



## FACOR ALLOYS LIMITED

Regd. Office & Works: SHREERAMNAGAR-535 101, Dist. Vizianagaram, A.P., India CIN L27101AP2004PLC043252  
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FSEC/198Q/C/

28<sup>th</sup> August, 2019

The Manager,  
Listing Department  
The Bombay Stock Exchange Ltd.,  
25th Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort  
MUMBAI - 400 001

Dear Sir,

Sub. : Submission of soft copy of Full Annual Report of the company for the financial year 2018-19

Re. : Scrip Code - 532656

Further to our earlier letter reference FSEC/198Q/C/ dated 20<sup>th</sup> August, 2019 and pursuant to the provisions of Regulation 34 (1) of Listing Regulations, 2015, please find enclosed herewith the soft copy of Full Annual Report of the company for the financial year 2018-19 containing Auditors'/ Directors' Report along with Corporate Governance, MDA, AGM Notice etc.

You are requested to arrange to take the same on record under intimation to us.

Thanking you,  
Yours faithfully,  
For FACOR ALLOYS LTD.

SECRETARY

Encl. :- As Above.

# **SIXTEENTH ANNUAL REPORT 2018-19**



**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****K. Jayabharat Reddy****A. S. Kapre****K. L. Mehrotra****Mrs. Urmila Gupta****S.S. Sharma**General Manager (Legal) &  
Company Secretary**Executives****M.D. Saraf**

President

**M.S.S. Sarma**

Chief Executive

**O.P. Saraswat**

Dy. Chief Financial Officer

**Bankers**Bank of India  
Central Bank of India  
State Bank of India  
Syndicate Bank**Solicitors**Mulla & Mulla and Craige Blunt & Caroe  
Bhaishankar Kanga and Girdharilal**Auditors**K K Mankeshwar & Co.  
Chartered Accountants**Internal Auditors**Rao & Kumar  
Chartered Accountants**Registrars & Share Transfer Agents**

(for Both Physical &amp; Electronic)

**MAS Services Limited** (upto 30.11.2019)T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area,  
Phase-II, New Delhi - 110020

Phone No.+91-11-26387281-83

Fax No.+91-11-26387384

E-Mail : [info@masserv.com](mailto:info@masserv.com)**Skyline Financial Services Private Limited** (w.e.f. 01.12.2019)D-153A, 1st Floor, Okhla Industrial Area,  
Phase-I, New Delhi - 110020

Phone No.+91-11-26812682-83

+91-11-40450193-97

E-Mail : [grievances@skylinerta.com](mailto:grievances@skylinerta.com)Website: [www.skylinerta.com](http://www.skylinerta.com)**Contents:**

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**NOTICE**

Notice is hereby given that the **SIXTEENTH 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 Saturday, the 28<sup>th</sup> September, 2019 at 16:00 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, 2019 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, 2019.
2. To appoint a Director in the place of Mr. Rohit Saraf (DIN 00003994), who retires from office by rotation and, being eligible, offers himself for re-appointment.

**As Special Business:**

3. 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 Rs.50,000/- plus applicable taxes and out-of-pocket expenses incurred in connection with the audit, 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 financial year ended 31<sup>st</sup> March 2020.

