

# **THIRTEENTH ANNUAL REPORT 2015-16**



**FACOR ALLOYS LIMITED**

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

Chairman &amp; Managing Director

**Ashim Saraf**

Joint Managing Director

**Anurag Saraf**

Joint Managing Director

**Rohit Saraf**

(w.e.f. 12.02.2016)

**C.N. Harman**

Director (Technical)

(Upto 11.02.2016)

**K. Jayabharat Reddy**
**P.V.R.K. Prasad**
**K.L. Mehrotra**
**A.S. Kapre**
**Mrs. Urmila Gupta**
**Keshaorao Pardhey**
**S.S. Sharma**

 General Manager (Legal) &  
Company Secretary

**Executives**
**M.D. Saraf**

President

**M.S.S. Sarma**

Cheif Executive

**O.P. Saraswat**

Dy. Chief Financial Officer

**Bankers**

Bank of India

Central Bank of India

State Bank of India

Syndicate Bank

State Bank of Bikaner &amp; Jaipur

Indian Overseas Bank

**Solicitors**

Mulla &amp; Mulla and Craige Blunt &amp; Caroe

Bhaishankar Kanga and Girdharilal

**Auditors**

Salve &amp; Co.

Chartered Accountants

**Internal Auditors**

Rao &amp; Kumar

Chartered Accountants

**Registrars & Share Transfer Agents**

(for Both Physical &amp; Electronic)

**Beetal Financial & Computer  
Services Pvt. Ltd.**

Beetal House, 3rd Floor, 99, Madangir,

Behind LSC, New Delhi - 110 062

Phone No. 91-11-29961281-83

Fax No. 91-11-29961284

 E-mail : [beetal@beetalfinancial.com](mailto:beetal@beetalfinancial.com)
[beetalrta@gmail.com](mailto:beetalrta@gmail.com)
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## NOTICE

Notice is hereby given that the **THIRTEENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held at the Registered Office of the Company at "Administrative Building, Shreeramnagar-535101, Garividi, Distt. Vizianagaram, Andhra Pradesh" on Thursday, the 29<sup>th</sup> September, 2016 at 3.30 p.m. to transact, with or without modifications as may be permissible, the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2016 and Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon and the audited consolidated financial statement of the Company for the Financial Year ended 31<sup>st</sup> March, 2016.

2. To appoint a Director in the place of Mr. Ashim Saraf (DIN 00009581), who retires from office by rotation and, being eligible, offers himself for re-appointment.

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

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Messrs Salve & Co., Chartered Accountants (Regn. No. 109003W), be and are hereby appointed as auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the Fourteenth consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) on such remuneration plus service tax as applicable and reimbursement of expenses incurred by them incidental to their functions as the Board of Directors may fix in that behalf in consultation with the said Auditors."

### AS SPECIAL BUSINESS:

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

To appoint Mr. Rohit Saraf, who was appointed as an Additional Director by the Board of Directors of the company under Article 89 (a) of the Articles of Association of the Company and who holds office under the said Article and Section 161 (1) of the Companies Act, 2013 upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 160 of the Companies Act, 2013 alongwith a deposit of Rs 1,00,000/- from a member signifying his intention to propose Mr. Rohit Saraf as a candidate for the office of Director, as a Director of the Company and in that behalf to consider and, if thought fit,

to pass the following resolution which will be proposed as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the relevant provisions of the Companies Act, 2013 including Section 160, Mr. Rohit Saraf be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

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 Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, as amended from time to time, the Company hereby ratifies the remuneration of ` 20,000/- plus service tax and out-of-pocket expenses payable to Mr. Prakash Uppalapati, Cost Accountant who is appointed as Cost Auditors of the Company to conduct audit of cost records of the Company for the year ended 31<sup>st</sup> March 2017."

