

# **THIRTEENTH ANNUAL REPORT 2015-2016**



**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

#### Chompaka Rangachari

(Ceased w.e.f. 06.05.2016)

### 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

### Statutory Auditors

SALVE & Co.

Chartered 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](mailto:rnt.helpdesk@linkintime.co.in)

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## Notice to Members

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 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur- 440 028 on Friday the 23<sup>rd</sup> of September, 2016 at 11.30 A.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 31<sup>st</sup> March 2016, 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. M.D. Saraf (DIN: 00011966), 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** 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 12<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September, 2015 be and is hereby ratified at this 13<sup>th</sup> 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 14<sup>th</sup> 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 14<sup>th</sup> Annual General Meeting.”

### Registered Office:

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

### By ORDER OF THE BOARD

**Vinod Saraf**  
Managing Director

Dated : 5<sup>th</sup> August, 2016

Place : Nagpur

### NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from Saturday, 17<sup>th</sup> September, 2016 to Friday, 23<sup>rd</sup> September, 2016 (both days inclusive) for annual closing.
2. **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.
3. 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.
4. 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.
5. 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.
6. Electronic copy of the Annual Report for 2015-2016 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 Annual Report for 2015- 2016 is being sent in the permitted mode. Annual Report for 2015-16 shall be provided on request to Members.

7. **In accordance with the Companies Act, 2013 read with the Rules framed there under** Electronic copy of the Notice of the 13<sup>th</sup> 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 13<sup>th</sup> 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.

8. Members may also note that the Notice of the 13<sup>th</sup> Annual General Meeting and the Annual Report for 2015-2016 will also be available on the Company's website [www.facorsteel.com](http://www.facorsteel.com) and [www.facorgroup.in](http://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](mailto:investors@facorsteel.com)

#### 9. Voting through electronic means

I. 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 13<sup>th</sup> 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 20<sup>th</sup> September, 2016 at 9:00 a.m. and ends on 22<sup>nd</sup> September, 2016 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 16<sup>th</sup> September, 2016, 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](http://www.evotingindia.com)

- (iv) Click on "Shareholders" tab.
- (v) Now, select the electronic voting sequence number (EVSN) 160812024 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](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:

|                        | 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"> <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 last 8 digits of the demat account/folio number in the PAN field.</li> <li>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.</li> </ul> |
| DOB#                   | 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.  |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. 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.160812024 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](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.
    - 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. 16<sup>th</sup> September, 2016 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com), as aforesaid.
  - (C) The e-voting period commences on 20<sup>th</sup> September, 2016 (9:00 am) and ends on 22<sup>nd</sup> September, 2016 (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 16<sup>th</sup> September, 2016 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 16<sup>th</sup> September, 2016, as referred in preceding clause.
- (E) Mr. Pradeep S. Channe, 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 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 : 5<sup>th</sup> August, 2016

Place : Nagpur

## **DIRECTORS' REPORT TO THE MEMBERS**

Your Directors submit the THIRTEENTH ANNUAL REPORT on the business and operations of the Company and the Audited Statements of Accounts for the year ended 31st March, 2016.

### **FINANCIAL RESULTS**

| Particulars                                      | (₹ in lacs)                                |                                     |
|--|--|-------------------------------------|
|  | For the<br>year ended<br><b>31.03.2016</b> | For the<br>year ended<br>31.03.2015 |
| Gross Profit/(Loss)                              | <b>(1007.20)</b>                           | (2623.80)                           |
| Depreciation / Amortization                      | <b>418.90</b>                              | 469.38                              |
| Profit /(Loss) before<br>exceptional items & Tax | <b>(1426.10)</b>                           | (3093.18)                           |
| Exceptional items                                | <b>0.00</b>                                | 1842.11                             |
| Profit/(Loss) before tax<br>for the year         | <b>(1426.10)</b>                           | (1251.07)                           |
| Provision/(Credit) for<br>MAT /DEF. TAX /WT      | <b>0.00</b>                                | 0.00                                |
| Profit/(Loss) after tax for the year             | <b>(1426.10)</b>                           | (1251.07)                           |

### **OVERALL PERFORMANCE**

Your Company's performance during the financial year 2015-16 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, Company reported a total income of ₹188.96 Lakhs as against ₹ 3043.87 Lakhs of the previous year. After making a provision of ₹ 410.34 Lakhs towards interest and ₹ 418.90 Lakhs towards depreciation, the loss for the current financial year amounts to ₹ 1426.10 Lakhs as against the net loss of ₹ 3093.18 Lakhs of the previous year. The net loss after exceptional items for the current financial year amounts to ₹ 1426.10 Lakhs as against loss of ₹ 1251.07 Lakhs reported in the previous year.

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 2016-17**

The lay off at Company's plant is continuing and it is unviable to operate the plant under present business conditions. Our efforts for scouting for tie up with potential investors / strategic investors have not given any fruitful result. Hence the plant continues to remain under consensus lockout.

### **DIVIDEND**

In the absence of profit, your directors are unable to declare any dividend for the year 2015-2016.

### **BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION**

The accumulated losses of the Company for the financial year ended 31<sup>st</sup> 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. There were three hearings, first hearing on 2<sup>nd</sup> July 2015, second hearing on 13<sup>th</sup> May 2016 and the third hearing on 20<sup>th</sup> July 2016. The proceedings are in progress.

