

SIXTY FIRST ANNUAL REPORT 2016-2017



FERRO ALLOYS CORPORATION LIMITED

CORPORATE INFORMATION

Board of Directors

R. K. Saraf
Chairman & Managing Director

Manoj Saraf
Managing Director

Vineet Saraf

Ashish Saraf
Joint Managing Director

Rohit Saraf
Joint Managing Director

A.S. Kapre

Umesh Khaitan

Pinaki Misra

M. B. Thaker

Urmila Gupta

Ritesh Chaudhry
Sr. General Manager (Legal) &
Company Secretary

Executives

O.P. Banka
Director (Finance)

Yashpal Mehta
Chief Financial Officer

P. G. Suresh Kumar
Chief Executive
(Charge Chrome Plant)

R.K. Singh
Sr. General
Manager (Mines)

Resolution Professional
K.G. Somani

Bankers

Bank of India
Central Bank of India
State Bank of India
Syndicate Bank
State Bank of Bikaner & Jaipur

Solicitors

Mulla & Mulla and
Craig Blunt & Caroe
Bhaishankar Kanga and
Girdharilal

Auditors (Existing)

SALVE & Co.
Chartered Accountants

Auditors (Proposed)

K.K. Mankeshwan & Co.
Chartered Accountants

Internal Auditors

M/s Das & Prasad
Chartered Accountants

Secretarial Auditors

M/s Ashish Saxena & Co.
Company Secretaries

Registrars & Share Transfer Agents
(for both Physical & 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: beetalrta@gmail.com
beetal@beetalfinancial.com

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NOTICE TO MEMBERS

Notice is hereby given that the SIXTY FIRST ANNUAL GENERAL MEETING of the Members of the Company will be held at the Registered Office of the Company at D.P. Nagar, Randia – 756135, Dist. Bhadrak, Odisha on Thursday, the 28th day of September, 2017 at 12.00 Noon to transact, with or without modification as may be permissible, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement of the Company for the financial year ended 31st March, 2017, the Report to the members under section 134 of the Companies Act 2013 and Auditors' Report thereon and the audited consolidated financial statement of the Company for the Financial Year ended 31st March, 2017.
2. To appoint a Director in the place of Mr. Rohitkumar Narayandasji Saraf (DIN:00003994), 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 provision of section 139 of the Companies Act 2013 (as amended or re-enacted from time to time) 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 thereof for the time being in force) M/s K.K. Mankeshwar & Co. Chartered Accountants, be and they are hereby appointed as the Statutory Auditor of the company, to hold office from the conclusion of this 61st Annual General Meeting till the conclusion of the 66th Annual General Meeting subject to the ratification at each annual general meeting held between the 61st annual general meeting and 66th Annual General Meeting), at a remuneration plus applicable taxes and reimbursement of expenses incurred by them incidental to their functions, as may be decided by Resolution Professional and/or the Board of Directors, as applicable, in consultation with the said Auditors.

RESOLVED FURTHER THAT the Company Secretary is hereby directed to file the relevant e-form with the Ministry of Corporate Affairs and to take all such further actions as may be required in this connection."

SPECIAL BUSINESS:

4. 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 141, 148 and other applicable provisions, if any, of the Companies Act, 2013, and Rule 14 and other applicable rules, if any, of The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to the approval of Central Government as may be required, the Company hereby approves and ratifies

the remuneration of ₹ 70,000/- (Rupees Seventy Thousand only) per annum plus applicable taxes and out of pocket expenses payable to M/s Niran & Co., Cost Accountants (Registration Number: 000113), appointed as Cost Auditors of the Company for the financial year 2016-17."

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 Regulation 31A 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 Resolution Professional, or any one of the following representatives of Resolution Professional viz. Mr. Vijay Kumar Gupta, Mr. Girish Gupta, acting with any of the following officers of the Company viz. Director (Finance), Chief Financial Officer and the Company Secretary of the Company, 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 Resolution Professional be and is hereby also authorized to delegate all or any of the powers conferred on it by or under this Resolution to any other officer(s) or employee(s) of the Company and/or such other persons that the Resolution Professional may deem expedient or 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."

