	112313	0.05	100	Nil
Sanjivkumar Narayandas Saraf	6972	0.00	100	6972	0.00	100	Nil
TOTAL:-	119285	0.06	100	119285	0.06	100	Nil
Association of Persons							
1 Mohinidevi Umashankar Saraf Jtly with Manjudevi Murlidhar Saraf, on behalf of Premier Commercial Corporation	0	0	0	1500000	0.73	100	0.73
2 Vanitadevi Vineetkumar Saraf Jtly with Sunandadevi Yogeshkumar Saraf, on behalf of Geedee Sales Services	0	0	0	1493148	0.72	100	0.72
3 Murlidhar Durgaprasad Saraf Jtly with Gaurav Vinod Saraf, on behalf of Deepee Sales Corporation	0	0	0	1500000	0.73	100	0.73
TOTAL:-	0	0	0	4493148	2.18	100	2.18
GRAND TOTAL:-	136677098	66.18	100	136677098	66.18	100	Nil

iii) Change in Promoters' Shareholding (please specify, if there is no change)

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	136677098	66.18	-	-
Data wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	There is no change in number of shares held by the Promoters.			
At the end of the year	-	-	136677098	66.18

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1 SUDHA SHANTILAL SHAH				
a) At the beginning of the year	2229593	1.08		
b) Changes during the year	No Change during the year			
c) At the end of the year			2229593	1.08

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2 CHIRAG SHANTILAL SHAH (HUF)				
a) At the beginning of the year	1625000	0.79		
b) Changes during the year	No Change during the year			
c) At the end of the year			1625000	0.79
3 CHIRAG SHANTILAL SHAH				
a) At the beginning of the year	779285	0.38		
b) Changes during the year	No Change during the year			
c) At the end of the year			779285	0.38
4 RENGARAJAN SADAGOPAN				
a) At the beginning of the year	749900	0.36		
b) Changes during the year	No Change during the year			
c) At the end of the year			749900	0.36
5 BONANZA PORTFOLIO LTD				
a) At the beginning of the year	523710	0.25		
b) Changes during the year				
Date	Reason			
25-04-14	Buy			
23-05-14	Buy			
30-05-14	Sale			
06-06-14	Sale			
13-06-14	Buy			
20-06-14	Buy			
30-06-14	Sale			
04-07-14	Buy			
11-07-14	Sale			
18-07-14	Sale			
25-07-14	Sale			
11-08-14	Sale			
14-08-14	Buy			
22-08-14	Buy			
12-09-14	Sale			
24-10-14	Sale			
14-11-14	Buy			
09-01-15	Buy			
16-01-15	Sale			
c) At the end of the year			471908	0.23
6 ABHISHEK AGRAWAL				
a) At the beginning of the year	465228	0.22		
b) Changes during the year	No Change during the year			
c) At the end of the year			465228	0.22
7 SADHU CHANDUBHAI BHAGVANDAS				
a) At the beginning of the year	45430	0.02		
b) Changes during the year				
Date	Reason			
27-03-15	Buy	88688	0.04	134118
				0.06

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
31-03-15 Buy	1686	0.00	135804	0.07
c) At the end of the year			135804	0.07
8 JAMEEL AHMED SHARIFF				
a) At the beginning of the year	360764	0.17		
b) Changes during the year				
Date	Reason			
13-06-14	Buy	7500	368264	0.18
c) At the end of the year			368264	0.18
9 MSPL LIMITED				
a) At the beginning of the year	345765	0.16		
b) Changes during the year				
Date	Reason			
04-04-14	Sale	-5000	340765	0.16
c) At the end of the year			340765	0.16
10 NIMESH RATILAL PARMANI				
a) At the beginning of the year	324844	0.15		
b) Changes during the year	No Change during the year			
c) At the end of the year			324844	0.15

v) Shareholding of Directors and Key managerial Personal:

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1 SHRI NARAYANDAS D. SARAF, CHAIRMAN				
a) At the beginning of the year	1907465	0.92		
b) Changes during the year	No Change during the year			
c) At the end of the year			1907465	0.92
2 SHRI MURLIDHAR D. SARAF, VICE CHAIRMAN & DIRECTOR				
a) At the beginning of the year	2800834	1.36		
b) Changes during the year	No Change during the year			
c) At the end of the year			2800834	1.36
3 SHRI VINOD V. SARAF, MANAGING DIRECTOR				
a) At the beginning of the year	2346126	1.14		
b) Changes during the year	No Change during the year			
c) At the end of the year			2346126	1.14
4 SHRI ANURAG M. SARAF, DIRECTOR				
a) At the beginning of the year	11340279	5.49		
b) Changes during the year	No Change during the year			
c) At the end of the year			11340279	5.49

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5 SHRI MAHENDRA B. THAKER, DIRECTOR				
a) At the beginning of the year	2647	0.00		
b) Changes during the year	No Change during the year			
c) At the end of the year			2647	0.00
6 SHRI C. V. RAGHAVAN, CHIEF FINANCE OFFICER, (Ceased w.e.f. 1-06-2015)				
a) At the beginning of the year	40	0.00		
b) Changes during the year	No Change during the year			
c) At the end of the year			40	0.00

vi) Indebtedness

Indebtedness of the company including interest outstanding/accrued but not due for payment (₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5964.31	3260.07	0.00	9224.38
ii) Interest Due but not paid	0.00	3.37	0.00	3.37
iii) Interest Accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	5964.31	3263.44	0.00	9227.75
Change in Indebtedness during the financial year				
i. Addition	820.44	0.00	0.00	820.44
ii. Reduction	0.00	(1833.50)	0.00	(1833.50)
Net Change	820.44	(1833.50)	0.00	(1013.06)
Indebtedness at the end of the financial year				
i) Principal Amount	6479.87	1426.57	0.00	7906.44
ii) Interest Due but not paid	304.88	3.37	0.00	308.25
iii) Interest Accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	6784.75	1429.94	0.00	8214.69

v) Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

In view of continued losses, Managing Director and other Whole-time Directors have decided as per their terms of appointment not to draw remuneration.

B. Remuneration to other directors

(In `)

S. No.	Particulars of Remuneration	Name of directors					Total Amount
		Mr. A.S. Kapre	Mr. M.B. Thaker	Mr. M. S. Adige	Mr. R. K. Rao	Mr. K. A. Pardhi	
1.	Independent Directors						
	- Fee for attending Board, Committee meetings	40000	40000	30000	2500	12500	125000
	- Commission	—	—	—	—	—	—
	- Others, Please specify	8945	8945	7317	1015	5077	31299
	Total (1)	48945	48945	37317	3515	17577	156299
2.	Other Non Executive Directors	Not Applicable					
	- Fee for attending Board, Committee meetings						
	- Commission						
	- Others, Please specify						
	Total (2)	—	—	—	—	—	—
	Total (B)=(1+2)	48945	48945	37317	3515	17577	156299
	Total Managerial Remuneration	—	—	—	—	—	—
	Overall Ceiling as per the Act	—	—	—	—	—	—

C. Remuneration to Key Managerial Personnel Other than MD/WTD/Manager

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	898108	1814822	2896263
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	—	54000	54000
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	—	—	—
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission			
	- As % of Profit	—	—	—
	- Others, specify	—	—	—
5.	Others, Contribution to PF	52888	124709	177597
	Total (A)	950996	1993531	3127860

viii. Penalties/Punishment/Compounding of Offences:

Type		Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. Company						
	Penalty	NIL	Not Applicable	NIL	Not Applicable	Not Applicable
	Punishment	NIL	Not Applicable	NIL	Not Applicable	Not Applicable
	Compounding	NIL	Not Applicable	NIL	Not Applicable	Not Applicable
B. Directors						
	Penalty	NIL	Not Applicable	NIL	Not Applicable	Not Applicable
	Punishment	NIL	Not Applicable	NIL	Not Applicable	Not Applicable
	Compounding	NIL	Not Applicable	NIL	Not Applicable	Not Applicable
C. Other Officers in Default						
	Penalty	NIL	Not Applicable	NIL	Not Applicable	Not Applicable
	Punishment	NIL	Not Applicable	NIL	Not Applicable	Not Applicable
	Compounding	NIL	Not Applicable	NIL	Not Applicable	Not Applicable

Segment C: Reporting of Corporate Social Responsibility (CSR) N.A.

**Annexure-3 to the Directors Report
CORPORATE GOVERNANCE REPORT**

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company is committed towards good corporate governance practices and recognizes that good corporate governance is a continuous exercise. Your Company aims at achieving transparency, accountability, equity and ethics in all facets of its operations and in all interaction with its stakeholders. Your Company believes that all its operations and actions must result in enhancement of overall shareholder value over a sustained period of time without compromising in any way compliance with laws and regulations.

The new Companies Act, 2013 and revised clause 49 of the Listing Agreement has significantly enhanced compliance levels for the listed companies to ensure better corporate governance. Your company has already initiated steps to ensure that all necessary compliances are carried out in accordance with the provisions of the new companies Act, 2013 to ensure better corporate governance in the company.

2. BOARD OF DIRECTORS:

The Company has a non-executive Chairman and the composition of the Board of Directors of the company complies with the norms as set out by the Listing Agreement. As on 31 March, 2015, the Company had an optimum ratio of independent and non-independent Directors in its Board as required by the listing agreement.

