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CONFIDENTIAL

FERRO
ALLOYS
CORPORATION
LIMITED



SIXTIETH
ANNUAL REPORT
2015-16



FERRO ALLOYS CORPORATION LIMITED



		STANDALONE ACCOUNTS (₹ In lacs)	
	Note Nos.	As at 31st March, 2016	As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	1,852.68	1,852.68
Reserves and Surplus	3	23,693.18	24,006.23
		25,445.86	25,858.91
Non-Current Liabilities			
Long-Term Borrowings	4	3,024.95	3,194.89
Deferred Tax Liabilities (Net)	14	"	216.36
Other Long-Term Liabilities	5	218.65	218.65
Long-Term Provisions	6	1,439.58	1,544.46
		4,683.18	5,174.36
Current Liabilities			
Short-Term Borrowings	7	4,776.26	4,929.81
Trade Payables			
a) Outstanding dues of micro and small enterprises	8	4.24	18.64
b) Outstanding dues of creditors other than micro and small enterprises	8	7,311.80	5,179.41
Other Current Liabilities	9	4,205.61	6,460.36
Short-Term Provisions	10	156.59	531.67
		16,454.49	17,119.89
TOTAL		46,583.53	48,153.16
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	9,824.18	8,716.31
Capital Work-in-Progress	11	965.99	1,480.43
		10,790.17	10,196.74
Non-Current Investments	12	21,918.21	21,920.52
Long-Term Loans and Advances	13	1,184.45	1,185.01
Deferred Tax Assets (Net)	14	160.63	-
		34,053.46	33,302.27
Current Assets			
Inventories	15	6,888.41	8,677.00
Trade Receivables	16	1,452.64	1,535.51
Cash and Bank Balances	17	295.12	193.06
Short-Term Loans and Advances	18	3,831.36	4,359.78
Other Current Assets	19	62.55	85.54
		12,530.07	14,850.89
TOTAL		46,583.53	48,153.16

Significant Accounting Policies
Notes on Financial Statements

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As per our report of even date attached,
For SALVE & CO.
Chartered Accountants
(Regn. No. 109803W)

C.A. K.P. SAHASRABUDHE
Partner
Membership No. 007021



O.P. BANKA
Director (Finance)
& CFO

RITESH CHAUDHRY
Sr. General Manager (Legal) &
Company Secretary

For and on behalf of the Board,
MANOJ SARAF
Managing Director

ROHIT SARAF
Joint Managing Director

Noida, UP : 27th May, 2016

Noida, UP : 27th May, 2016

FERRO ALLOYS CORPORATION LIMITED
Statement of Profit and Loss for the year ended 31st March, 2016

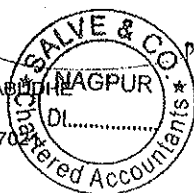


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	Note Nos.	STANDALONE ACCOUNTS (₹ in lacs)	
		Year Ended 31st March, 2016	Year Ended 31st March, 2015
INCOME			
Revenue from Operations	20	66,933.35	60,270.10
Other Income	21	567.89	346.33
Total Revenue		57,501.24	60,616.51
EXPENSES :			
Cost of Materials Consumed	22	22,944.48	23,602.06
Changes in Inventories of Finished Goods and Stock-in-Process	23	2,716.67	(1,240.03)
Employee Benefits Expense	24	4,224.05	4,340.71
Finance Costs	25	1,788.61	1,654.81
Depreciation and Amortisation Expense	26	467.66	495.63
Other Expenses	27	26,149.46	29,307.22
Total Expenses		58,290.93	58,160.40
Profit/(Loss) Before Tax		(789.69)	2,456.11
Tax Expenses			
Current Tax		-	580.84
Tax for Earlier Years		0.35	(101.93)
Deferred tax		(376.99)	70.59
		(376.64)	549.50
Profit/(Loss) for the year		(413.05)	1,906.61
Earning per equity share of face value of ₹ 1/- each Basic and Diluted (in ₹)	28	(0.22)	1.03
Significant Accounting Policies Notes on Financial Statements	1 2 to 42		

As per our report of even date attached,
For SALVE & CO.
Chartered Accountants
(Regn.No.109003W)

C.A. K.P.SAHASRABUDHE
Partner
Membership No.00702



Noida, UP : 27th May, 2016

O.P.BANKA
Director (Finance)
& CFO

RITESH CHAUDHRY
Sr.General Manager (Legal) &
Company Secretary

Noida, UP : 27th May, 2016

For and on behalf of the Board,

MANOJ SARAF
Managing Director

ROHIT SARAF
Joint Managing Director

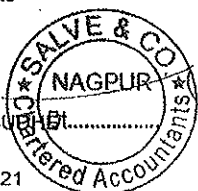

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Cash Flow Statement for the year ended 31st March, 2016