Registered Office:
D.P. Nagar
P.O. Randia - 756135
Distt. Bhadrak, Odisha

By Order of Resolution Professional
for **Ferro Alloys Corporation Limited**

Ritesh Chaudhry
Sr. General Manager (Legal) &
Company Secretary

Resolution Professional

Dated : 01st September, 2017
Place : Noida – 201301, U.P.

K.G. Somani

NOTES:

1. In terms of the provisions of section 152(6) of the Companies Act, 2013, Mr. Rohitkumar Narayandasji Saraf retires from office by rotation and being eligible, offers himself for re-appointment as per item no.2 of the agenda. Also, in order to maintain the continuity of the promoter group the resolution for re-appoint of retiring director is being included in the agenda.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Item no.4 to 5, being Special Business at the meeting, is annexed hereto.
3. The Register of Members and the Share Transfer books of the Company will remain closed from Saturday, the 23rd September, 2017 to Thursday, the 28th September, 2017 (both days inclusive) for annual closing.
4. **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.
5. 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.
6. 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 must submit their PAN details to the Company.
7. Details under sub-clause 3 of Regulation 36 and other applicable regulations, if any, of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of Report on Corporate Governance. The Director have furnished the requisite declarations for their appointment/re-appointment.
8. Electronic copy of the Annual Report for 2016-17 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 2016-17 is being sent in the permitted mode. Complete copy of the Annual Report for 2016-17 shall be provided on request to members.
9. In accordance with the Companies Act, 2013 read with the Rules framed there under Electronic copy of the Notice of the 61st 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 61st 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.
10. Members may also note that the Notice of the 61st Annual General Meeting and the Annual Report for 2016-17 will also be available on the Company's website www.facorgroup.in/investorrelations/AGMNotice2016-17 for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in D.P. Nagar, Randia 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@facorgroup.in
11. **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 and also 44(1) of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 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 Monday, 25th September, 2017 at 9:00 a.m. and ends on Wednesday, 27th September, 2017 at 5:00 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 Thursday, 21st September, 2017 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) The shareholders should log on to the e-voting website www.evotingindia.com.
- iv) Click on Shareholders.
- v) 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.
- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. Sequence no is printed on the address slips. 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.
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.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- ix) After entering these details appropriately, click on "SUBMIT" tab.
- x) Members holding shares in physical form will then directly reach 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.
- xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii) Click on the EVSN no. 170902030 for Ferro Alloys Corporation Limited.
- xiii) 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.
- xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv) 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.
- xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix) **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. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- 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 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.
- 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 linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Deputy Manager, (CDSL,) Central Depository Services (India) Limited, 16th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001, or send an email to helpdesk.evoting@cdslindia.com or call 18002005533.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xx) above to cast vote.
- (B) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com, as aforesaid.
- (C) The e-voting period commences on Monday, 25th September, 2017 (9:00 am) and ends on Wednesday, 27th September, 2017 (5:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21st September, 2017 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 Thursday, 21st September, 2017, as referred in preceding clause.

- (E) M/s. Ashish Saxena & Co., Company Secretaries, (Membership No. 6560) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - (F) 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 2 (two) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.
 - (G) 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 2 (two) 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 Resolution Professional of the Company.
12. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company on all working days during normal business hours (9.00 am to 5.00 pm) except Saturdays, Sundays and Holidays up to and including the date of the AGM of the Company.
 13. Members are also informed that the complete particulars of the venue of the Meeting including route map and prominent land mark for easy location has been specified in this notice. Further, the same has been hosted along with the Notice on website www.facorgroup.in/investorrelations/AGMNotice2016-17 of the company.
 14. The investors may contact the Company Secretary for queries, if any. For this purpose, they may either write to him at the Corporate office address at "Facor House A45-A50, Sector-16, Noida, U.P.-201301" or e-mail their grievances /queries to the Company Secretary at the following e-mail address: investors@facorgroup.in
 15. Unclaimed/Unpaid dividends for the financial years referred herein below are due for transfer to Investor Education & Protection Fund constituted by the Central Government. Members may claim their unclaimed/unpaid dividends by approaching the Company's Secretarial Department at "Facor House" Ground Floor, Plot no. A 45-50, Sector 16, Noida – 201301, U.P. for payment thereof as the same will be transferred to the "Investor Education & Protection Fund" of the Central Government, as aforesaid, on the following dates, post which no claim shall lie against the Company or the Investor Education & Protection fund:

NOTICE TO MEMBERS

- Dividend for the year 2009-10, on or after 17th October, 2017
- Dividend for the year 2010-11, on or after 12th October, 2018

16. Members are again requested to have all their physical shares in Demat Form at the earliest. Further they also advised to inform the email addresses and/or change of mailing address to avoid non delivery of notices sent by courier/mail as being undelivered.

Registered Office: By Order of Resolution Professional
D.P. Nagar for **Ferro Alloys Corporation Limited**
P.O. Randia - 756135
Distt. Bhadrak, Odisha
Ritesh Chaudhry
Sr. General Manager (Legal) &
Company Secretary

Resolution Professional

Dated : 01st September, 2017
Place : Noida – 201301, U.P.

K.G. Somani

ANNEXURE TO THE NOTICE

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

Item no.4

The Board of Directors of the Company, on the recommendation of the Audit Committee, at its meeting held on 13th May, 2017, has considered and approved the appointment of M/s Niran & Co., Cost Accountant (Registration No. 000113), as Cost Auditor of the Company for the financial year 2017-18.

In accordance with the provisions of Section 148(3) of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018.

None of the Directors / Key Managerial Personnel of the Company / their relatives / Resolution Professional, is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Ordinary Resolution set out at Item No. 4 of the Notice is commended for approval by the shareholders.

ITEM NO.5

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.

In the light Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, persons who are no longer desirous of being classified as Promoters of the Company, must submit a request to the Company stating the same, which has to be accepted by the Board of Directors and their request will then be acceded subject to the approval of the shareholders of the Company. The acceptance of the Board and the approval of the shareholders shall thereafter be sent to the Stock Exchange for their clearance in order to reclassify the shareholding pattern of the Company. The Board at their meeting on 12th August 2016, deliberated on the aforesaid matter and it was therefore noted that these shareholders have merely been included in the "promoter Category" because they were related to Mr. Arye Berest, a Director of the Company who passed away on 21st April, 2015.

Therefore, considering the aforementioned grounds, the Board decided to accept the request of the shareholders in order to declassify M/s. Globalscale Investments Ltd., his immediate relative and associate companies from the promoter and promoter group. Further, the said entity/person has informed that its existing shareholding of 56,39,215 Equity Shares of Re.1/- each in the company as on date is very less representing a meager percentage of 3.04% 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.

None of the Directors / Key Managerial Personnel of the Company / their relatives / Resolution Professional, is, in any way, concerned or interested, financially or otherwise, in the resolution.