The composition of the Directors as on 31st March 2015 is as follows:-

Name and Particulars	Category	No of Board Meetings attended	Whether last AGM Attended	No. of Outside Directorship held in Public Companies	Outside Committee Position Held	
					Member	Chairman
Mr. N. D. Saraf, Chairman	Non-Executive*	2	Yes	2	—	—
Mr. M. D. Saraf, Vice Chairman & Director\$	Executive*	3	Yes	2	—	—
Mr. Vinod Saraf, Managing Director	Executive*	7	Yes	3	—	—
Mr. Anurag Saraf	Non-Executive*	6	Yes	6	—	—
Mr. A.S. Kapre	Non-Executive Independent	7	Yes	4	3	3
Mr. M.B. Thaker	Non-Executive Independent	7	Yes	1	3	—
Mr. Mohandas S. Adige	Non-Executive Independent	6	Yes	3	3	—
Mr. Kesharao A. Pardhi	Non-Executive Independent	5	No	3	—	—
Mrs. (Dr.) Champaka Rangachari #	Non-Executive Independent Woman	N.A.	N.A.	1	—	—

* Represent Promoters

\$ Ceased to Managing Director w.e.f. 25.05.2015

Appointed as Additional Woman Director w.e.f. 30.03.2015

None of the Director on the Board is a member of more than 10 Committees or a Chairman of more than 5 Committees across all Companies in which he is a Director. The necessary declarations regarding Committee position held have been made by the Directors.

Board Meetings and Procedures:

The matters to be discussed at the Board Meeting are included in the Agenda in consultation with the Chairman of the Company. The Managing Director briefs the Board at every Meeting on the overall performance of the Company followed by presentation by Senior Executives of the Company. All the major decisions of the company are reviewed by the Board of Directors, such as capital expenditures, investments, budgets of the company, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances if any, review of major legal issues, adoption of quarterly/ half yearly/ annual financial results, minutes of Audit Committee, Remuneration Committee, Shareholders/ Investors Grievance Committee, etc.

Conduct of Board Meetings:

The Board generally meets once in each quarter. Additional Board Meetings are convened as and when necessitated by giving appropriate notice. During the financial year 2014-2015 the Board met 7 times on 5th May, 2014, 22nd May, 2014, 15th July, 2014, 6th August, 2014, 11th September, 2014, 3rd November, 2014 and 14th February, 2015 to deliberate on various matters.

Code of Conduct:

The Company has framed a Code of Conduct in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2003. All intimation/ communication as required by the Code are received within the time prescribed. The Code of Conduct is also uploaded in the company's **website: www.facorsteel.com**

All the Board members and senior management have affirmed compliance to the Code.

3. COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE:

Composition, Meetings and Attendance

The Audit Committee is composed of four members' viz. Mr. A. S. Kapre, Mr. M. B. Thaker, Mr. Mohandas S. Adige, and Mr. Anurag Saraf. Except Mr. Anurag Saraf, who is a Promoter Director of the Company, rest all members of the Audit Committee are Independent Directors. Mr. A. S. Kapre, independent director is the Chairman of the Committee.

The Committee's terms of reference, authority and powers are in conformity with the requirements of the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956.

The Committee acts as a vital link between the Management, Statutory and Internal Auditors and the Board of Directors. The financial results of the Company are scrutinized by the Committee before being recommended to the Board for its adoption. Similarly, other matters required to be placed in conformity with the provisions of the Listing Agreement are placed at regular intervals to ensure that the highest level of transparency in the conduct of business is maintained.

There were five (5) meetings held of Audit Committee during the financial year 2014-2015 on 22nd May, 2014, 6th August, 2014, 11th September, 2014, 3rd November, 2014 and 14th February, 2015 and the attendance of members was as under:

Name of the Director	Category	No. of meetings held during the tenure	
		Held	Attended
Mr. A.S. Kapre, Chairman	Independent	5	5
Mr. M.B. Thaker, Member	Independent	5	5
Mr. M. S. Adige, Member	Independent	5	4
Mr. Anurag Saraf, Member	Non Executive	5	4

B. NOMINATION AND REMUNERATION COMMITTEE:

Remuneration Committee of the Board decides on issues and matters concerning the remuneration package being paid to the Executive Directors. To ensure transparency and avoid conflict of interest the Committee comprises of all the Non-Executive Directors with the Chairman being an Independent Director.

The Remuneration Committee is composed of Mr. A. S. Kapre, Mr. M. B. Thaker and Mr. Mohandas S. Adige. All the members of Remuneration Committee are Independent Directors. Mr. A. S. Kapre, Independent Director is the Chairman of Remuneration Committee.

The Committee had three meetings on 15th July, 2014, 6th August, 2014 and 14th February, 2015 to consider revision in the remuneration payable to the Managing/ Whole time Directors and the attendance of members was as under:

Name of the Director	Category	No. of meetings held during the tenure	
		Held	Attended
Mr. A. S. Kapre, Chairman	Independent	3	3
Mr. M. B. Thaker, Member	Independent	3	3
Mr. M. S. Adige, Member	Independent	3	2

The Executive Directors are paid remuneration in accordance with the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification (s) or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial) Personnel Rules, 2014 including Schedule V to the said Act and the Non-Executive Directors are paid sitting fee fixed by the Board for attending meetings of the Board and Committees thereof. In view of distressed financial position of the company, the executive directors have decided to forgo their entire salary and perquisites during the year and hence during the year there was no amount paid towards their salary.

The Non-Executive Directors are paid remuneration by way of sitting fee only for each meeting attended by them. Further, no significant material transactions have been made to the Non-Executive Directors vis-à-vis your Company.

During the financial year 2014-2015, they were paid sitting fee/remuneration as under:

Name of Director	Sitting Fee Paid	No. of Equity Shares of ` 1/- each held
Mr. A.S. Kapre	Rs.40,000/-*	—
Mr. M.B. Thaker	Rs.40,000/-*	2647
Mr. M.S. Adige	Rs.30,000/-*	—
Mr. Rajkamal Rao	Rs. 2,500/-	—
Mr. K. A. Pardhi	Rs.12,500/-	—
Total	Rs.1,25,000/-	

* Includes sitting fee paid for attending Committee Meetings.

Note: (i) There are no stock options and severance fees.

(ii) No Notice Period is specified for Director's Resignation/Termination.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee accounts for the redressal of investors' grievances and complaints concerning transfer/ transmission of shares, non receipt of dividend/ Annual Report, duplicate share certificates and various other complaints. The Committee consists of three members all of whom are independent directors.

The Stakeholders Relationship Committee is headed by Mr. A. S. Kapre, an Independent Director. The other members of the Committee are Mr. M. B. Thaker and Mr. Anurag Saraf. The Committee endeavors and ensures that the complaints received are settled within a reasonable time period to the satisfaction of the aggrieved investor/ shareholder.

The composition of the Committee is as under:-

Name of Director	Position	No. of Meetings held	No. of meetings attended
Mr. A.S. Kapre,	Chairman	1	1
Mr. Anurag Saraf	Member	1	1
Mr. M.B. Thaker	Member	1	1

Status of Investors' complaints received and resolved during the year 2014-15 is as under:-

Investors complaints received	Resolved	Not solved to the satisfaction of Shareholders	No. of pending complaints
3	3	Nil	Nil

Mr. Amit G. Pandey, General Manager (Legal) & Company Secretary, acts as the Secretary to all the Committee mentioned above and is also designated as the Compliance Officer of the Company.

D. MEETING OF INDEPENDENT DIRECTOR:

During the financial year ended 31st March, 2015, the Independent Directors met on 14th February, 2015, inter alia, to:

- Review the performance of the non-independent directors and the Board as whole;
- Review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-independent directors;
- Assess the quality, quantity and timeliness of flow of information between the company management and the board that is necessary for the Board to effectively and reasonably perform their duties.

Out of Four Independent Directors, Three director were present at the meeting.

4. GENERAL BODY MEETINGS

The Annual General Meeting of the Company in the last three years has been held as under:-

AGM Held	Venue	Day, date & time	Whether Resolution passed in the last AGM	
			Special Resolution	Through Postal Ballot
9 th AGM	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028	Monday, 24 th September, 2012 at 12.30 p.m.	Yes	No
10 th AGM	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028	Wednesday, 10 th July, 2013 at 12.30 p.m.	Yes	No
11 th AGM	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028	Thursday, 11 th September, 2014 at 2.30 p.m.	Yes	No

5. DISCLOSURES

i) Related Party Transaction:

The Company has not entered into any transaction of material nature, with its Promoters, Directors or the Management, their Shareholders or Relatives etc., that may have potential conflict with the interest of the Company at large. All related party transactions, if any, are negotiated on arms length basis and are intended to further the interest of the Company.

ii) Compliance by the Company:

The Company has complied with the requirement of the Stock Exchange, SEBI and other statutory authorities on all matters in the last three years. There were no instances of non-compliance and no penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or by any statutory authorities on any matter related to capital markets or related thereto during the last three years.

iii) SEBI Code of Conduct:

Pursuant to the requirement of SEBI [Prohibition of Insider Trading] Regulations, 1992 as amended, the Company has adopted a code of conduct for prevention of Insider Trading [The Code]. The code is applicable to all Directors and such designated employees who are expected to have access to unpublished price sensitive information relating to the Company as defined in the Code. Compliance required under the Code in respect to various intimations and disclosures to be made both, internally and with stipulated authorities are strictly adhered to at all times. Mr. Amit G. Pandey, General Manager (Legal) & Company Secretary, has been appointed as the Compliance Officer for monitoring adherence to the Regulations.

iv) Whistle Blower Policy:

The Company has adopted the Whistle Blower Policy. However, no instances of fraud or other irregularities have been observed, which need to be reported to the Board/Audit Committee.

v) The Company has complied with all the mandatory recommendation under Clause 49 of the Listing Agreement. The Company has not adopted the non-mandatory provisions of the said clause except formation of Remuneration Committee.

vi) Constituents of “Group” as defined in erstwhile MRTP Act, 1969 for the purpose of erstwhile SEBI (SAST) Regulations, 1997.