	STANDALONE ACCOUNTS	
	(₹ in lacs)	
	2015-16	2014-15
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax	(789.69)	2,456.11
Adjustment for:		
Depreciation	524.96	552.41
Exchange difference on translation (Net)	1.05	4.58
Interest and Dividend Income	(78.57)	(138.06)
Finance Costs	1,788.61	1,654.81
Profit/Loss on Sale of Fixed Assets (Net)	1.60	(12.04)
	<u>2,237.65</u>	<u>2,061.70</u>
Operating Profit before Working Capital Changes	1,447.96	4,517.81
Adjustment for:		
Trade and Other Receivables	537.92	3,746.69
Inventories	1,788.59	(574.00)
Trade Payables	(266.47)	(560.13)
Others	8.69	(39.92)
	<u>2,068.73</u>	<u>2,572.64</u>
Cash Generated from Operations	3,516.69	7,090.45
Direct Taxes Paid/Adjusted	(301.08)	(93.56)
	<u>(301.08)</u>	<u>(93.56)</u>
Net Cash Flow from Operating Activities	<u>3,215.61</u>	<u>6,996.89</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,125.95)	(1,037.14)
Sale of Fixed Assets	5.96	22.67
Purchase of Investments	0.01	(3,191.92)
Sale of Investments	2.31	5.00
Interest and Dividend Income	104.83	168.98
Net Cash Flow (used in) /from Investing Activities	<u>(1,012.84)</u>	<u>(4,032.41)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long and Short Term Borrowings	(321.09)	(1,216.59)
Finance Costs Paid	(1,761.47)	(1,687.32)
Dividend/Corporate Tax on Dividend Paid	(9.46)	(4.44)
Net Cash Flow (used in)/from Financing Activities	<u>(2,092.02)</u>	<u>(2,908.35)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>110.75</u>	<u>56.13</u>
Opening Balance of Cash and Cash Equivalents	133.97	77.84
Closing Balance of Cash and Cash Equivalents	<u>244.72</u>	<u>133.97</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>110.75</u>	<u>56.13</u>

As per our report of even date attached,
For SALVE & CO.
Chartered Accountants
(Regn. No. 109003W)

O.A. K.P. SAHASRABUDHE
Partner
Membership No. 007021



O.P. BANKA
Director (Finance)
& CFO

RITESH CHAUDHRY
Sr. General Manager (Legal) &
Company Secretary

For and on behalf of the Board,
MANOJ SARAF
Managing Director

ROHIT SARAF
Joint Managing Director

Noida, UP : 27th May, 2016

Noida, UP : 27th May, 2016



1. SIGNIFICANT ACCOUNTING POLICIES

STANDALONE ACCOUNTS

(a) Corporate Information

Ferro Alloys Corporation Limited (FACOR) was incorporated in 1955. The Company is listed at Bombay Stock Exchange. It is one of the India's largest producers and exporters of Ferro Alloys, an essential ingredient for manufacture of Steel and Stainless Steel. FACOR is also engaged in Chrome Ore exploration, mining and beneficiation in the state of Odisha. Chrome Ore is one of the main raw material for producing Charge Chrome / High Carbon Ferro Chrome. Facor is having about 86% stake in Facor Power Ltd. which is engaged in the generation of power.

(b) Basis of Preparation of Financial Statements

These accounts have been prepared under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 2013, as adopted consistently by the Company.

(c) Use of Estimates

The preparation of financial statements is in conformity with the generally accepted accounting principles, which requires estimates and assumptions to be made that affect the reportable amount of assets and liabilities on the date of financial statements and the reportable amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known/materialized.

(d) 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.

(e) 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.

(f) Depreciation :

The charge in respect of depreciation on tangible assets acquired prior to 01.04.2014 is provided on different fixed assets on the basis of 'straight line method' and 'written down value method' over the useful lives of assets after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life as evaluated by external valuers and further reviewed by the technical Management based on historical experience. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

However, the useful life of the assets acquired on or after 1st April, 2014, is in accordance with the useful lives as prescribed for those assets in Part C of Schedule II of the Companies Act, 2013.

(g) 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.
- (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.

(h) Investments :

Current Investments are carried at lower of cost and quoted/fair value.

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

(i) Current Assets :

Finished Goods and Stock-in-Process 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.



STANDALONE ACCOUNTS

(j) 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, inter-unit transfers and 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 as per schemes specified in Foreign Trade Policy, as amended from time to time on accrual basis. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognised when the right to receive is established.

(k) Employee Benefits :

- (a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- (b) 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 expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

(l) 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.

(m) 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.