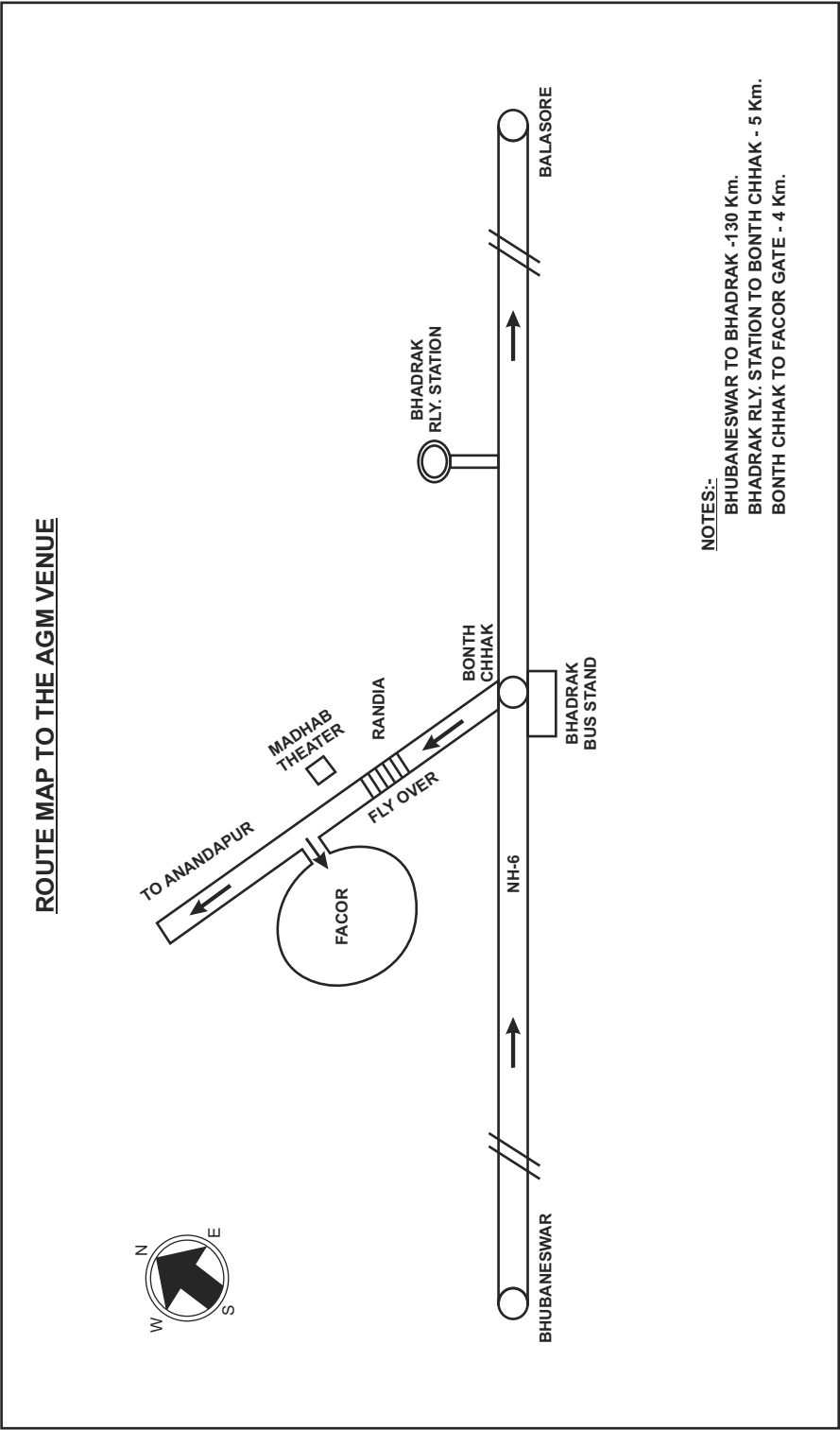
The Ordinary Resolution set out at Item No. 5 of the Notice is commended for approval by the shareholders.

Registered Office: By Order of Resolution Professional
D.P. Nagar for **Ferro Alloys Corporation Limited**
P.O. Randia - 756135
Distt. Bhadrak, Odisha
Ritesh Chaudhry
Sr. General Manager (Legal) &
Company Secretary

Resolution Professional

Dated : 01st September, 2017
Place : Noida – 201301, U.P.

K.G. Somani



REPORT TO THE MEMBERS UNDER SECTION 134 OF THE COMPANIES ACT, 2013

We present the 61st Annual Report of your Company and the Audited Financial Statement of the Company for the financial year ended 31st March, 2017, and the audited consolidated financial statement of the Company for the Financial Year ended 31st March, 2017.