Person constituting group within the definition of “Group” as defined in the erstwhile Monopolies Restrictive Trade Practices Act, 1969, for the purpose of regulation 3(I)(e) of the erstwhile Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, include the following:

I Promoters:

1. Mrs. Mohinidevi Saraf
2. Mrs. Bimladevi Saraf
3. Mr. Narayandas Saraf
4. Mr. R.K. Saraf
5. Mr. Murlidhar Saraf

- II Relatives of above Five Promoters as defined under Companies Act, 1956
- III Group/Associated Entities:
 - 1. Ferro Alloys Corporation Limited
 - 2. Facor Alloys Limited
 - 3. Rai Bahadur Shree Ram And Company Pvt. Ltd.
 - 4. Shree Ram Durga Prasad Ores Pvt. Ltd.
 - 5. Saraf Bandhu Pvt. Ltd.
 - 6. Facor Power Ltd.
 - 7. Facor Realty and Infrastructure Ltd.
 - 8. GDP Infrastructure Pvt. Ltd.
 - 9. Vidharba Iron & Steel Corpn. Ltd.
 - 10. Shreeram Shipping Services Pvt. Ltd.
 - 11. Suchitra Investments and Leasing Ltd.
 - 12. Dass Papers Pvt. Ltd.
 - 13. Premier Commercial Corporation
 - 14. Geedee Sales Services
 - 15. Godawaridevi Saraf and Sons
 - 16. Facor Energy India Ltd.
 - 17. Facor Electric Limited
 - 18. Facor Solar Limited
 - 19. FAL Power Ventures Pvt. Ltd.
 - 20. Deepee Sales Corporation
 - 21. Investar Ltd.
 - 22. Super Vision Ltd.
 - 23. Precisetec Ltd.
 - 24. Teracota Consultancy Services Ltd.
 - 25. GDP Holdings Pvt. Ltd.
 - 26. DP Infrastructure Holdings Pvt. Ltd.
 - 27. Aone Technet Pvt. Ltd.
 - 28. Bankey Bihari Footwears Pvt. Ltd.
 - 29. Bitalinfosystem Pvt. Ltd.
 - 30. Imagetec Ltd.
 - 31. Globalscale Investments Ltd.
 - 32. Tusta Trading Company Inc.
 - 33. UMT International Ltd.
 - 34. Cornell Corporation SA.
 - 35. FACOR Employees Welfare Trust
 - 36. FAL Employees Welfare Trust
 - 37. Best Minerals Ltd.
 - 38. ARKA Resources Pvt. Ltd.
 - 39. YMR Enterprise Pvt. Ltd.
 - 40. V& G Commercial Pvt. Ltd.
 - 41. ARK Mercantile Private Ltd.
 - 42. Vanita Enterprises Private Ltd.
 - 43. NDS Minerals Private Ltd.
 - 44. Raghavendra Sarkar Ventures Pvt. Ltd.
 - 45. Mezeron Enterprises Pvt. Ltd.
 - 46. Vakrangee Press Ltd.
 - 47. Pioneer Facor IT Infradevelopers Pvt. Ltd.
 - 48. Facor Energy Ltd.
 - 49. Facor Minerals Pte Ltd., Singapore
 - 50. Facor Minerals (Netherlands) B.V.
 - 51. Facor Turkkrom Mining (Netherlands) B. V.
 - 52. Cati Mandencilik Ithalat Ve Ihracat Anonim Sirketi
 - 53. Asim Minerals Pvt. Ltd.
 - 54. Trusta Resources S.L.
 - 55. Boula Platinum Mining Pvt. Ltd.
 - 56. SRX Global Pvt. Ltd.
 - 57. Divyajyoti Builders Pvt. Ltd.
 - 58. Embark Infosystems Pvt. Ltd.

6. MEANS OF COMMUNICATIONS

The financial results, important announcements, declarations are communicated to the Shareholders by means of advertisements in leading national dailies. The quarterly results of the company are published in all India editions of Financial Express and Deshonatti local Marathi language newspaper in Nagpur where the registered office of the company is situated.

The Company also posts the vital information such as financial results, shareholding pattern, important information, declarations etc. on its website at www.facorsteel.com which is updated at regular intervals.

The official news releases, as and when required, are being released to the Stock Exchange. Further, the same are posted at the website of the Company from time to time.

7. GENERAL SHAREHOLDERS INFORMATION

Date of AGM	Time	Venue
28 th September, 2015	2.30 p.m.	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028 Maharashtra

Particulars of Directors proposed to be appointed / re-appointed in the forthcoming Annual General Meeting as required under Clause 49 IV(G) (i) of the Listing Agreement:-

Name of Director	Date of Birth	Date of Appointment	Experience in specific functional areas	Qualifications	List of Other Public Limited Companies in which Directorship held as on 31-3-2015	Chairman / Member of the committee of Board of other Public Limited Companies on which he was a Director as on 31-3-2015	No. of shares held
Mr. N. D. Saraf	9-08-1938	28-04-2006	Rich experience in various aspects of business operations	1 st Year B. Com	FACOR Power Ltd. Gannon Dunkerley & Co. Ltd.	Nil	1907465
Mr. Anurag Saraf	17-5-1971	10-06-2006	Rich experience in business management	B. E.	Ferro Alloys Corpn. Ltd. Facor Alloys Ltd. Facor Power Ltd. Facor Realty & Infrastructure Ltd. Vidarbha Iron & Steel Corpn. Ltd. Facor Solar Ltd.	Nil	11340279
Mrs. (Dr.) Champaka Rangachari	26-6-1933	30-03-2015	Over 39 years experience Corporate Advertising and Administration	Ph.D (Zoology)	Vidarbha Iron & Steel Corpn. Ltd.	Nil	Nil

Financial Year ending : 31st March, 2015

Date of Book Closure: 22nd September, 2015 to 28th September, 2015 (both days inclusive)

Dividend payment date: Not applicable since no dividend is recommended by the Board

Listing Details:

Name of Stock Exchange	Stock Code	ISIN No.
Bombay Stock Exchange Ltd.	532657	INE829G01011

Market Price Data:

Month	Bombay Stock Exchange		BSE Sensex	
	(Rupees)		High	Low
	High	Low		
April'2014	0.77	0.54	22939.31	22197.51
May'2014	0.79	0.52	25375.63	22277.04
June'2014	1.14	0.70	25735.87	24270.20
July'2014	1.05	0.73	26300.17	24892.00
August'2014	0.77	0.63	26674.38	25232.82
September'2014	0.99	0.64	27354.99	26220.49
October'2014	0.79	0.66	27894.32	25910.77
November'2014	0.85	0.60	28822.37	27739.56
December'2014	0.88	0.58	28809.64	26469.42
January'2015	0.82	0.53	29844.16	26776.12
February'2015	0.73	0.50	29522.86	28044.49
March'2015	0.70	0.40	30024.74	27248.45

- Registrar & Transfer Agents (RTA)** : Link Intime India Pvt. Limited.
C-13, Pannalal Silk Mills Compound, LBS Road,
Bhandup (W), Mumbai – 400 078
- Share Transfer System** : Transfer of shares in physical form are normally processed within a period of 15 days from the date of lodgment with the approval of the Share Transfer Committee of the Board of Directors subject to the documents being valid and complete in all respects.

Distribution of Shareholding as on 31st March:

No. of equity shares held	2014 – 2015			2013 – 2014		
	No. of shareholders	No. of shares held	% of issued equity share capital	No. of shareholders	No. of shares held	% of issued equity share capital
Upto 500	39927	3681293	1.78	41026	3904880	1.89
501 to 1000	5429	5102334	2.47	5762	5406083	2.62
1001 to 2000	2974	5116130	2.48	3097	5335569	2.58
2001 to 3000	1177	3197941	1.55	1242	3372796	1.63
3001 to 4000	536	2003077	0.97	548	2045763	0.99
4001 to 5000	846	4148890	2.01	879	4310716	2.09
5001 to 10000	988	7800831	3.78	1011	7976553	3.86
10001 to above	986	175473183	84.96	949	174171319	84.34
Total	52863	206523679	100.00	54514	206523679	100.00

Dematerialization of shares and liquidity as on 31st March:

No. of equity shares held	2014 – 2015			2013 – 2014		
	No. of shareholders	No. of shares held	% of issued equity share capital	No. of shareholders	No. of shares held	% of issued equity share capital
Physical Mode	21788	370005	0.18	21925	372805	0.18
Electronic Mode	31075	206153674	99.82	32589	206150874	99.82
Total:	52863	206523679	100.00	54514	206523679	100.00

Shareholding pattern as on 31st March:

Category	2014 – 2015		2013 – 2014	
	No. of shares held	Percentage of Shares held	No. of shares held	Percentage of Shares held
Promoters, their relatives, associates etc. and persons acting in concert.	136677098	66.18	136677098	66.18
Financial Institutions/Banks	19438	0.01	19438	0.01
State Government Company/State Financial Corporation	0	0	0	0
Mutual Funds/ UTI	2869	0	2869	0
Insurance Companies	4110	0	4110	0
Bodies Corporate	5404127	2.62	5508063	2.67
Others	64416037	31.19	64312101	31.14
Total:	206523679	100.00	206523679	100.00

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

Plant Locations:

The mini steel plant of the company is located at 46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur – 44028 (Maharashtra) Telephone No.: 07104–235701–08, Fax No.: 07104–235709, email: info@facorsteel.com.