#### **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 45 to the Financial Statement. The Policy on Related Party Transactions are 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 30<sup>th</sup> May, 2014. Since then Company has separated 70 Officers and 317 Staff and Workers through Voluntary Separation Scheme. The number at employee as on 31<sup>st</sup> March, 2016 is 55.

#### **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 Five Board Meetings and Five Audit 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 shall State that

- (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 to this report.

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

The manufacturing operations were suspended with effect from 30<sup>th</sup> May 2014 and hence, there is no matter to be reported under this para for the period under review – Refer Annexure-5 and Form-A.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

## FINANCE

Company's banks accounts have been classified as NPA by all banks in the previous financial year due to non-payment of interest. Bank of India has issued a SARFAESI Notice under Section 13(2) of the SARFAESI Act on 25<sup>th</sup> July 2015 and further took symbolic possession of the assets of the Company vide Public Notice dated 10<sup>th</sup> October 2015. Indian Overseas Bank has also issued a Notice under Section 13(2) of the SARFAESI Act on 9<sup>th</sup> October 2015. The Company has challenged the action of Bank of India in the Debt Recovery Tribunal, Nagpur on the ground that Bank of India lacks the requisite majority for initiation of action under Section 13(4) of the SARFAESI Act. The matter is under subjudice.

Invent Assets Securitisation & Reconstruction Pvt. Ltd. (INVENT) has informed the Company that the following four Banks have assigned their debts in their favour and INVENT has executed the necessary assignment agreement.

| Name of Bank                     | Date of Assignment |
|----------------------------------|--------------------|
| Central Bank of India            | 01/06/2015         |
| State Bank of India              | 10/08/2015         |
| State Bank of Bikaner And Jaipur | 10/08/2015         |
| Syndicate Bank                   | 28/08/2015         |

Some unsecured creditors have also filed winding up petition in the Nagpur Bench of the Mumbai High Court against the Company. The Company has taken necessary steps to protect its interest.

## AUDITORS

### STATUTORY AUDITOR

M/s Salve & Company, Chartered Accountants hold office upto the conclusion of the ensuing 13<sup>th</sup> 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 13<sup>th</sup> Annual General Meeting till the conclusion of the 14<sup>th</sup> 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 13<sup>th</sup> Annual General Meeting and to fix their remuneration.

### COST AUDITOR

The manufacturing operations have been suspended with effect from 30<sup>th</sup> May 2014 as per the consensus lockout agreement reached with the workforce. In view of this, the Company has not maintained any cost records and hence question of cost audit does not arise.

### 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 2015-16. 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-6. 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 and Shri K. A. Pardhi 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. M.D. Saraf shall retire by rotation at the 13<sup>th</sup> Annual General Meeting and being eligible offers himself for reappointment in accordance with the provisions of the Companies Act, 2013, and in terms of the Memorandum and Articles of Association of the Company.

Mrs. (Dr) Champaka Rangachari ceased to be director with effect from 6<sup>th</sup> May, 2016.

The Company has formulated a code of conduct for all members of the Board. All concerned members have affirmed compliance with the said code.



## 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. The above policy was approved by the Board of Directors in their Meeting held on 14<sup>th</sup> February, 2015.

## 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 is 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 1(b) under Significant Accounting Policies and 29 to the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2016.

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

The Company has constituted a Nomination & Remuneration Committee under Clause 49 of the Listing Agreement & has Nomination & Remuneration Policy for appointment and remuneration of Directors Under Section 178 of the Companies Act, 2013 and 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.

## Annexure-1 to the Directors Report

### MANAGEMENT DISCUSSION AND ANALYSIS:

The country suffered from the unprejudiced and unfair inflow of steel import from the steel surplus countries. The steel imports pressure turned severe in the second half of the year. Government of India initiated certain actions by increasing the Import Duty and also Safeguard Duty. However, even these measures turn out to be ineffective, the Government imposed Minimum Import Price (MIP) on various steel products for six

## 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 14<sup>th</sup> 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 2015-16.

## 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: 5<sup>th</sup> August, 2016

months to create level playing field for the domestic market. It is to be noted that the Company has declared a consensus lockout at its plant effective from 30<sup>th</sup> May 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.

During the year under review, the Company could achieve sales of ₹ 150 Lakhs net of Excise as compared to ₹ 2961 Lakhs in the previous year.

Company has been engaged in scouting tie up 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.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Considering the size and nature of its business your company has an adequate internal control system. 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.

#### 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 31<sup>st</sup> March 2016

*[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 <sup>TH</sup> 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 (M.S.)  |
| 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.<br>C-13, PANNALAL SILK MILLS COMPOUND,<br>L. B. S. MARG, BHANDUP (W), MUMBAI-400078<br>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      | Semi Finished Products of Stainless Steel   | 721800-00                        | 0%                                 |
| 2      | Other Bars and Rods not further worked than Hot-Rolled, Hot-Drawn for Extruded of Other Steel | 722830-00                        | 0%                                 |
| 3      | Bars and Rods not further worked than Hot- Rolled, Hot-Drawn or Extruded of Stainless Steel.  | 722210-00                        | 0%                                 |

#### 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    |                                 |         |                               |                  |                    |