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

4. To re-appoint Mrs. Urmila Gupta as an Independent Director and in this regard, pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mrs. Urmila Gupta (DIN:00637110), who was appointed as an Independent Director of the Company for a term of five years up to 12th February, 2020, by the members at the 12th Annual General Meeting held on 22nd September, 2015 and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years with effect from 13th February, 2020 to 12th February, 2025 on the Board of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. To re-appoint Mr. R. K. Saraf as Managing Director and in this regard, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** in supersession of the Special Resolution passed by the Shareholders at the Fifteenth (15th) Annual General Meeting held on 17th September, 2018 and in pursuance of the provisions of amended Sections 196 and 197 of the Companies Act, 2013, as amended by Sections 66 to 70 of the Companies (Amendment) Act, 2017 in light of the MCA Notification No. S.O. 4823 (E) dated 12th September, 2018, effective from the date of notification, read with amended Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules made thereunder (including any Statutory modification(s) or amendment(s) or re-enactment thereof for the time being in force), subject to prior approval of the financial institutions and/or banks ("the lenders"), where the Company has committed any default in making payment of its dues to the lenders and such other approvals, permissions and sanctions as may be required and subject to such conditions and modifications as may be imposed and/or prescribed by any of the authorities, if any, while granting such approvals, permissions and sanctions and as are agreed to by the Board of Directors (hereinafter referred to as 'the Board' which terms shall include any committee constituted/to be constituted by the Board and any person authorized by the Board in this behalf) and acceptable to Mr. R. K. Saraf, the consent of the Company be and is hereby accorded to the re-appointment of Mr. R. K. Saraf, (DIN: 00006102) as Managing Director, who shall not be subject to retirement by rotation in terms of Section 152 read with other relevant provisions including Section 160 of the Companies Act, 2013 for a period of Three (3) years with effect from 01<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2022, on such remuneration by way of salary, perquisites, allowances and/ or benefits, within and up to the maximum limit as have been determined, fixed and approved by the Board subject to overall limit, stipulated in Section 197 read with Schedule V of the Companies Act, 2013, as amended up to date and subject further to obtaining Members' approval by virtue of this Special Resolution, and on such other terms, conditions and stipulations (including remuneration) as contained in the "Draft Agreement" to be entered into between the Company of the ONE PART and Mr. R. K. Saraf of the OTHER PART, as placed before this meeting and initialed by the Secretary of the Company for the purpose of identification, is hereby specifically approved and sanctioned."

**"RESOLVED FURTHER THAT** Board may in its absolute discretion pay to Mr. R. K. Saraf, the Managing Director, lower remuneration within the said maximum limits as stipulated in the Draft Agreement hereinabove referred to."

**"RESOLVED FURTHER THAT** the Managing Director, shall not be entitled to any sitting fee for attending meeting of the Board and/or Committee(s) thereof."

**"RESOLVED FURTHER THAT**, within the terms of remuneration as set out in the 'Draft Agreement' referred to hereinabove and as approved herein by the shareholders,

the Board of Directors of the Company be and is hereby authorised to revise, vary or increase the remuneration (salary, perquisites and allowances) payable to Mr. R. K. Saraf from time to time, to the extent the Nomination and Remuneration Committee of the Board of Directors and/or the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provisions under the Act, for the time being in force, provided however, that the remuneration payable to Mr. R. K. Saraf shall be within the limits set out in the Act including Schedule V to the Act or any amendments thereto or any modifications or statutory enactment thereof and/or rules or regulations framed thereunder and accordingly the terms of the aforesaid 'Draft Agreement' between the Company and Mr. R. K. Saraf shall be suitably modified to give effect to such variation or increase as the case may be."

**"RESOLVED FURTHER THAT** notwithstanding anything contained hereinabove where in any financial year during the term of employment of Mr. R. K. Saraf, the Company has no profits or its profits are inadequate, the Company do pay to Mr. R. K. Saraf, subject to requisite approval, if any, the remuneration up to a sum not exceeding, or the revised remuneration, as may be approved by the Board, as a "Minimum Remuneration" by way of salary, perquisites, allowances and/or benefits, as specified in the 'Draft Agreement', subject to and within the maximum ceiling limits laid down under Section II of Part II of Schedule V to the Act as applicable to the Company at the relevant time depending upon the effective capital of the Company or such other limits as may be prescribed by the Central Government from time to time as to minimum remuneration or any amendments thereto or any modifications or statutory re-enactment thereof and/or any rules or regulations framed thereunder."

**"RESOLVED FURTHER THAT** in the event of any statutory amendments, modifications, substitutions, relaxations or re-enactments by the Central Government to Schedule V to the said Act, the Board of Directors of the Company be and is hereby authorised and empowered to vary, alter, increase, enhance or widen the scope of remuneration including salary, perquisites, allowances and/or benefits, to the extent but within the maximum permissible limits for payment of managerial remuneration specified in Schedule V to the said Act and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time, without any further reference to the Members of the Company in General Meeting."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution the Board of Directors of the Company be and is hereby authorised to execute and sign the agreement and other documents and take such steps and do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution."