Address for Correspondence:

For matters relating to Company's Shares	For other matters
Link Intime India Pvt. Ltd, C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup (W), MUMBAI – 400 078 Tel.No.: +91-22-25946970, Fax No.:+91-22-25946969 E-mail : rnt.helpdesk@linkintime.co.in	Registered Office: Facor Steels Ltd. 46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur – 440 028 Tel.No. : +91-07104-235701-708 Fax.No.: +91-07104-235709 E-mail : info@facorsteel.com

Useful Information for Shareholders

a) Unclaimed shares

Reference of the shareholders is invited to clause 5All in the Listing Agreement which provides that Company shall transfer all these unclaimed shares into one Folio in the name of “Unclaimed Suspense Account” and these shares can be dematerialized and kept with one of the Depository Participants and all corporate benefits in terms of securities accruing on such shares viz. Bonus shares, Split etc. shall also be credited to such Unclaimed Suspense Account.

The Company, therefore, requests the shareholders holding shares in physical form to take stock of their shareholding in the Company and in case not in possession of share certificates of the aforesaid companies, may, quoting reference to their folio no., current postal address (with pin code) and e-mail address, if any, please write to Registrar & Share Transfer Agent of the Company at the address mentioned hereinabove for receiving the custody of share certificates.

b) Registration of Email Addresses:

The Company strongly advocates for the ‘Green Initiative in Corporate Governance’ of the Ministry of Corporate Affairs, whereby Companies are permitted to send Notices / documents including Annual Report comprising Balance Sheet, Profit & Loss Account, Directors Report, Auditors Report etc. in electronic mode (hereinafter ‘documents’), provided the Company has obtained email addresses of its members for sending these documents through email by giving an advance opportunity to every shareholder to register their email address and changes therein from time to time with the Company.

Accordingly, Members are requested to support this green initiative by registering/ updating their email addresses to:

- a) The Registrars and Share Transfer Agents, M/s. Link Intime India Pvt. Ltd., Mumbai in respect of shares in physical form; and
- b) Their Depository Participants in respect of shares in electronic form

So that upon registration of the email address, the Company could send notices and other documents, in electronic form, to such shareholders

DECLARATION

As provided in clause 49 of the Listing Agreement with the Stock Exchange, it is hereby declared that all the Board Members and Senior Management personnel of the Company have affirmed the Compliance with the Code of Conduct for the year ended 31st March, 2015.

Place : Nagpur
 Date : 05.08.2015

Vinod Saraf
 Managing Director

Annexure-4 to the Directors Report

Information under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors Report for the year ended March 31, 2015

Requirement of Rule 5(1)		Details			
(i)	The ratio of remuneration of each Director to the median remuneration of employees of the Company for the financial year	Not applicable since none of the Directors were paid remuneration during the financial year.			
(ii)	The percentage increase in remuneration of each Director, Chief Finance Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Mr. C.V. Raghavan, CFO (0.77%) Mr. Amit Pandey, GM (Legal) & CS 0.24%			
(iii)	The percentage increase in the median remuneration of employees in the financial year	0.45%			
(iv)	The number of permanent employee on the rolls of the Company	336			
(v)	The explanation on the relationship between average increase in remuneration and Company performance	In view of continued losses no increment were granted. The marginal increase is due to increase in Industrial Dearness Allowance.			
(vi)	Comparison of the remuneration of the key managerial personnel against the performance of the Company	In view of continued losses no increment were granted. The marginal increase is due to increase in Industrial Dearness Allowance.			
(vii)	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year		As at 31.3.14	As at 31.3.15	% Change
		Closing Price as per BSE	0.51	0.40	(21.56)
		Market Capitalization	1053.27 Lacs	826.09 Lacs	(21.56)
		Price Earning Ratio	(0.375)	(1.525)	-
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average salary increase of Non Managerial is 0.45%. There is no exceptional circumstances for increase in the Managerial remuneration.			
(ix)	Comparison of each remuneration of the key managerial personnel against the performance of the Company	The plant was under consensus lockout since 30 th May, 2014 and hence the company's performance is not applicable.			
(x)	The key parameters for any variable component of remuneration availed by the directors	Not Applicable			
(xi)	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Directors are not paid any remuneration hence this is not applicable.			
(xii)	Affirmation that the remuneration is as per the remuneration policy of the Company	Remuneration paid during the year is as per Remuneration Policy of the company			

For and on behalf of the Board of Directors

Place : Nagpur
Date : 5th August, 2015

Vinod Saraf
Managing Director

Annexure-5 to the Directors Report

Information under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors Report for the year ended March 31, 2015

No employee of the company is paid gross remuneration aggregate of not less than Rs.5,00,000/- per month.

For and on behalf of the Board of Directors

Place : Nagpur

Date : 5th August, 2015

Vinod Saraf
Managing Director

Annexure-6 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:

- | | |
|--|---|
| <ul style="list-style-type: none"> 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'. | <ul style="list-style-type: none"> a) The Plant operation of the Company is under Consensus lockout as per the agreement reached with its work force effective from 30th May, 2014. b) Steps taken post lockout of the Plant to conserve energy and reduce Electricity Expenses. <ul style="list-style-type: none"> 1) Reduction of Contract demand from 15000KV to 7500KV effective from 2) Power factor is being maintained at unity thought this period resulting in saving in Electricity Expenses. <p>As per Form A attached</p> |
|--|---|

B) TECHNOLOGY ABSORPTION:

Research & Development (R&D):

- | | |
|---|--|
| <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> : Nil : Nil : Nil : : Nil : Nil : None |
|---|--|

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | |
|--|--|
| <ul style="list-style-type: none"> 1) Total Foreign Exchange used and earned <ul style="list-style-type: none"> i) CIF value of imports ii) Expenditure in Foreign currency iii) Foreign exchange earned on FOB basis | <ul style="list-style-type: none"> in lacs : 12.24 : 4.97 : 790.37 |
|--|--|

On behalf of Board of Directors

Nagpur

Dated: 5th August, 2015

Vinod Saraf
Managing Director

Anurag Saraf
Director

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

PARTICULARS	STEEL	
	CURRENT YEAR 2014-2015	PREVIOUS YEAR 2013-2014
A. POWER AND FUEL CONSUMPTION:		
1. ELECTRICITY		
a) Purchased		
Units (KWH in lacs)	23.56	140.92
Total Amount (` in Lacs)	284.59	1120.71
Average rate per unit (`)	12.08	7.95
b) Own generation		
i) Through Diesel Generator		
Unit (KWH)	-	-
Units per ltr. of diesel oil	-	-
Cost/unit (`)	-	-
ii) Through Steam Turbine/Generator		
Units	-	-
Units per ltr. of fuel oil/gas	-	-
Cost/unit (`)	-	-
2. Coal (specify quality)	-	-
3. Furnace Oil		
Quantity (K. Liter)	133.44	775.44
Total cost (` in Lacs)	63.94	363.16
Average Rate (` /K.Liters)	47919.58	46832.62
4. Others/Internal Generation	-	-
B. CONSUMPTION PER UNIT OF PRODUCTION:		
ELECTRICITY (KWH per tonne)		
Rolled & Forged Products	2703.34	1793.000
FURNACE OIL (K. Liter per tonne)		
Rolled & Forged Products	0.122	0.101
Coal (Specify quality)	-	-
Others (Specify)	-	-

Annexure 7 to Directors Report

Form No.MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31STMARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Facor Steels Limited,
46-A & B, MIDC Ind. Estate
Hingna Road, NAGPUR-440028

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Facor Steels Limited** (hereinafter called the Company) having CIN: L27100MH2004PLC146283. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013(the Act) and the rules made thereunder, as applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – **Not applicable as the Company did not issue any security during the financial year under review;**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase

Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations,2014 notified on 28thOctober 2014 – **Not applicable as the Company has not granted any Options to its employees during the financial year under review;**

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008– **Not applicable as the Company has not issued any debt securities during the financial year under review;**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review ;** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998– **Not applicable as the Company has not bought back any of its securities during the financial year under review.**
- (vi) Labour Laws , Factories Act, Pollution Laws and other applicable laws– **Company has stopped its production activity completely and lock out is effective from 30th May 2014. I have examined compliances in very specific manner to ensure whether adequate system and process is in order.**

I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with BSE Ltd.