FINANCIAL RESULTS

Despite sluggish business conditions during the first half of the year, the Company performed reasonably well on standalone basis to post reasonable profits for the year. The results are as under:

(₹ in lacs)

Particulars	Standalone		Consolidated	
	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
Income from Operations	61,144.23	56,933.35	61,670.60	57,368.19
Profit/(Loss) before tax & Depreciation/ Amortization	4,054.32	(322.03)	(2,821.58)	(4,227.62)
Depreciation/Amortization	543.26	467.66	2,264.20	2,166.41
Provision for taxation	1,494.24	(376.64)	14,94.24	(376.64)
Net Profit/(Loss) for the year	2,016.82	(413.05)	(5,386.03)	(5,240.02)
Balance carried to Balance Sheet	5,970.76	3,953.94	(19,050.09)	(12,469.98)

Note: To be read in conjunction with accounting disclosures by Resolution Professional.

During the year under review, revenue from operations increased by 7.4% to ₹ 61,144.23 lacs (previous year ₹ 56,933.35 lacs). However, EBITDA increased by 280.10% to ₹ 5,574.44 lacs (previous year ₹ 1,466.58 lacs) and profit after tax increased by 588.28% to ₹ 2016.82 lacs (previous year ₹ (413.05 lacs) on account of improved market conditions during the second half of the year.

The Company has three subsidiaries viz. Facor Power Limited, Facor Realty And Infrastructure Limited and Facor Energy Limited. While Facor Power Limited has reported a Turnover of ₹ 12,258.59 lacs, it has posted net loss of ₹ 8,584.66 lacs for the year ended 31st March, 2017, Facor Energy Limited (FEL) has posted net loss of ₹ 12.18 lacs for FY 2016-17 and Facor Realty and Infrastructure Limited (FRIL) has pre-operative expenses of ₹ 0.14 lacs for FY 2016-17. Accordingly, during the year under review, after offsetting the minority interest of ₹ 1,194.08 lacs, the consolidated net loss of the Company stood at ₹ 5,386.03 lacs as against ₹ 5,240.02 lacs in 2015-16. To summarize, the financial results of the subsidiaries have impacted the consolidated financial position of the Company.

STATE OF COMPANY'S AFFAIRS

Members may recall that Facor Power Limited (FPL), the subsidiary of the Company had set up a 100 MW captive generation thermal power plant adjacent to the Company's manufacturing facility in Randia, Odisha. The said power plant project, when conceived was to supply electricity to the Company

and to other captive consumers of power. Although FPL, in addition to selling approx. 35 MW of power to the Company's manufacturing facility in Odisha, had also tied up for sale of power to Balasore Alloys Limited (BAL), another captive consumer, and had entered into definitive agreements with the said BAL, power off-take to the extent envisaged under the terms of the agreement. However the agreement did not materialize resulting in shortfall of revenue at FPL.

Members are further informed that the Company had, pursuant to approvals received from the shareholders of the Company from time to time, provided a Corporate Guarantee of an amount of ₹ 517.90 crores, in tranches, to Rural Electrification Corporation Limited (REC) which had sanctioned a Term Loan of ₹ 517.90 crores to Facor Power Limited, the subsidiary of the Company against the security of the assets of FPL, the personal guarantee of two of its directors and the Corporate Guarantee of your Company, as aforesaid.

Pursuant to a default in the repayment of the loan as per the repayment schedule and upon an application filed by REC under section 7 of the Insolvency and Bankruptcy Code, 2016 with the National Company Law Tribunal, Kolkata against your Company, the Company has been admitted for commencement of Corporate Insolvency Resolution Process w.e.f 6th July, 2017. Mr. K.G. Somani, FCA has been appointed as Interim Resolution Professional for the Company pursuant to the cited order of the NCLT, Kolkata. At the first meeting of Committee of Creditors of the company held on August 4,

2017 his appointment was confirmed as a Resolution Professional.

Further, a Deed of Guarantee jointly with M/s Facor Alloys Limited and M/s Vidarbha Iron and Steel Corporation Limited had been issued by the Company for an amount not exceeding ₹ 142.40 crores in favour of Consortium of Bankers of Facor Steels Limited. Bank of India has lodged the claim of ₹ 33.82 crores However the Company is contesting the said claim.