6. To re-appoint Mr. Ashim Saraf as Joint Managing Director and in this regard, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** in supersession of the Special Resolution passed by the Shareholders at the Fifteenth

(15th) Annual General Meeting held on 17th September, 2018 and in pursuance of the provisions of amended Sections 196 and 197 of the Companies Act, 2013, as amended by Sections 66 to 70 of the Companies (Amendment) Act, 2017 in light of the MCA Notification No. S.O. 4823 (E) dated 12th September, 2018, effective from the date of notification, read with amended Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules made thereunder (including any Statutory modification(s) or amendment(s) or re-enactment thereof for the time being in force), subject to prior approval of the financial institutions and/or banks ("the lenders"), where the Company has committed any default in making payment of its dues to the lenders and such other approvals, permissions and sanctions as may be required and subject to such conditions and modifications as may be imposed and/or prescribed by any of the authorities, if any, while granting such approvals, permissions and sanctions and as are agreed to by the Board of Directors (hereinafter referred to as 'the Board' which terms shall include any committee constituted/to be constituted by the Board and any person authorized by the Board in this behalf) and acceptable to Mr. Ashim Saraf, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Ashim Saraf (DIN: 00009581) as Joint Managing Director, being a Key Managerial Personnel, for a period of Three (3) years with effect from 01<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2022, on such remuneration by way of salary, perquisites, allowances and/ or benefits, within and up to the maximum limit as have been determined, fixed and approved by the Board subject to overall limit, stipulated in Section 197 read with Schedule V of the Companies Act, 2013, as amended up to date and subject further to obtaining Members' approval by virtue of this Special Resolution, and on such other terms, conditions and stipulations (including remuneration) as contained in the "Draft Agreement" to be entered into between the Company of the ONE PART and Mr. Ashim Saraf of the OTHER PART, as placed before this meeting and initialed by the Secretary of the Company for the purpose of identification, is hereby specifically approved and sanctioned."

**"RESOLVED FURTHER THAT** Board may in its absolute discretion pay to Mr. Ashim Saraf, the Joint Managing Director, being a Key Managerial Personnel, lower remuneration within the said maximum limits as stipulated in the Draft Agreement hereinabove referred to."

**"RESOLVED FURTHER THAT** the Joint Managing Director, being a Key Managerial Personnel, shall not be entitled to any sitting fee for attending meeting of the Board and/or Committee(s) thereof."

**"RESOLVED FURTHER THAT,** within the terms of remuneration as set out in the 'Draft Agreement' referred to hereinabove and as approved herein by the shareholders, the Board of Directors of the Company be and is hereby authorised to revise, vary or increase the remuneration (salary, perquisites and allowances) payable to Mr. Ashim Saraf from time to time, to the extent the Nomination and Remuneration Committee of the Board of Directors and/or the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provisions under the Act, for the time being in force, provided however, that the remuneration payable to Mr. Ashim Saraf shall be within

the limits set out in the Act including Schedule V to the Act or any amendments thereto or any modifications or statutory enactment thereof and/or rules or regulations framed thereunder and accordingly the terms of the aforesaid 'Draft Agreement' between the Company and Mr. Ashim Saraf shall be suitably modified to give effect to such variation or increase as the case may be."

**"RESOLVED FURTHER THAT** notwithstanding anything contained hereinabove where in any financial year during the term of employment of Mr. Ashim Saraf, the Company has no profits or its profits are inadequate, the Company do pay to Mr. Ashim Saraf, subject to requisite approval, if any, the remuneration up to a sum not exceeding, or the revised remuneration, as may be approved by the Board, as a "Minimum Remuneration" by way of salary, perquisites, allowances and/or benefits, as specified in the 'Draft Agreement', subject to and within the maximum ceiling limits laid down under Section II of Part II of Schedule V to the Act as applicable to the Company at the relevant time depending upon the effective capital of the Company or such other limits as may be prescribed by the Central Government from time to time as to minimum remuneration or any amendments thereto or any modifications or statutory re-enactment thereof and/or any rules or regulations framed thereunder."