I have not examined compliance by the Company with the applicable clauses of the following:

- (a) The Secretarial Standards issued by the Institute of Company Secretaries of India **as they were not applicable during the audit period.**
- (b) Applicable financial laws, like direct and indirect tax laws, **since the same have been subject to review by statutory financial auditor and other designated professionals.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- a) That the Company had not given facility of Ballot Paper to the Shareholders of the Company.
- b) That the company had a related party transaction as per the provisions of Companies Act, 2013. Lease Agreement had been entered into with **Vidharbha Iron and Steel**

Corporation (VISCO) and same had been approved by passing resolution by its Board of Director in their Meeting held on 27/10/2009. As per Resolution passed the agreement is effective for 5 years, whereas the Agreement entered into is effective for 25 years.

- c) That Company has received one notice from Bombay Stock Exchange for not having proper composition of Board of Directors.
- d) That Company has not altered the Articles of the Company to include the matters as require under the provisions of the Companies Act, 2013
- e) That the Factory License under Factories Act has not been renewed from 01.01.2015

I further report that, based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads / company secretary taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable laws.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except for the period 18 days (1st April 2014 to 17th April 2014). Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on

the agenda items before the meeting and for meaningful participation at the meeting.

As per minutes of the meetings duly recorded and signed by the Chairman, the decisions were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/ actions in pursuance of the above laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

I further report that during the financial year under review the company has obtained approval of the member under section 180(1)(c) of the Companies Act, 2013 by way of special resolution for borrowing money up to Rs.300 Crores over and above the aggregate of the paid-up share capital and free reserve of the company.

I further report that during the financial year under review the company has sold investment in shares of Rs. 1,06,13,820/- (10, 61,382 Equity Shares of Rs. 10/- each of Sai Wardha Power Ltd.)

I further report that the two appointment of Directors i.e. one additional director and Women Director has been done by passing resolution by Circulation.

For P S CHANNE & ASSOCIATES
Company Secretaries

CS PRADIP S CHANNE
(Proprietor)

Place : NAGPUR
Date : 05 August, 2015

FCS No. 6265 C.P.No.7138

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
FACOR STEELS LIMITED

We have examined the compliance of conditions of Corporate Governance by **FACOR STEELS LIMITED** (the "Company"), for the year ended 31st March 2015, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

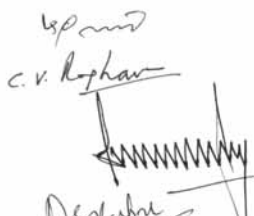
For SALVE & CO
Chartered Accountants
(Firm's Registration No.109003W)

C.A. S.D. PARANJPE
Partner
Membership No. 41472

Place : NAGPUR
Date : 29th May, 2015

FORM 'A'

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES

- | | |
|--|--|
| 1. Name of the Company | FACOR STEELS LIMITED |
| 2. Annual Financial Statement for the year ended | 31 st March, 2015 |
| 3. Type of Audit observation | <p>Un-qualified/Matter of Emphasis:</p> <p>Without qualifying our opinion, we draw our attention to Note 1 (b) of the financial statement. The company's operating results has been materially affected due to various factors and as on 31st March, 2015 the company's accumulated losses has fully eroded the net worth of the company.</p> <p>The appropriateness of the going concern assumption is dependent on the company's ability to establish consistent profitable operations as well as raising adequate finance to meet it short term and long term obligations,. Based company's ability to establish consistent profitable operations as well as raising adequate finance to meet it short term and long term obligation. Based on the mitigation factors discussed in the said note, management believes going concern assumption is appropriate and no adjustment has been made in the financial statement for the year ended 31st March, 2015.</p> |
| 4. Frequency of observation | <p>The accumulated losses of the company has fully eroded the net worth of the company in the financial year 2013-14 and the same has been reported to BIFR by making reference U/s of SICA.</p> |
| 5. To be signed by |  |
| <ul style="list-style-type: none"> • CEO/Managing Director • Chief Finance Officer • Auditor of the Company • Audit Committee Chairman | |

AUDITOR'S REPORT ON ABRIDGED FINANCIAL STATEMENTS

To
The Members of
Facor Steels Limited

Report on the abridged financial statements

1. The accompanying abridged financial statements of Facor Steels Limited (the "Company") comprise the abridged Balance Sheet as at March 31, 2015, the abridged Statement of Profit and Loss and abridged Cash Flow Statement for the year then ended together with the related notes, which we have signed under reference to this report.
2. These abridged financial statements are derived from the statutory audited financial statements of the Company for the year ended March 31, 2015 prepared by the Company's Management in accordance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013 (the "Act"), read with rule 7 of the Companies (Accounts) Rules, 2014 covered by our attached report dated May 29, 2015. Those financial statements and the abridged financial statements do not reflect the effects of events that have occurred subsequent to the date of our report on those financial statements.
3. The abridged financial statements do not contain all the disclosures required by the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Schedule III to the Act, applied in the preparation and presentation of the audited financial statements of the Company. Reading the abridged financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

Management's Responsibility for the Abridged Financial Statements

4. The Company's Management is responsible for the preparation of the abridged financial statements in accordance with Rule 10 of the Companies (Accounts) Rules 2014, pursuant to first proviso to sub-section (1) of section 136 of the Act, which are derived from the audited financial statements for the year ended 31st March, 2015 prepared in accordance with Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Schedule III to the Act. The Company's Management (including Directors) are ultimately responsible for the designing, implementing and maintaining internal control relevant to the preparation and presentation of the abridged financial statements that are consistent with the audited financial statements and are free from material misstatement, whether due to fraud or error; and also includes appropriate interpretation and application of the relevant provisions of the Rules and the Act.
5. The Company's Management (including Directors) are also responsible for ensuring that the Company complies with the requirements of the Rules.

Auditors' Responsibility

6. Our responsibility is to express an opinion on the abridged financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, 'Engagements to Report on Summary Financial Statements', issued by the Institute of Chartered Accountants of India.

Opinion

7. In our opinion, the accompanying abridged financial statements, are consistent, in all material respects, with the audited statutory financial statements of the Company as at and for the year ended March 31, 2015 prepared in accordance with Schedule III to the Act, covered by our attached report dated May 29, 2015 to the Members of the Company pursuant to section 143 of the Act, in accordance with the Rules.

Emphasis of Matter

8. Without qualifying our opinion, we draw our attention to Note 1 (b) of the financial statement. The company's operating results has been materially affected due to various factors and as on 31st March, 2015 the company's accumulated losses has fully eroded the net worth of the company. The appropriateness of the going concern assumption is dependent on the company's ability to establish consistent profitable operations as well as raising adequate finance to meet its short term and long term obligations. Based on the mitigation factors discussed in the said note, management believes going concern assumption is appropriate and no adjustment have been made in the financial statement for the year ended 31st March, 2015.

For SALVE & Co.
Chartered Accountants
(Firm's Registration No.109003W)

C.A. S.D. PARANJPE
Partner
(Membership No. 41472)

Place : Nagpur
Date : 29th May, 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FACOR STEELS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Facor Steels Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015 the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw our attention to Note 1 (b) of the financial statement. The company's operating results has been materially affected due to various factors and as on 31st March, 2015 the company's accumulated losses has fully eroded the net worth of the company. The appropriateness of the going concern assumption is dependent on the company's ability to establish consistent profitable operations as well as raising adequate finance to meet its short term and long term obligations. Based on the mitigation factors discussed in the said note, management believes going concern assumption is appropriate and no adjustment have been made in the financial statement for the year ended 31st March, 2015.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
 - i) the Company has disclosed the impact of pending litigations on its financial position in financial statements – refer note 42 (b) to the financial statements;
 - ii) the Company did not have any long term contracts including the derivative contracts for which there were any material foreseeable losses;
 - iii) there was no amount required to be transferred to the Investor Education and Protection Fund by the Company.

For SALVE & Co.
Chartered Accountants
(Firm's Registration No.109003W)

C.A. S.D. PARANJPE
Partner
(Membership No. 41472)

Place : Nagpur
Date : 29th May, 2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in our report to the members of Facor Steels Limited ('the Company'), for the year ended 31st March, 2015.

We report that :

- i)
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) All the fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- ii)
 - a) Physical verification of inventory has been conducted at reasonable intervals by the Management.
 - b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory and no material discrepancies were noticed by the Management on physical verification.

Facor Steels Limited

- iii) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 ('the Act').
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) The Company has not accepted any deposits from the public.
- vi) We have broadly reviewed the cost records maintained by the company pursuant to Company's (Cost Records and Audit) Rules 2014 read with Company's (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under Section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) (a) According to the information and explanations given to us, the Company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
- (b) On the basis of our examination of the documents and records, there are no dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Excise Duty, Value Added Tax, Customs Duty and Cess which have not been deposited on account of any dispute except the following:

Nature of dues	Rs./Lacs	Forum where the dispute is pending	Period to which the amount related (various Years covering the period)
Excise Duty	30.67	Hon'ble High court Mumbai.	Jan' 96 to Feb' 2000
Excise Duty	185.41	To be filed before Hon'ble High court Mumbai.	Sep' 01 to Nov' 03

- (c) According to the information and explanations given to us no amount was required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there).
- viii) The accumulated losses at the end of the financial year are more than 100% of its net worth and company has incurred cash losses during the current and also in the immediate preceding financial year.
- ix) In our opinion and according to the information and explanations given to us, and keeping in view the Master Restructuring Agreement executed on 30th March, 2013 there is no default in repayment of the dues of Financial Institutions, Bankers or Debenture holders except in case of cash credit facility availed from Consortium Banks. The amount of Rs.3664.30 Lakhs shown under short term borrowings have been classified by the Bankers as Non Performing Assets during the year under review.
- x) The Company has not given any guarantee for loans taken by others from bank or financial institution, the terms and conditions whereof are prejudicial to the interest of the Company.
- xi) The Company has not taken any term loans during the year. Accordingly the provisions of clause 3 (xi) of the order are not applicable to the Company.
- xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For SALVE & Co.
Chartered Accountants
(Firm's Registration No.109003W)

C.A. S.D. PARANJPE
Partner
(Membership No. 41472)

Place : Nagpur
Date : 29th May, 2015

ABRIDGED BALANCE SHEET AS AT 31ST MARCH, 2015

(Statement containing salient features of Balance Sheet as per Section 136(1) of Companies Act, 2013 and Rule 10 of the Companies (Accounts) Rules, 2014.)