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

**"RESOLVED THAT** pursuant to Regulation 31 A and other relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable provisions, if any, of the Companies Act, 2013, the approval of the members of the Company be and is hereby accorded for re-classification of Globalscale Investments Ltd., the Overseas Corporate entity forming part of the promoters Group of the Company to Public (Non-Promoter) shareholders subject to conditions that the promoter seeking re-classification, along with persons acting in concert with them will not :

- have any special rights through formal or informal agreements;
- hold more than 10% of the paid-up equity capital of the Company;
- act as a key managerial person for a period of more than three years from the date of Shareholders approval.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this Resolution to any Committee of Directors of the Company or to any Director of the Company or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this Resolution including filing of necessary forms / returns with the Ministry of Corporate Affairs / Stock Exchanges / other authorities concerned."

**NOTES:**

1. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of Item Nos. 4 to 6 of the notice set out above is annexed hereto. The relevant details of Directors seeking re-appointment/appointment under Item Nos. 2 and 4, pursuant to relevant regulations of Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 are annexed.
2. A route map to reach the venue of the Annual General Meeting, including prominent land mark for easy location, has been provided at the end of the AGM notice.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/ authority, as applicable, issued on behalf of the nominating organization. Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday the 23<sup>rd</sup> September, 2016 to Thursday, the 29<sup>th</sup> September, 2016, both days inclusive.
5. Pursuant to Section 205C of the Companies Act, 1956, unclaimed dividend is to be transferred to the "Investor Education and Protection Fund" of the Central Government after a period of 7 years from the date of transfer to unpaid dividend A/c. Shareholders who have not en-cashed/ misplaced/not received the dividend warrant for the years 2009-10 & 2010-11 are requested to write to M/s. Beetal Financial & Computer Services (P) Ltd, Beetal House, 3<sup>rd</sup> Floor, 99, Madangir, Behind LSC, New Delhi-110062 for claiming the dividend. Due dates for the transfer of the unclaimed dividend of the year 2009-10 & 2010-11 to the said fund is 24<sup>th</sup> October, 2017 & 15<sup>th</sup> October, 2018 respectively and shareholders cannot make a claim after these dates.
6. Voting through electronic means:  
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as

substituted by the Companies (Management And Administration) Amendment, Rules, 2015, and Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company has provided 'remote e-voting' (e-voting from a place other than venue of the AGM) facility through Central Depository Services (India) Limited (CDSL) as an alternative, for all members of the Company to enable them to cast their votes electronically, on the resolutions mentioned in the notice of the 13<sup>th</sup> Annual General Meeting of the Company. E-voting is optional. The facility for voting, through ballot/polling paper shall also be made available at the venue of the 13<sup>th</sup> AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

The instructions for shareholders voting electronically are as under:

- (i) In terms of requirements of the Companies Act, 2013 and the relevant Rules, the Company has fixed 22nd September, 2016 as the 'Cut-off Date'. The remote e-voting/voting rights of the shareholders/ beneficial owners shall be reckoned on the equity shares held by them as on the Cut-off Date i.e. 22nd September, 2016 only. The voting period begins on 26<sup>th</sup> September, 2016 at 10.00 a.m. (IST) and ends on 28<sup>th</sup> September, 2016 at 5.00 p.m. (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22nd September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. (IST) on 28<sup>th</sup> September, 2016.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" tab.
- (v) Now, select the Electronic Voting Sequence Number- "EVSN-160828001" along with "Facor Alloys 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](http://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:

	<b>For Members holding shares in Demat Form and Physical Form</b>
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"> <li>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 8 digits of the sequence number in the PAN field. Sequence number is printed on address slip.</li> <li>In case the sequence 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 sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to Login. If both the details are not recorded with the depository or company please enter the Member ID / Folio number in the Dividend Bank details field as mentioned in instruction (vi).</p>

- (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 for the relevant <Company

Name> on which you choose to vote.