**"RESOLVED FURTHER THAT** in the event of any statutory amendments, modifications, substitutions, relaxations or re-enactments by the Central Government to Schedule V to the said Act, the Board of Directors of the Company be and is hereby authorised and empowered to vary, alter, increase, enhance or widen the scope of remuneration including salary, perquisites, allowances and/or benefits, to the extent but within the maximum permissible limits for payment of managerial remuneration specified in Schedule V to the said Act and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time, without any further reference to the Members of the Company in General Meeting."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution the Board of Directors of the Company be and is hereby authorised to execute and sign the agreement and other documents and take such steps and do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution."

7. To re-appoint Mr. Anurag Saraf as Joint Managing Director and in this regard, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** in supersession of the Special Resolution passed by the Shareholders at the Fourteenth (14th) Annual General Meeting held on 20th September, 2017 and in pursuance of the provisions of amended Sections 196 and 197 of the Companies Act, 2013, as amended by Sections 66 to 70 of the Companies (Amendment) Act, 2017 in light of the MCA Notification No. S.O. 4823 (E) dated 12th September, 2018, effective from the date of notification, read with amended Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules made thereunder (including any Statutory modification(s) or

amendment(s) or re-enactment thereof for the time being in force), subject to prior approval of the financial institutions and/or banks ("the lenders"), where the Company has committed any default in making payment of its dues to the lenders and such other approvals, permissions and sanctions as may be required and subject to such conditions and modifications as may be imposed and/or prescribed by any of the authorities, if any, while granting such approvals, permissions and sanctions and as are agreed to by the Board of Directors (hereinafter referred to as 'the Board' which terms shall include any committee constituted/to be constituted by the Board and any person authorized by the Board in this behalf) and acceptable to Mr. Anurag Saraf, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Anurag Saraf (DIN: 00009631) as Joint Managing Director, for a period of Three (3) years with effect from 01<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2022, on such remuneration by way of salary, perquisites, allowances and/or benefits, within and up to the maximum limit as have been determined, fixed and approved by the Board subject to overall limit, stipulated in Section 197 read with Schedule V of the Companies Act, 2013, as amended up to date and subject further to obtaining Members' approval by virtue of this Special Resolution, and on such other terms, conditions and stipulations (including remuneration) as contained in the "Draft Agreement" to be entered into between the Company of the ONE PART and Mr. Anurag Saraf of the OTHER PART, as placed before this meeting and initiated by the Secretary of the Company for the purpose of identification, is hereby specifically approved and sanctioned."

**"RESOLVED FURTHER THAT** Board may in its absolute discretion pay to Mr. Anurag Saraf, the Joint Managing Director, lower remuneration within the said maximum limits as stipulated in the Draft Agreement hereinabove referred to."

**"RESOLVED FURTHER THAT** the Joint Managing Director, shall not be entitled to any sitting fee for attending meeting of the Board and/or Committee(s) thereof."

**"RESOLVED FURTHER THAT,** within the terms of remuneration as set out in the 'Draft Agreement' referred to hereinabove and as approved herein by the shareholders, the Board of Directors of the Company be and is hereby authorised to revise, vary or increase the remuneration (salary, perquisites and allowances) payable to Mr. Anurag Saraf from time to time, to the extent the Nomination and Remuneration Committee of the Board of Directors and/or the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provisions under the Act, for the time being in force, provided however, that the remuneration payable to Mr. Anurag Saraf shall be within the limits set out in the Act including Schedule V to the Act or any amendments thereto or any modifications or statutory enactment thereof and/or rules or regulations framed thereunder and accordingly the terms of the aforesaid 'Draft Agreement' between the Company and Mr. Anurag Saraf shall be suitably modified to give effect to such variation or increase as the case may be."

**"RESOLVED FURTHER THAT** notwithstanding anything contained hereinabove where in any financial year during the term of employment of Mr. Anurag Saraf, the Company

has no profits or its profits are inadequate, the Company do pay to Mr. Anurag Saraf, subject to requisite approval, if any, the remuneration up to a sum not exceeding, or the revised remuneration, as may be approved by the Board, as a "Minimum Remuneration" by way of salary, perquisites, allowances and/or benefits, as specified in the 'Draft Agreement', subject to and within the maximum ceiling limits laid down under Section II of Part II of Schedule V to the Act as applicable to the Company at the relevant time depending upon the effective capital of the Company or such other limits as may be prescribed by the Central Government from time to time as to minimum remuneration or any amendments thereto or any modifications or statutory re-enactment thereof and/or any rules or regulations framed thereunder."