Particulars	As at 31 st March, 2015	As at 31 st March, 2014
(` in lacs)		
I Equity and Liabilities		
(1) Shareholders' funds		
(a) Paid-up Share Capital		
(i) Equity	2,065.24	2,065.24
(ii) Preference	<u>3,278.00</u>	<u>3,278.00</u>
	5,343.24	5,343.24
(b) Reserves and Surplus		
(i) Capital Reserve	269.15	269.15
(ii) Loss in the Statement of Profit and Loss	<u>(8,854.15)</u>	<u>(7,552.62)</u>
	(8,585.00)	(7,283.47)
(2) Non-Current Liabilities		
(a) Long-term borrowings	4,048.69	6,127.82
(b) Deferred tax liabilities (Net)	-	-
(c) Long-term provisions	<u>37.82</u>	<u>34.60</u>
	4,086.51	6,162.42
(3) Current liabilities		
(a) Short-term borrowings	3,664.30	3,096.56
(b) Trade Payables	1,745.30	5,447.54
(c) Other Current liabilities	<u>834.50</u>	<u>623.75</u>
	6,244.10	9,167.85
Total of (1) to (3)	<u>7,088.85</u>	<u>13,390.04</u>
II Assets		
(4) Non-current assets		
(a) Fixed Assets		
Tangible Assets (Original cost less depreciation)	4,607.19	5,038.68
Intangible Assets (Original cost less depreciation)	-	15.90
Capital Work-in-Progress	<u>-</u>	<u>9.88</u>
	4,607.19	5,064.46
(b) Non-current investments (Unquoted)		
(a) Others	333.86	440.00
(c) Long-term loans and advances	<u>49.53</u>	<u>149.46</u>
	4,990.58	5,653.92
(5) Current assets		
(a) Inventories	1,042.76	4,554.19
(b) Trade Receivables	406.32	1,243.97
(c) Cash and Cash equivalents	33.11	617.49
(d) Short-term loans and advances	613.74	1,237.11
(e) Other current assets	<u>2.34</u>	<u>83.36</u>
	2,098.27	7,736.12
Total of (4) to (5)	<u>7,088.85</u>	<u>13,390.04</u>

The notes are an integral part of these abridged financial statements

Note: Complete Balance Sheet, Statement of Profit and Loss, Other Statements and notes thereto prepared as per the requirements of Schedule III to the Companies Act, 2013 are available at the Company's website at www.facorsteel.com Compiled from the Audited financial statements of the Company referred to in our report of even date.

As per our report of even date attached

For SALVE & CO.
Chartered Accountants
(Regn.No.109003W)

C.A. S.D. PARANJPE
Partner
Membership No. 41472
NAGPUR : 29th May,2015

VINOD SARAF
Managing Director

AMIT. G. PANDEY
General Manager (Legal)
& Company Secretary
NAGPUR : 29th May,2015

For and on behalf of the Board

M.D. SARAF
Vice Chairman & Director

C.V. RAGHAVAN
Chief Finance Officer

NAGPUR : 29th May,2015

ABRIDGED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(` in lacs)

Particulars	Year Ended 31 st March, 2015	Year Ended 31 st March, 2014
I Income		
Revenue from Operations		7,172.32
Sale of Prodcuts manufactured	3,257.05	
Income from services provided	14.13	33.03
	<u>3,271.18</u>	<u>7,205.35</u>
Less : Excise duty	329.93	660.24
	<u>2,941.25</u>	<u>6,545.11</u>
Add: Export Incentives	19.81	47.50
Net Revenue from Operations	<u>2,961.06</u>	<u>6,592.61</u>
II Other Income	<u>82.72</u>	<u>44.13</u>
III Total Income (I+II)	<u>3,043.78</u>	<u>6,636.74</u>
IV Expenditure		
(a) Cost of Materials Consumed	226.17	4,947.32
(b) Changes in Inventories of Finished Goods and Stock-in-Progress	2,712.77	(1,372.80)
(c) Employee benefits expense	559.30	1,086.53
(d) Finance costs	781.29	813.89
(e) Depreciation and amortisation Expense	469.38	537.29
(f) Power and Fuel	349.56	1,483.88
(g) Other expenses	1,038.49	1,945.44
Total Expenditure (a to g)	<u>6,136.96</u>	<u>9,441.55</u>
V Profit/(Loss) before Exceptional items and Tax (III-IV)	<u>(3,093.18)</u>	<u>(2,804.81)</u>
VI Exceptional items	<u>1,842.11</u>	<u>-</u>
VII Profit/(Loss) before Tax (V-VI)	<u>(1,251.07)</u>	<u>(2,804.81)</u>
VIII Tax Expenses		
(i) Current tax	-	-
(ii) Deferred tax	-	-
	<u>-</u>	<u>-</u>
IX Profit/(Loss) for the year (VII-VIII)	<u>(1,251.07)</u>	<u>(2,804.81)</u>
X Earning per equity share: (face value of ` 1/- each) Basic and Diluted (in `)	<u>(0.61)</u>	<u>(1.36)</u>

The notes are an integral part of the abridged financial statements

Compiled from the Audited financial statements of the Company referred to in our report of even date.

As per our report of even date attached

For and on behalf of the Board

For SALVE & CO.
Chartered Accountants
(Regn.No.109003W)

VINOD SARAF
Managing Director

M.D. SARAF
Vice Chairman & Director

C.A. S.D. PARANJPE
Partner
Membership No. 41472
NAGPUR : 29th May,2015

AMIT. G. PANDEY
General Manager (Legal)
& Company Secretary
NAGPUR : 29th May,2015

C.V. RAGHAVAN
Chief Finance Officer
NAGPUR : 29th May,2015

ABRIDGED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	(` in lacs)	
	<u>Year Ended 31st March, 2015</u>	<u>Year Ended 31st March, 2014</u>
1) Cash flows from /(used in) operating activities	227.89	(201.86)
2) Cash flows from/ (used in) investing activities	30.22	(216.28)
3) Cash flows used in Financing Activities	(431.06)	(50.96)
4) Net Increase/(Decrease) in cash and cash equivalents	(172.95)	(469.10)
5) Opening Balance of cash and cash equivalents		
- Cash in hand	2.11	4.33
- Balance in current account	190.06	136.94
- Balance in Margin Money Accounts	-	520.00
6) Closing Balance of cash and cash equivalents		
- Cash in hand	0.24	2.11
- Balance in current account	18.98	190.06
- Balance in fixed deposit	-	-

The notes are integral part of these Abridged financial statements

Compiled from the Audited financial statements of the Company referred to in our report of even date.

As per our report of even date attached

For and on behalf of the Board

For SALVE & CO.
Chartered Accountants
(Regn.No.109003W)

VINOD SARAF
Managing Director

M.D. SARAF
Vice Chairman & Director

C.A. S.D. PARANJPE
Partner
Membership No. 41472

AMIT. G. PANDEY
General Manager (Legal)
& Company Secretary

C.V. RAGHAVAN
Chief Finance Officer

NAGPUR : 29th May,2015

NAGPUR : 29th May,2015

NAGPUR : 29th May,2015

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

1) General Information

Facor Steels Limited ("The Company") is a Public Limited Company incorporated in India under the Companies Act, 1956. It is part of Worldwide reputed FACOR Group of Industries. The Company is listed at Bombay Stock Exchange. The Company, is one of the leading Producers of Carbon/Alloy steel/Stainless and special steel. The products are manufactured at its works in Nagpur and caters both domestic and international market. The products are meant for critical industrial application.

2) Abridged financial statement

The abridged financial statements have been prepared in prescribed Form AOC-3 pursuant to Rule 10 of the Companies (Accounts) Rules 2014 as per notification F. No. 1/19/2013-CL-V, dated March 31, 2014 and are based on the annual financial statements for the year ended March 31, 2015 approved by the Board of Directors at their meeting held on May 29, 2015.

3) (Note 1 of notes to financial statements)

Significant Accounting Policies :

(a) Basis of Preparation of Financial Statements

The Company's operating results continue to be materially affected by various factors particularly poor market conditions and deep recession in the steel market and general economic slow down. The accumulated losses of the company as at 31.03.2015 stand at ` 8854.15 lacs against the paid up Share capital of ` 5343.24 lacs. The current liabilities as at 31.03.2015 exceeded the current assets by ` 4145.83 lacs. The company has referred to the Board for Industrial & Financial Reconstruction (BIFR) under section 15 of the Sick Industrial Companies (special provisions) Act, 1985, which has been registered by BIFR vide case No. 74/2014. The company has declared a consensus lockout w.e.f. 30.05.2014 due to lack of demand of its products and the lockout is still in force.