- (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) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xxi) 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 [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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.
- (xxii) 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. 22<sup>nd</sup> September, 2016 may follow the same instructions as mentioned above for e-Voting.
- (xxiii) 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- II. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
- III. Mr. P.S. Rathi, Chartered Accountant, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- IV. The Scrutinizer shall within a period not exceeding three (3) days from the conclusion of the AGM, 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.
- V. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.facoralloys.com](http://www.facoralloys.com) and on the website of CDSL and communicated to the Stock Exchange, where the shares are listed.
- 7. Members can also download the notice of Annual General Meeting from the website of the company i.e. [www.facoralloys.com](http://www.facoralloys.com).
- 8. Copies of Annual Report 2015-16 and the Notice of 13<sup>th</sup> Annual General Meeting are being sent by electronic mode to all members whose email addresses are registered with the company/Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2015-16 and Notice of 13<sup>th</sup> Annual General Meeting are being sent by the permitted mode.
- 9. Members are requested to notify immediately any change in their address/bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company viz., M/s. Beetal Financial & Computer Services (P) Ltd, Beetal House, 3<sup>rd</sup> Floor, 99, Madangir, Behind LSC, New Delhi-110062 in respect of their physical share holding, if any. While intimating change of address to Depositories and Registrar and Share Transfer Agents please indicate your client ID No. / Folio No., as may be applicable. The address should be complete with Pin Code No.
- 10. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company are requested to submit Form duly filled in and signed to the above Registrar & Transfer Agent. The Form can be had from the Share Department at the Registered Office of the Company at Shreeramnagar-535101 Dist. Vizianagaram, Andhra Pradesh.
- 11. Shareholders intending to require information about accounts to be explained at the meeting are requested to furnish the queries to the Company at least 10 (ten) days in advance of the Annual General Meeting.
- 12. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
- 13. As required by the SEBI (LODR) Regulations, 2015, the relevant details in respect of the Directors proposed to be appointed/re-appointed are set out in the Report on Corporate Governance forming part of the Annual Report.
- 14. The Company's securities are admitted in the National Securities Depository Ltd. and Central Depository Services (India) Ltd. and the ISIN No. allotted to the Company by them in respect of Equity Shares is INE 828GO1013.
- 15. Non-resident Indian Members holding shares in physical form are requested to inform the Registrar and Share Transfer Agent of the Company about:
  - a) The change in their residential status on return to India for permanent settlement.
  - b) The details of the bank account in India with complete name, branch, account type, account no. and address of the bank.
- 16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their respective Depository Participants. Members holding shares in physical form are requested to submit their PAN details to the Company or its Registrar and Share Transfer Agent.
- 17. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing the representative to attend and vote on their behalf at the Meeting.
- 18. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company



on all working days between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.

**Registered Office:**

Administrative Building,  
Shreeramnagar-535 101,  
Garividi, Dist. Vizianagaram,  
Andhra Pradesh  
CIN: L27101AP2004PLC043252  
Tel. No. 08952-282029  
Fax No. 08952-282188  
E-Mail : facoralloys@facorgroup.in  
Website : www.facoralloys.com

By order of the Board

**S.S. Sharma**  
General Manager (Legal)  
& Company Secretary

Dated : 12<sup>th</sup> August, 2016

**ANNEXURE TO THE NOTICE**

**Explanatory Statement as required by Section 102 of the Companies Act, 2013:**

**ITEM NO.4**

Mr. Rohit Saraf was appointed as an Additional Director by the Board of Directors of the Company in its meeting held on 12<sup>th</sup> August, 2016 to broad base the Board by inducting businessmen. Pursuant to Section 161 (1) of the Companies Act, 2013 read with Article 89 (a) of Articles of Association of the Company, he holds office as a Director only until the forthcoming Annual General Meeting of the Company. A Notice has been received from a member pursuant to Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Rohit Saraf as a candidate for the office of Director.

Mr. Rohit Saraf aged around 49 years is a Bachelor of Commerce and is having rich experience in Mining operations & Administration. His experience, advice and guidance will be of immense benefit to the Company.

Accordingly, the resolution in item no. 4 of the accompanying Notice is commended for your approval.

Mr. Rohit Saraf is evidently interested in the resolution concerning him.

**ITEM NO.5**

The Company is directed, under Section 148 of the Act to have the audit of its cost records conducted by a cost accountant in practice. The Board of your Company has, on the recommendation of the Audit Committee, approved the appointment of Mr. Prakash Uppalapati, Cost Accountant as the Cost Auditor of the Company to conduct audit of cost records of the Company for the year ending 31<sup>st</sup> March, 2017, at a remuneration of ` 20,000/- plus service tax and out-of-pocket expenses.