(n) Contingent liabilities :

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



2. SHARE CAPITAL

Authorised Share Capital:

220,000,000 (Previous Year - 220,000,000) Equity Shares of ₹ 1/- each

800,000 (Previous Year - 800,000) 0.01% Redeemable Preference
Shares of ₹ 100/- each

TOTAL

Issued, Subscribed and Paid up:

185,268,241 (Previous Year - 185,268,241) Equity Shares of ₹ 1/- each
fully paid up

TOTAL

STANDALONE ACCOUNTS
(₹ in lacs)

As at 31st March, 2016	As at 31st March, 2015
2200.00	2200.00
800.00	800.00
3000.00	3000.00
1852.68	1852.68
1852.68	1852.68

2.1 The details of Shareholders holding more than 5% shares :

Name of the Shareholder	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares	% held	No. of Shares	% held
Raj Bahadur Shreeam and Company Private Limited	69,448,883	37.49%	69,448,883	37.49%
Premier Commercial Corporation	15,672,291	8.46%	15,672,291	8.46%

2.2 The reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2016	As at 31st March, 2015
	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	185,268,241	185,268,241
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	185,268,241	185,268,241

2.3 Terms/rights attached to Equity Shares:

The Company has only one class of Equity Shares having a par value of ₹ 1/- per share. The Equity Shares have equal rights, preferences and restrictions which are in accordance with the provisions of law, in particular the Companies Act, 2013



3. RESERVES AND SURPLUS	STANDALONE ACCOUNTS	
	As at 31st March, 2016	As at 31st March, 2015
Capital Reserve		
Balance as at the beginning and end of the year	439.24	439.24
General Reserve:		
Balance as per last Balance Sheet	19,200.00	17,100.00
Add : Transferred from Statement of Profit and Loss	-	2,100.00
	19,200.00	19,200.00
Statement of Profit and Loss		
Balance as at the beginning of the year	4,366.99	4,560.38
Add: Profit/(Loss) for the year	(413.05)	1,906.61
	3,953.94	6,466.99
Less : Appropriations		
Transferred to General Reserve	-	2,100.00
	3,953.94	4,366.99
TOTAL	23,593.18	24,006.23
4. LONG-TERM BORROWINGS		
Secured		
From Banks : Rupee Term Loan Account (Refer Note 4.1)	82.24	265.61
Unsecured		
From related parties	1,582.71	1,594.71
Others	1,360.00	1,330.00
	2,942.71	2,924.71
Deferred payment liabilities	-	4.57
	2,942.71	2,929.28
TOTAL	3,024.95	3,194.89

4.1 - Secured by hypothecation of Metal Recovery Plant and second pari-passu charge on other fixed assets of the company and guaranteed by two directors.

- Terms of repayment : Payable in equal quarterly instalments.

4.2 Terms of repayment : Payable after 31st March, 2017



		STANDALONE ACCOUNTS	
		(₹ in lacs)	
		As at 31st March, 2016	As at 31st March, 2015
5. OTHER LONG-TERM LIABILITIES		218.65	218.65
	TOTAL	218.65	218.65
6. LONG-TERM PROVISIONS			
Provision for Employee Benefits: P.L.Encashment (Unfunded)		272.23	294.10
Others		1,167.35	1,250.36
	TOTAL	1,439.58	1,544.46
7. SHORT-TERM BORROWINGS			
From Banks : (Secured)			
Cash Credit / Packing Credit Accounts	(Refer Note 7.1)	4,200.12	4,100.80
Bills Discounted		576.13	829.01
	TOTAL	4,776.25	4,929.81
7.1 Secured by hypothecation of stocks of raw-materials, finished products, book debts, and other receivables and by way of second charge on fixed assets of the Company by deposit of title deeds in respect of immovable properties and guaranteed by two Directors.			
8. TRADE PAYABLES			
Trade Payables			
a) Outstanding dues of micro and small enterprises		4.24	18.64
b) Outstanding dues of creditors other than micro and small enterprises		7,311.80	5,179.41
	TOTAL	7,316.04	5,198.05

FERRO ALLOYS CORPORATION LIMITED
Notes on Financial Statements for the Year ended 31st March, 2016



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9. OTHER CURRENT LIABILITIES	STANDALONE ACCOUNTS (₹ in lacs)	
	As at 31st March, 2016	As at 31st March, 2015
Current maturities of long-term debts - Rupee Term Loan from Banks	502.84	1,951.58
Interest accrued but not due on borrowings	16.95	0.12
Interest accrued and due on borrowings	28.76	31.17
Unpaid dividends	4.42	13.08
Other Payables *	3,572.64	4,463.61
TOTAL	4,205.61	6,460.36
* Includes statutory dues, security deposits and advance from customers.		
10. SHORT-TERM PROVISIONS		
Provision for Employee Benefits: P.L.Encashment (Unfunded)	139.92	149.93
For Taxation	16.67	381.74
TOTAL	156.59	531.67