**"RESOLVED FURTHER THAT** in the event of any statutory amendments, modifications, substitutions, relaxations or re-enactments by the Central Government to Schedule V to the said Act, the Board of Directors of the Company be and is hereby authorised and empowered to vary, alter, increase, enhance or widen the scope of remuneration including salary, perquisites, allowances and/or benefits, to the extent but within the maximum permissible limits for payment of managerial remuneration specified in Schedule V to the said Act and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time, without any further reference to the Members of the Company in General Meeting."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution the Board of Directors of the Company be and is hereby authorised to execute and sign the agreement and other documents and take such steps and do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution."

8. To write off the investment held by the Company in Facor Minerals Pte. Limited, Singapore, a step down wholly owned Subsidiary and in this regard, to pass, the following resolution as a Special Resolution :

**"RESOLVED THAT** pursuant to the provisions of Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, and the relevant Rules made thereunder (collectively the "Act"), Regulation 24 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Foreign Exchange Management Act, 1999 and Rules and Regulations made there under (including any statutory modifications, amendments or re-enactments of any of them for the time being in force), the Memorandum and Articles of Association of the Company and subject to other requisite approvals of all concerned statutory and regulatory authorities and departments, person or persons, if and to the extent necessary, and such other permissions and sanctions as may be required, the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "Board", which term shall include a duly authorized Committee of Directors) to write off in one or more tranches, the entire investments of Rs.281.52 Lacs (USD 543000) in 543000 shares of Facor Minerals Pte. Limited,

Singapore, a Step-down Wholly owned Subsidiary of the Company.

**RESOLVED FURTHER THAT** for the purpose of implementation of this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, including but not limited to decide the time, manner, extent and tranches of write off of investment in the shares of Facor Minerals Pte. Limited, Singapore as aforesaid, executing necessary agreement(s), deeds, documents, declarations, undertakings, forms, letters and other papers as may be necessary, desirable and expedient and to take all incidental and necessary steps for and on behalf of the Company, and to settle all questions or queries that may arise in the course of implementing this resolution including to seek registration of any such documents, deeds, filing intimations, applying for and on behalf of the Company and seeking necessary consents and approvals; AND to delegate any or all of its powers vested on them by this resolution to any of its Committee, or individual Director, or other officers or executives or any such other persons.

**RESOLVED FURTHER THAT** all acts, deeds, matters and things, either verbal or written or otherwise, already done by the Company and / or any of its Directors and/or officers and/or representatives for and in the name of the Company in this regard be and the same are hereby noted, ratified and approved."

9. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to provisions of Section 94 (1) and other applicable provisions of Companies Act, 2013, the Companies (Management and Administration) Rules, 2014 and any other applicable rules formed there under (including any statutory modification or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company for keeping the Register of members of the Company and other security holders, if any, maintained under section 88 of the Companies Act, 2013 together with the index of members and other security holders, at the office of the Registrar And Share Transfer Agent of the Company i.e. M/s Skyline Financial Services Private Limited, D-153A, 1st Floor, Okhla Industrial Area, Phase- I, New Delhi-110020 and at such places within New Delhi in the State of Delhi where the Registrar and Share Transfer Agent may shift its office from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

#### NOTES:

1. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of Item Nos. 3 to 9 of the notice set out above is annexed hereto. The relevant details of Directors seeking re-appointment under Item Nos. 2 & 4-7 of the Notice pursuant to Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Secretarial Standard 2 on General Meetings 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 Sunday the 22nd September, 2019 to Saturday, the 28<sup>th</sup> September, 2019, both days inclusive.
5. Shareholders can claim back the amount of unpaid dividend pertaining to the financial year 2008-09 to 2010-11 along with shares transferred to "Investor Education and Protection Fund" pursuant to the provisions of Section 124 of the Companies Act, 2013 on expiry of seven years from the date of transfer to unpaid dividends A/c after complying with the procedure prescribed under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.  
Also, pursuant to the provisions of Section 124 of the Companies Act, 2013, the Company has uploaded details of unpaid and unclaimed dividend amounts and shares transferred to the IEPF Authority on the website of the Company.
6. SEBI has vide Notification No. SEBI/LAD-NRO/GN/2018/24 dated 08<sup>th</sup> June, 2018 read with subsequent Notification No. SEBI/LAD-NRO/GN/2018/49 dated 30<sup>th</sup> November, 2018 prescribed that request for effecting transfer of equity shares held in physical form will not be processed from the effective date i.e. 01-04-2019. Hence, converting of physical shareholding into electronic mode i.e. in demat for transferring shares shall be mandatory. Therefore, shareholders are requested to take action to dematerialize their shareholding in the company immediately.