Mr. Prakash Uppalapati has furnished a certificate regarding his eligibility for appointment as Cost Auditor of the Company. Mr. Prakash Uppalapati has vast experience in the field of cost audit and has conducted the audit of the cost records of the Company for the past five/six years under the provisions of the erstwhile Companies Act, 1956.

The Board commends the remuneration of ` 20,000/- plus service tax and out-of-pocket expenses to Mr. Prakash

Uppalapati as the Cost Auditor and the approval of the shareholders is sought for the same by an Ordinary Resolution.

None of the Directors and key managerial personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned at Item No.5 of the Notice.

**ITEM NO.6**

The members may note that Globalscale Investments Ltd., forming part of Promoter/Promoter Group has requested to the Company to reclassify/derecognize it from the category of promoters/promoter group to public category. Further, the said entity/person has informed that its existing shareholding of 44,92,654 Equity Shares of Re.1/- each in the company as on date is very less representing a meager percentage of 2.30% of the total paid up equity capital of the Company and it does not exercise any control over the company and is also not engaged in the management of the company. It has also informed that it neither has any representation on the Board of the company nor has any veto rights/special rights as to voting power or control over the company.

The Board of Directors of the Company at its meeting held on 12<sup>th</sup> August, 2016 has approved the reclassification of above entity/person from the promoter/promoter group to Public category subject to necessary approvals.

None of the (i) Directors, (ii) Key Managerial Personnel, (iii) relatives of the persons mentioned in (i) and (ii), are concerned or interested in the said resolution. The Board recommends the resolution for approval of the members.

**Registered Office:**

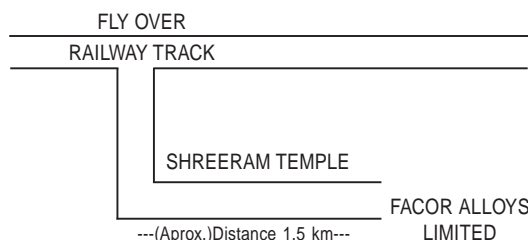
Administrative Building,  
Shreeramnagar-535 101,  
Garividi, Dist. Vizianagaram,  
Andhra Pradesh  
CIN: L27101AP2004PLC043252  
Tel. No. 08952-282029  
Fax No. 08952-282188  
E-Mail : facoralloys@facorgroup.in  
Website : www.facoralloys.com

By order of the Board

**S.S. Sharma**  
General Manager (Legal)  
& Company Secretary

Dated : 12<sup>th</sup> August, 2016

**ROUTE MAP**



**AGM VENUE**

FACOR ALLOYS LIMITED  
ADMINISTRATIVE BUILDING  
SHREERAMNAGAR-535101  
GARIVIDI DIST. VIZIANAGARAM (A.P.)

## DIRECTORS' REPORT TO THE MEMBERS

The Directors submit the **THIRTEENTH ANNUAL REPORT** on the business and operations of the Company and the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2016.

## FINANCIAL RESULTS

	For the year ended 31-3-2016 (` in Lacs)	For the year ended 31-3-2015 (` in Lacs)
Gross Profit/(Loss)	(1961.11)	(1739.20)
Depreciation	301.84	291.60
Provision for taxation	—	—
Tax for earlier years	0.32	(24.78)
Deferred Tax	(839.67)	(1198.66)
Net Profit/(Loss) for the year	(1423.60)	(807.36)
Balance brought forward from last year	(1456.72)	(649.36)
Balance Carried to Balance Sheet	<u>(2880.32)</u>	<u>(1456.72)</u>

## OVERALL PERFORMANCE

As mentioned in the last year's Annual Report, a lock out was declared in the plant w.e.f. 04<sup>th</sup> February, 2014 due to labour unrest. As per directions of the State Government though the lock out was uplifted w.e.f. 26<sup>th</sup> December, 2014 but the production activities are yet to be resumed. As a result of this during the financial year 2015-16 also there was no production/no sale except some minor off grade/other material sales. Due to fixed overheads company has incurred a loss of ` 1423.60 lacs net of write back of deferred tax and income on sale of fixed assets including interest income of ` 839.67 lacs and ` 861.22 lacs respectively.