These conditions indicate the existence of material uncertainty that may cast significant doubt about the company's ability to continue as going concern, which is dependent on the company establishing the profitable operations and sustaining cash flow. While the management is exploring various options and is in the process for restructuring the operations of the company, it is also hopeful that BIFR will prepare the revival scheme with the help of Operating Agency in due course of time. Accordingly, the company's financial statements have been prepared on a going concern basis whereby the value of assets and liabilities are expected to be realized in the normal course of business. The accounts have been prepared under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles in the provisions of companies Act, 2013, as adopted consistently by the company.

(b) Fixed Assets :

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

(c) Intangible asset :

Intangible asset acquired separately are measured at cost less amortisation and impairment losses, if any. Intangible assets are amortised on a straight line basis over the estimated useful life.

(d) Depreciation :

Depreciation on Tangible Fixed Assets has been provided on the basis of life at rates prescribed in Schedule II to the Companies Act, 2013. Straight line method as per useful life prescribed in schedule II to the companies Act 2013.

(e) Foreign Exchange Transactions :

- (i) Transactions in foreign exchange are translated to Indian Rupees at the rate of exchange ruling on the date of transaction.
- (ii) All foreign currency liabilities related to acquisition of Fixed Assets remaining unsettled at the end of the year are converted at contract rates, where covered by foreign exchange contracts and at year end rates in other cases and the difference in translation is adjusted in the carrying cost of such assets.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(iii) Other outstanding foreign currency liabilities and receivables are translated at the year end rates and the difference in translation is recognized in the Statement of Profit and Loss.

(f) Investments :

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

(g) Current Assets :

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

(h) Revenue Recognition :

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Sales comprise sale of goods and services, conversion charges, exports. Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are inclusive of excise duty but net of trade discounts and VAT. However, excise duty relating to sales is reduced from gross turnover for disclosing net turnover. Export benefits are recognised on accrual basis as per schemes specified in Foreign Trade Policy, as amended from time to time. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(i) Employee Benefits :

(i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

(ii) Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The gratuity expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of gratuity benefits are charged to the Statement of Profit and Loss.

(j) Borrowing Costs :

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(k) Provision for Current and deferred Tax :

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

(l) Contingent liabilities :

Contingent Liabilities are not recognised but are disclosed in the notes.

4) (Note 15 of notes to financial statements)

Details of Cash and cash Equivalents

	Year Ended 31st March, 2015	(` in lacs) Year Ended 31 st March, 2014
(i) Balance with Scheduled Banks	18.98	190.06
(ii) Cash in hand	0.24	2.11
(iii) Fixed Deposits	13.89	425.32
	<u>33.11</u>	<u>617.49</u>

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

**5) (Note 26 of notes to financial statements)
EARNING PER SHARE (BASIC AND DILUTED)**

	Year Ended 31st March, 2015	Year Ended 31st March, 2014
		(` in lacs)
(i) Net Profit/(Loss) after Tax	(1,251.07)	(2,804.81)
(ii) Weighted average number of equity shares (Nos. in lacs)	2,065.24	2,065.24
(iii) Earning per Share: (` per share)	(0.61)	(1.36)

**6. (Note 27 of notes to financial statements)
Disclosure pursuant to Accounting Standard - 15 (Revised) "Employee Benefits" :**

The company provides for Gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme, the Gratuity fund trust, administered and managed by the Life Insurance corporation of India (LIC), make payment to vested employees at retirement, death or termination of employment of an amount based on the respective employees salary and the tenure of employment.

Liability for employee benefit has been determined by an actuarial valuation in conformity with the principles set out in the accounting standard 15 (Revised) the details of which are as under.

Particulars	2014-15 Gratuity	2013-14 Gratuity
		(` in lacs)
Amount to be Recognised in Balance sheet		
Present value of Funded Obligation	84.88	180.28
Fair value of Plan Assets	108.58	230.05
Net Liability	(23.70)	(49.77)
Amounts in Balance sheet		
Liability	-	-
Assets	23.70	49.77
Net Liability	(23.70)	(49.77)
Expense To Be Recognised in the Statement of Profit and Loss		
Current Service Cost	15.44	21.85
Interest on Defined Benefit Obligation	14.73	20.56
Expected Return on Plan Assets	(17.52)	(105.47)
Net Actuarial Losses/(Gains) Recognised in Year	12.38	85.01
Total, Included in "Employee benefits expense"	25.03	21.95
Reconciliation of Benefit Obligations and Plan Assets For the Period		
Change in Defined Benefit Obligation		
Opening defined Benefit Obligation	184.13	257.05
Current Service Cost	15.44	21.85
Interest Cost	14.73	20.56
Actuarial Losses/(Gains)	12.38	85.01
Benefit Paid	(141.80)	(204.19)
Closing Defined Benefit Obligation	84.88	180.28

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	(` in lacs)	
	2014-15 Gratuity	2013-14 Gratuity
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	230.05	286.06
Expected return on Plan Asset	17.52	105.47
Acturial Gains/(Losses)		
Contribution by Employer	2.81	42.71
Benefit Paid	(141.80)	(204.19)
Closing Fair Value of Plan Assets	108.58	230.05
Principal Acturial Assumptions		
Discount Rate (p.a.)	8.00%	8.00%
Salary Escalation Rate (p.a.)	5.00%	5.00%

7. (Note 28 of notes to financial statements)

The slowing industrial activity and depressed market conditions had seriously affected the operations of the company. Considering the dwindling order position, the company has discussed with Workers union and reached an agreement for consensus lock out effective from Jan, 2013 and which was in force upto 8th Aug, 2013. The company restarted its operation from 9th Aug, 2013 after getting revised fund and non fund based limits approved and released by the individual banks. The company's application for Corporate Debt Restructure (CDR) has been approved by CDR - Empowered Group vide its Letter of Approval dated April 27, 2013. In spite of the best efforts the company continued to incur cash loss and the capacity utilisation could not be improved to avoid cash loss situation The Company has again reached an agreement for consensus lock out with its workers union effective from 30th May, 2014 which is still in force and exploring various alternatives to improve the operations of the company.

8. (Note 29 of notes to financial statements)

As per the Corporate Debt Restructure (CDR) package approved by Empowered Group of Corporate Debt Restructuring cell (CDR-EG) approval dated April 27, 2013 the amount of Recompense payable from cut off date to end of package period i.e. March 31, 2023 ` 852 lakhs.

9. (Note 30 of notes to financial statements)

In view of accumulated losses and no reasonable certainty of future income to recover Deferred Tax Assets, no provision for deferred tax assets has been considered necessary.

10. (Note 31 of notes to financial statements)

No provision for current Income-Tax is considered necessary in view of the brought forward Business loss and unabsorbed depreciation. In view of current year book loss no provision for Minimum Alternate Tax is required.

11. (Note 32 of notes to financial statements)

The company and Baltic International Bank have reached an understanding and in term of the settlement Agreement, the lender has agreed to settle the account for an amount not less than USD 56872/-. The lender has agreed to release the obligation of the company arising from this loan agreement after the repayment of the above amount towards the principal amount, payment of loan interest and penalty charges. In view of this agreement, company has written back the balance amount of USD 2943128/- amounting to ` 1842.11 lacs and the same has been shown under exceptional item.

12. (Note 33 of notes to financial statements)

The company could not make the interest payment to the banks in time and company's drawing power was reduced considerably due to suspension of production. In view of this, All the bank accounts of the company has been classified as Non Performing Assets by the Bankers.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

13. (Note 34 of notes to financial statements)

The Company has entered into a Power Delivery agreement with Wardha Power Company Limited (WPCL) for procurement of power for its manufacturing activity at the term set out in the said agreement for twenty five years from the commencement of commercial operation of power plant to be declared by WPCL. As per the terms of another related agreement with WPCL, the company has invested ₹ 440 lacs (Previous year ₹ 440 lacs) shown under Non current investments (Note 11) in Equity shares of 1945867 of ₹ 10 each aggregating to ₹ 19458670- and 2454133 no of 0.01% redeemable class A preference shares aggregating to ₹ 24541330. Therefore said shares are/shall be under lien with WPCL. Upon the expiry of Power Delivery agreement. Class A Equity Shares and Class A Redeemable Preference Shares will be bought back by WPCL for total consideration of ₹ 1. During the year company has sold the 1061382 equity shares on their face value of ₹ 10 each aggregating to ₹ 10613820/- (previous year Nil).

14. (Note 35 of notes to financial statements)

Short term loans and advances includes ₹ 75.58 lacs(previous year ₹ 75.58) towards advance paid against supply of scrap by overseas supplier against which company has initiated action for recovery towards quality dispute.

15. (Note 36 of notes to financial statements)

M/s Madhur Engineering Pvt. Ltd. and M/s Tarini steel co. Ltd. have filed winding up petition u/s 433 and 434 of the companies Act, 1956 in the Nagpur bench of Bombay High court at Nagpur. The matter is yet to be heard before the court and company has taken all steps to suitably defend the case.