7. 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, 2016 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 16th 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 16th 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) The voting period begins on 25th September, 2019 at 10.00 a.m. (IST) and ends on 27th September, 2019 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 21st September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders/Members.
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.
- (vii) 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> <p>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.</p> <p>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.</p>
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> <p>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 (iv).</p>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) 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.
- (xviii) 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. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) 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 linked in the login 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.
- (xx) 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 scrutiniser shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman.
- V. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.facorallloys.com](http://www.facorallloys.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.facorallloys.com](http://www.facorallloys.com).
8. Copies of Annual Report 2018-19 and the Notice of 16<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 2018-19 and Notice of 16<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. Skyline Financial Services Private Limited, D-153A, 1st Floor, Okhla Industrial Area, Phase- I, New Delhi-110020 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. Mobile Number and E-Mail ID can also be updated in the user profile details of the folio which may be used for sending future communication.

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 Corporate Office of the Company at Noida-201301 Dist. Gautam Buddh Nagar, Uttar 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 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) and bank Account details by every shareholder holding shares in physical form. 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 & bank A/c 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](mailto:facoralloys@facorgroup.in)  
Website [www.facoralloys.com](http://www.facoralloys.com)

By order of the Board,

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

Dated: 14th August, 2019

**ANNEXURE TO THE NOTICE****Explanatory Statement as required by Section 102 of the Companies Act, 2013:****ITEM NO.3**

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, 2020, at a remuneration of Rs.50,000/- plus taxes 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 seven/eight years.

The Board recommends the remuneration of Rs.50,000/- plus taxes 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.3 of the Notice.

**ITEM NO.4**

Mrs. Urmila Gupta (DIN: 00637110) was appointed as an Additional Director on the Board of the Company on 13<sup>th</sup> February, 2015. Members of the Company, pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchange, at the 12<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> September, 2015 approved the appointment of Mrs. Urmila Gupta (DIN: 00637110) as an Independent Woman Director for a period of 5 years up to 12<sup>th</sup> February, 2020.

The Nomination & Remuneration Committee evaluated the performance of Mrs. Urmila Gupta, rated her satisfactory on all parameters and recommended her re-appointment as Independent Woman Director for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation of Independent Woman Director and as per the recommendation of the Nomination and Remuneration Committee, considers that, given her background and experience and contributions made by her during her tenure, the continued association of Mrs. Urmila Gupta would be beneficial to the Company and it is desirable to continue to avail her services as Independent Woman Director. Accordingly, the Board of Directors at its meeting held on 17<sup>th</sup> May, 2019 approved the re-appointment of Mrs. Urmila Gupta for a second term of 5 (five) consecutive years on the Board of the Company as Independent Woman Director of the Company, not liable to retire by rotation.

Mrs. Urmila Gupta does not hold any shares in the Company. She is holding directorship in B.A.G. Films & Media Ltd. a listed public company since November, 2013. She is the Chairman of Prevention of Sexual Harassment of Women at Work place

Committee and Member of Nomination & Remuneration Committee of the Company. She has attended all the four (4) meetings of the Board held during the year 2018-19. Mrs. Urmila Gupta actively participated in the meetings and had been making very valuable contribution during discussions at the Board Meetings.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149 (6) of the Act.

Section 149 (10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149 (11) provides that an independent director may hold office for up to two consecutive terms.

Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 effective from 01st April, 2019, requires that any Non-Executive Director who has attained the age of 75 years or more cannot be appointed or continued as a Non-Executive Director in any listed company until and unless approval of Members has been obtained for the same by way of special resolution. Since Mrs. Urmila Gupta, Non-Executive Director of the Company is covered under the aforesaid provision being aged more than 75 years, the Company has already obtained approval of Members by way of Special Resolution for continuing her Directorship in the Company, post 01<sup>st</sup> April, 2019 in the 15<sup>th</sup> Annual General Meeting held on 17<sup>th</sup> September, 2018. The justification pursuant to cited amended Regulation in respect of her re-appointment is as under :-

Mrs. Urmila Gupta, aged 75 years is a retired IAS officer. She joined Indian Information Services in 1968 and took voluntary retirement while serving as Dy. Director General, Prasar Bharati, Ministry of Information and Broad casting, a Jt. Secretary level post. She has over four decades rich experience to her credit as a senior government officer in the area of management, administration, policy formulation etc.

Mrs. Urmila Gupta is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given her consent to act as Director.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mrs. Urmila Gupta.

The Company has also received declarations from Mrs. Urmila Gupta that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

In the opinion of the Board, Mrs. Urmila Gupta fulfils the conditions for appointment as Independent Woman Director as specified in the Act and the Listing Regulations. Mrs. Urmila Gupta is independent of the management.

Details of Director whose re-appointment as Independent Director is proposed at Item No. 4 are provided in the Corporate Governance Report pursuant to the provisions of (i) the Listing

Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Copy of draft letter of appointment of Mrs. Urmila Gupta setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Mrs. Urmila Gupta is interested in the resolution set out at Item No. 4 of the Notice with regard to her re-appointment.

The relatives of Mrs. Urmila Gupta may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board commends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

#### ITEM NO.5

The Company at its 15th Annual General Meeting held on Monday, the 17th day of September, 2018, had approved the re- appointment and remuneration payable to Mr. R. K. Saraf, by passing a Special Resolution, as the Managing Director, not liable to retire by rotation, for a period of 5 years commencing from 01st April, 2019 and ending on 31st March, 2024.

Meantime Ministry of Corporate Affairs by a notification No S.O.4823 (E) dated 12<sup>th</sup> September, 2018 notified the Companies (Amendment) Act, 2017 which came into force from the date of notification i.e. 12th September, 2018. By the cited amendment Act Sections 196, 197, 198, 200 and 201 of the Companies Act, 2013 along with corresponding provisions of Schedule V to the Act were amended and made effective. In terms of the amended provisions of Schedule V to the Act, if a company has committed any default in payment of dues to any bank, the prior approval of the bank's concern is required to be obtained by the company before taking the approval of the shareholders in the General Meeting for re-appointment of Managerial Personnel.

Mr. R.K. Saraf is the promoter Director of Ferro Alloys Corporation Ltd (FACOR). He has been associated with the said Company since its inception and as Executive Director from April, 1975 and as Joint Managing Director from December, 1986. He was looking after the Ferro Alloys Division of FACOR. Upon trifurcation of FACOR, this Company was formed to take over the said Division of FACOR. He was then appointed as Managing Director of this Company. Under his stewardship the Company is doing well. It is therefore considered desirable that the Company should continue to avail the benefit of his vast and varied experience in the Ferro Alloys industry and able guidance.

Accordingly the Board considers that his services will be useful and in the interest of the Company and he be re-appointed as 'Managing Director' of the Company subject to the approval of Members of the Company. The Board of Directors of the Company ('the Board') have therefore at its meeting held on 13th February, 2019, as against their earlier approval on 18th

May, 2018 considered the re-appointment of Mr. R. K. Saraf as Managing Director for a period of 3 (Three) years, effective from 01st April, 2019 subject however to the prior approval of Banks and the approval of shareholders, where required, and such other approvals and/or sanctions, as may be required, on the terms and the remuneration permissible under amended Section 197 read with Schedule V to the Companies Act, 2013 ("the Act"), as amended up to date, and embodied in the draft Agreement, to be entered into with Mr. R. K. Saraf, who shall not be liable to retire by rotation, in terms of Section 160 of the Act, including other provisions of the Act.