## DIVIDEND

In view of the losses during the year, the Directors regret their inability to recommend any dividend for the financial year ended 31<sup>st</sup> March 2016 on Equity Shares of the company.

## EROSION OF MORE THAN 50% OF PEAK NET WORTH

As mentioned above the production activities are yet to be resumed. Due to non operation of the plant since 4<sup>th</sup> February, 2014 the fund flow position of the company is in very bad shape. The accumulated losses of the Company as at 31<sup>st</sup> March, 2016 amounting to ` 2880.32 lacs has resulted in erosion of more than 50% of its peak net worth during the four financial years immediately preceding the financial year. Hence as per the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 the Company has become a 'Potential Sick Company'. As per provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the Company has to report the fact of such erosion to the Board for Industrial and Financial Reconstruction (BIFR).

## EXTRACT OF THE ANNUAL RETURN

An extract of annual return for the financial year ended on 31<sup>st</sup> March, 2016 in Form MGT-9 pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014 is attached as Annexure-1.

## NUMBER OF MEETINGS OF THE BOARD

The Board met four times in FY 2015-16 viz. on 30<sup>th</sup> May 2015, 8<sup>th</sup> August 2015, 7<sup>th</sup> November 2015 and 12<sup>th</sup> February 2016. The maximum interval between any two meetings did not exceed 120 days.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard (AS)-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates, the audited Consolidated Financial Statements are provided in the Annual Report.

## SUBSIDIARIES

Pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement containing salient features of the financial statements of the Company's Subsidiaries and Associates' (in amended Form AOC-1) is attached to the financial statements as Annexure-2. The company will make available the Annual Accounts of the subsidiary companies and related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the Company and that of the respective subsidiary companies as well will also be kept open for inspection at the Registered Office of the Company. Further, the Consolidated Financial Statements presented by the Company include the financial results of the subsidiary companies.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions under Section 134 (5) of the Companies Act, 2013, your Directors hereby confirm:

- that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2016, the applicable accounting standards read with requirements set out under schedule III of the Companies Act, 2013 have been followed and there are no material departures from the same;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 for the year under consideration;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and



for preventing and detecting frauds and other irregularities;

- (iv) that they have prepared the annual accounts of the Company for the financial year ended 31<sup>st</sup> March, 2016 on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) that they had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### DECLARATION GIVEN BY INDEPENDENT DIRECTORS

The Independent Directors have given declaration that they meet the criteria specified under Section 149 (6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Name of the entity	Relation	Amount in Crore	Particulars of loans, guarantees and investments	Purpose for which the loan, guarantee and investment are proposed to be utilised
Facor Minerals (Netherlands) B.V.	Subsidiary	66.47	Loan given	To meet out business commitments

#### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There are no contracts/arrangements/transactions which are not at arm's length basis and there are no material contracts/arrangements/transactions which are at arm's length basis.

#### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY AFTER CLOSE OF THE FINANCIAL YEAR

There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year to which the financial statements relate and the date of the report.

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

The information required under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are set out in Annexure-4 hereto forming part of this report.

#### RISK MANAGEMENT POLICY

The Company's Risk Management framework is designed to identify, assess and monitor various risks related to key business and strategic objectives and lead to the formulation of a mitigation plan. Major risks in particular are monitored regularly at Executive meetings and the Board of Directors of the Company is kept abreast of such issues.

#### POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-Section (3) of Section 178, is attached as **Annexure-3** to this Report.

#### AUDITORS AND AUDITORS' REPORT

**Statutory Auditors:** The Auditors' Report to the Shareholders for the year under review does not contain any qualification.

**Secretarial Auditor:** There are no qualifications, reservations or adverse remarks or disclaimers made in the Secretarial Audit Report.

#### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not provided any guarantee during the Financial Year. The Company has made following Loan and investment pursuant to Section 186 of the Companies Act, 2013:

#### DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has formed a Committee and adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

#### CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company at the Board Meeting held on 29<sup>th</sup> May, 2014 approved a Policy on CSR and the Policy was hosted on the website of the Company.

Company is not having average net profits in the immediately preceding three years.

#### ANNUAL BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Independent Directors at their meeting without the participation of the Non-independent Directors and Management, considered/evaluated the Boards' performance, Performance of the Chairman and other Non-independent Directors.

The Board subsequently evaluated its own performance, the working of its Committees (Audit, Nomination and Remuneration and Stakeholders Relationship Committee) and Independent

Directors (without participation of the relevant Director).

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Pursuant to Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors had approved the Policy on Vigil Mechanism/Whistle Blower and the same was hosted on the website of the Company. This Policy inter-alia provides a direct access to the Chairman of the Audit Committee.

Company hereby affirms that no Director/ employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

### **FINANCE**

The Company has not invited any deposit from public during the year.

### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

In terms of the provisions of Section 197 (12) of the Companies Act, 2013 read with Rules 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the year under review there were no employees receiving remuneration of or in excess of ` 60,00,000/- per annum or ` 5,00,000/- per month requiring disclosure.

Disclosures pertaining to remuneration and other details as required 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 are provided in the Annexure forming part of the Annual Report. Having regard to the provisions of Section 136 (1) read with its relevant proviso of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished without any fee.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mr. Ashim Saraf, Joint Managing Director, retires by rotation at the forthcoming Annual General Meeting, and being eligible offers himself for re-appointment.

Mr. Rohit Saraf was appointed as Additional Director on the Board with effect from 12<sup>th</sup> August, 2016. Members are requested to refer to the Notice of the Annual General Meeting and the Explanatory Statement for details of the qualifications and experience of the Director.

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.

### **SECRETARIAL AUDIT REPORT**

The Company has appointed Mr. Umesh Chand Sharma of

Umesh Chand Sharma & Co., New Delhi, Company Secretaries to conduct secretarial audit and his Report on Company's Secretarial Audit is appended to this Report as Annexure-5.

### **CORPORATE GOVERNANCE**

Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

### **AUDIT COMMITTEE**

The Audit Committee formed by the Board of Directors of the Company consists of Mr. K. Jayabharat Reddy, Mr. P.V.R.K. Prasad & Mr. A.S. Kapre who are Non-Executive Independent Directors of the Company and Mr. R.K. Saraf. Mr. K. Jayabharat Reddy is its Chairman. The Committee's role, terms of reference and the authority and powers are in conformity with the requirement of the Companies Act, 2013 and the Listing Regulations.

### **AUDITORS**

M/s Salve & Co., Chartered Accountants, the existing Auditors, will retire at the ensuing Annual General Meeting and are eligible for re-appointment. 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 13<sup>th</sup> Annual General Meeting till the conclusion of the 14<sup>th</sup> 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.

### **COST AUDITOR**

Mr. Prakash Uppalapati, Cost Accountant has been appointed by the Board as Cost Auditor of the Company to conduct audit of cost records of the Company for the year ended 31<sup>st</sup> March 2017. Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made there under, Members are requested to consider the ratification of the remuneration payable to Mr. Prakash Uppalapati.

The due date for filing of the Cost Audit Report for the financial year 2014-15 was 30<sup>th</sup> September, 2015. The Company has filed the Report with the Ministry of Corporate Affairs on 27-09-2015.

### **ACKNOWLEDGEMENT AND APPRECIATION**

Your Directors place on record their gratitude for the support and co-operation received from Central and State Governments, Financial Institutions & Banks, Customers, Suppliers and Shareholders and for their continued support. The Board also expresses its sincere appreciation to the dedicated and committed team of employees and workmen.

On behalf of Board of Directors,

Place : Noida (U.P.)  
Dated : 12<sup>th</sup> August, 2016

**R.K. SARAF**  
Chairman & Managing Director