16. (Note 37 of notes to financial statements)

	2014-15		2013-14	
	₹ in lacs	Percentage	₹ in lacs	Percentage
(a) 1. Value of Consumption of imported Raw Materials	28.54	12.62	637.79	12.89
2. Value of Consumption of indigenous Raw Materials	197.63	87.38	4,309.53	87.11
	226.17	100.00	4,947.32	100.00
(b) 1. Value of Consumption of imported Components and Spare Parts:	-	-	5.70	3.44
2. Value of Consumption of indigenous Components and Spare Parts:	-	-	160.09	96.56
	-	-	165.79	100.00

17. (Note 38 of notes to financial statements)

	2014-15		2013-14	
	(₹ in lacs)			
C.I.F. Value of Imports :				
(a) Raw Materials		12.24		10.28
(b) Components, Stores and Spare Parts		-		13.27
		12.24		23.55

18. (Note 39 of notes to financial statements)

Expenditure in Foreign Currency :				
(i) Commission on Sales		2.77		6.07
(ii) Travelling Expenses		-		2.59
(iii) Cash Discount		2.20		5.96
(iv) Interest paid on Loan		-		39.48
(v) Legal & Professional charges		-		7.60
		4.97		61.70

19. (Note 40 of notes to financial statements)

Earnings in Foreign Exchange on account of Export of Goods on F.O.B. basis	790.37	1,911.83
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NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

20. (Note 41 of notes to financial statements)

Segment Information :

The Management Information System of the Company identifies and monitors Steel Products as the business segment. The Company is managed organisationally as a single unit. In the opinion of the management, the Company is primarily engaged in the business of Steel Product. As the basic nature of these activities are governed by the same set of risk and return, these constitute and are grouped as single segment as per Accounting Standard (AS) 17 dealing with segment reporting issued by ICAI.

21. (Note 42 of notes to financial statements)

Contingent Liabilities and Commitments :

(I) Contingent Liabilities :

- (a) Estimated amount of contracts on Capital Account & other Commitments remaining to be executed and not provided for in accounts ` Nil lacs (Previous Year ` 76.75 lacs).
- (b) Claims against the Company not acknowledged as debts, since disputed ` 302.80 lacs (Previous Year ` 249.29 lacs). Amounts already paid under protest ` 35.89 lacs (Previous year ` 33.21 lacs) have been debited to Advance Account.

22. (Note 43 of notes to financial statements)

Related Party Disclosure:-

I List of related parties:-

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

Vidarbha Iron and Steel Corporation Limited (VISCO)- Associates

B Enterprise, over which key management personnel and their relatives exercise significant influence, with whom transactions have taken place during the year :

- | | |
|--|---|
| 1 Ferro Alloys Corporation Limited | 2 Facor Alloys Limited |
| 3 Rai Bahadur Shreeram And Company Private Limited | 4 Dass Papers Products. Ltd. |
| 5 Orchard consultancy Pvt. Ltd. | 6 Godavaridevi Saraf & Sons. |
| 7 S.D. Ores Pvt. Ltd. | 8 Suchitra Investment & Leasing Ltd. |
| 9 Saraf Bandhu Pvt. Ltd. | 10 Facor Power Ltd. |
| 11 GDP Infrastructure Pvt. Ltd. | 12 Queen Consultancy Services Pvt. Ltd. |
| 13 Vineet Infin Pvt. Ltd. | 14 Shreeram shipping services Pvt. Ltd. |

C Key Management Personnel :

- | | |
|------------------|--------------------------|
| i) N.D. Saraf | Chairman |
| ii) M.D.Saraf | Vice Chairman & Director |
| iii) Vinod Saraf | Managing Director |
| iv) Anurag Saraf | Director |

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

II Transactions with Related Parties during the year ended 31-03-2015 in the ordinary course of business.

(` in lacs)

Particulars	With Associates		With Key Management Personnel		With Enterprise where Significant influence exists	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
i) Lease rent	21.00	21.00				
ii) Finance received/(repaid)					-	915.25
iii) Balances outstanding at the year end						
a) Unsecured loans taken/(Given)					918.62	918.62
b) Trade Payables	120.13	131.05			166.02	162.23

23. (Note 44 of notes to financial statements)

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

As per our report of even date attached

For and on behalf of the Board

For SALVE & CO.
Chartered Accountants
(Regn.No.109003W)

VINOD SARAF
Managing Director

M.D. SARAF
Vice Chairman & Director

C.A. S.D. PARANJPE
Partner
Membership No. 41472

AMIT. G. PANDEY
General Manager (Legal)
& Company Secretary

C.V. RAGHAVAN
Chief Finance Officer

NAGPUR : 29th May,2015

NAGPUR : 29th May,2015

NAGPUR : 29th May,2015

PRINCIPAL ADDRESS OF THE COMPANY**Registered Office & Works****Nagpur :**

46 A & B,
MIDC Industrial Estate,
Hingna Road,
Nagpur- 440 028
[Maharashtra]
Phone : 91-7104-235701-08
Gram : FACORSTEEL
E-mail : info@facorsteel.com
Fax : 91-7104-235709

Regional Offices**Mumbai :**

Marathon Innova, IT Park,
B-wing, unit no. 403, 4th Floor,
Ganpatrao Kadam Marg, Lower
Parel, Mumbai- 400 013
Phone : 91-22-24918155,
Fax : 91-22-24918157
Gram : FACOR
E-mail : facormumbai@facorgroup.in
fslmumbai@facorsteel.com

Shri Arun Mahalpurkar

Dy. General Manager

Other Offices**Visakhapatnam :**

Manganese House,
Harbour Road,
Visakhapatnam- 530 001
Phone : 91-891-2569011 / 13
Gram : FACOR
E-mail : facor@sancharnet.in
facorvzg@satyam.net.in
facoralloys@eth.net
Fax : 91-891-2564077

Shri K. Naresh Kumar

Dy. General Manager [Finance]

Corporate & Head Office**Tumsar :**

Shreeram Bhavan
Tumsar-441 912
Dist : Bhandara [Maharashtra]
Phone : 91-7183-232251, 232233,
233090 & 232341
Gram : FACOR
E-mail : facorho@facorgroup.in
Fax : 91-7183-232271

New Delhi :

Facor House, A-45-50, Sector-16,
Noida, Dist. Gautam Buddha Nagar,
U. P.- 201 301 India
Phone : 91-120-4171000
Fax : 91-120-425 6700
E-mail : facordelhi@facorgroup.in

Shri Ishwar Das

Manager [Administration]

Nagpur :

Shreeram Bhavan
Ramdaspath, Nagpur 440 010
Phone : 91-712-2436920-23
Gram : FACOR
Fax : 91-712-2432295

Shri H. S. Shah

Dy. General Manager

Bhubaneswar :

GD-2/10, Chandrasekharpur
Bhubaneswar 751 023
[Odisha]
Phone : 91-674-2302881 / 882
91-674-2302481

Gram : FACOR

E-mail : facorbbsr@dataone.in

Fax : 91-674-2302612

Shri M. V. Rao

Resident Manager

FACOR STEELS LIMITED

CIN: L27100MH2004PLC146283

Registered Office & Works: 46 (A&B) MIDC Industrial Estate, Hingna Road, Nagpur-440028, India

Phones: +91-7104-235701, Fax: +91-7104-235709

E-Mail: info@facorsteel.com, Website: www.facorsteel.com

Twelfth Annual General Meeting on 28th September, 2015

FORM NO. MGT-11

PROXY FORM

(Pursuant to section 105 (6) of the Companies Act, 2014 and rule 19(3) of the Companies (Management and Administration) Rules, 2015)

CIN: L27100MH2004PLC146283	Registered Office & Works: 46 (A&B) MIDC Industrial Estate, Hingna Road, Nagpur-440028, India
Name of the Company	Facor Steels Limited
Name of the member(s)	
Registered Address	
E-mail Id	
Folio No./DP ID-Client ID No.	

I/ We, being the member(s) of the above named Company, holding.....shares, hereby appoint:

- (1) Name: Address:
E-mail Id : Signature:.....or failing him;
- (2) Name: Address:
E-mail Id : Signature:.....or failing him;
- (3) Name: Address:
E-mail Id : Signature:.....

as my/ our Proxy to attend and vote (on a poll) for me/ us and on my/our behalf at the Twelfth Annual General Meeting of the Company, to be held on Monday, the 28th September, 2015 at 2.30 p.m. at 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur-440 028 and at any adjournment thereof in respect of the following resolutions:

Resolution No.	Resolutions
Ordinary Business	
1.	Adoption of Financial Statements, Directors' and Auditors' Report for the year ended 31st March, 2015
2.	Re-appointment of Mr. Narayandas Saraf, who retires by rotation
3.	Re-appointment of Mr. Anurag Saraf, who retires by rotation
4.	Appoint Auditors and fix their remuneration
Special Business	
5.	Appointment of Mrs. Champaka Rangachari as Independent Director

Signed this.....day of.....2015

Signature of Shareholder(s) :

Signature of Proxy holder(s) :

Affix
Revenue
Stamp

Note :

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur-440 028 not less than (48) fourty eight hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statement and notes, please refer to the notice of the Twelfth Annual General Meeting.

THROUGH COURIER

If undelivered please return to :

FACOR STEELS LIMITED

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