Members may note further that in terms of the provisions of Section 17 of the Insolvency and Bankruptcy Code, 2016 from the date of appointment of the Interim Resolution Professional, the management of the affairs of the Corporate Debtor i.e. the Company vest in the IRP and the powers of the Board of Directors of the Company stand suspended and are to be exercised by the IRP.

In terms of the provisions of the cited code, as above, the powers of the Board of Directors of the Company stand suspended and the operations of the Company are now managed by Mr. K.G. Somani, the Resolution Professional.

An appeal against the order of the National Company Law Tribunal, Kolkata has, however, been filed with the National Company Law Appellate Tribunal, New Delhi, the outcome of which is awaited.

Company Operations after Appointment of Resolution Professional

At the Direction of the NCLT and appellant authority the company is run as a going concern. You will be happy to know the performance of the company at Mines and CCP, factory is satisfactory. All efforts are being made to come out with a resolution plan acceptable to all concerned.

Particular	July 2017	July 2016
1 Ferro Chrome		
Production in MT	5852	5578
Sales in MT	7913.620	5111.305
2. Chrome Ore		
Production in MT	13886	24*
Sales in MT	6952.44	3401.78

* Minimal production due to heavy rain.

INDUSTRIAL SCENARIO

Steel is the most versatile material, which has made the progress in every aspect on this earth possible. There are hundreds of varieties of steel because for each application it has to be made with specific properties to get the most optimum usage. Though the basic constituent of steel is iron, it is the proportion of other elements in it, which gives each

type of steel certain specific properties. These elements are added in liquid iron in the form of Ferro alloys to get the desired composition and properties. Thus, Ferro alloys are important additives in the production of steel and Ferro Alloys industry is vitally linked for its growth and development to that of the Steel Industry.

India's steel sector posted a robust 11% growth in production in 2016-17 at 101.2 MT even as domestic consumption remained anaemic mainly due to poor offtake from the end use segments like construction, automobiles and white goods sectors. SAIL, RINL, Tata Steel, Essar, JSWL & JSPL together produced 57.5 Million Tons during April to March 2016-17, which was a growth of 18.5% compared to same period last year while production for other producers was down by 1.2%, according to Joint Plant Committee (JPC), a unit under the steel ministry.

Rating agency ICRA recently said that even as India's steel consumption growth remained weak in the current fiscal due to continued weakness in the key end user industries, "2017-18 points to a favourable demand outlook for the steel sector in the medium term," ICRA said. Industry is hopeful that the government's proposed 3.96 lakh crore investments, budgeted for the current fiscal, in the infrastructure sector would result in substantial increase in steel consumption.

With 80% of global chrome ore reserves, South Africa (SA) is the largest supplier of chrome ore. China, with its rising share of global stainless steel output, has now overtaken South Africa as world's leading Ferro Chrome producer, with 35% of global output. However, with negligible chrome ore resources of its own, China's Ferro Chrome production relies heavily on chrome ore imports, mainly from South Africa. The global Stainless Steel output of 44 mnt drives a Ferro Chrome market of 11 Million Tons that requires 32 Million Tons of chrome ore.

In the backdrop of the industry's scenario as above, your company's turnover (excluding export incentives) for the current financial year, 2016-17 stands at ₹ 60537.38 lacs as against ₹ 56029.10 lacs last year, an increase of 8.05% over the previous year. Exports during the year were ₹ 30666.75 lacs. Further, your company has posted a profit/(loss) before tax of ₹ 3511.06 lacs this year as against ₹ (789.69 lacs) in the previous year, reflecting an increase of 544.61%.

PROSPECTS

The World Steel Association (world steel) released its Short Range Outlook (SRO) for 2017 and 2018. World steel forecasts that global steel demand will increase by 1.3% to 1,535.2 Mt in 2017, following growth of 1.0% in 2016. In 2018, it is forecast that global steel demand will grow by 0.9% and will reach 1,548.5 Million Tons.