The material terms & conditions of re-appointment and remuneration of Mr. R. K. Saraf, as contained in the draft Agreement and given in the attached Annexure "A" forming part of the Explanatory Statement have been recommended by the Nomination and Remuneration Committee and are in accordance with the amended Schedule V to the Companies Act, 2013 ("the Act"). Further the Board is empowered to make such variation or increase in the remuneration as may be thought fit from time to time, but within the ceiling laid down under Schedule V to the said Act, or any statutory amendment or relaxation thereof.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

Mr. R. K. Saraf is interested in this resolution relating to him. Mr. Ashim Saraf, Director of the Company, is related to Mr. R. K. Saraf and hence he is also interested in this resolution.

The terms and conditions of re-appointment and remuneration payable to Mr. R. K. Saraf as Managing Director as given in the attached Annexure "A" forming part of the Explanatory Statement should be treated as an 'ABSTRACT' of the terms of his re- appointment and Memorandum of Interest under Section 190 of the Companies Act, 2013, as amended up to date.

The material terms & conditions of re-appointment and remuneration of Mr. R. K. Saraf, as contained in the draft Agreement and The agreement between the Company and Mr. R. K. Saraf, Managing Director, providing the terms and conditions of his appointment and remuneration is available for inspection by the members of the Company at the Registered Office between 11 a.m to 2 p.m on any working day of the Company upto and inclusive of the date of the ensuing Annual General Meeting.

#### ITEM NO.6

The Company at its 15th Annual General Meeting held on Monday, the 17th day of September, 2018, had approved the re- appointment and remuneration payable to Mr. Ashim Saraf, by passing a Special Resolution, as the Joint Managing Director, liable to retire by rotation, for a period of 5 years commencing from 01st April, 2019 and ending on 31st March, 2024.

Meantime Ministry of Corporate Affairs by a notification No S.O.4823 (E) dated 12<sup>th</sup> September, 2018 notified the Companies (Amendment) Act, 2017 which came into force from the date of notification i.e. 12th September, 2018. By the cited amendment Act Sections 196, 197, 198, 200 and 201 of the Companies Act, 2013 along with corresponding provisions of Schedule V to the Act were amended and made effective. In terms of the amended provisions of Schedule V to the Act, if a company has committed any default in payment of dues to

any bank, the prior approval of the bank's concern is required to be obtained by the company before taking the approval of the shareholders in the General Meeting for re-appointment of Managerial Personnel.

Mr. Ashim Saraf is M.Sc (Tech) S.T.D. from the Birla Institute of Tech. & Science, Pilani. He has several years experience in business and administration to his credit. Under his guidance the Company is doing well. Accordingly the Board considers that his services will be useful and in the interest of the Company and he be re-appointed as 'Joint Managing Director' of the Company subject to the approval of Members of the Company. The Board of Directors of the Company ('the Board') have therefore at its meeting held on 13th February, 2019, as against their earlier approval on 18th May, 2018 considered the re-appointment of Mr. Ashim Saraf as Joint Managing Director for a period of 3 (Three) years, effective from 01st April, 2019 subject however to the prior approval of Banks and the approval of shareholders, where required, and such other approvals and/or sanctions, as may be required, on the terms and the remuneration permissible under amended Section 197 read with Schedule V to the Companies Act, 2013 ("the Act"), as amended up to date, and embodied in the draft Agreement, to be entered into with Mr. Ashim Saraf, who shall be liable to retire by rotation, in terms of Section 160 of the Act, including other provisions of the Act.

The material terms & conditions of re-appointment and remuneration of Mr. Ashim Saraf, as contained in the draft Agreement and given in the attached Annexure "A" forming part of the Explanatory Statement have been recommended by the Nomination and Remuneration Committee and are in accordance with the amended Schedule V to the Companies Act, 2013 ("the Act"). Further the Board is empowered to make such variation or increase in the remuneration as may be thought fit from time to time, but within the ceiling laid down under Schedule V to the said Act, or any statutory amendment or relaxation thereof.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

Mr. Ashim Saraf is interested in this resolution relating to him. Mr. R. K. Saraf, Director of the Company, is related to Mr. Ashim Saraf and hence he is also interested in this resolution.

The terms and conditions of re-appointment and remuneration payable to Mr. Ashim Saraf as Joint Managing Director as given in the attached Annexure "A" forming part of the Explanatory Statement should be treated as an 'ABSTRACT' of the terms of his re- appointment and Memorandum of Interest under Section 190 of the Companies Act, 2013, as amended up to date.

The material terms & conditions of re-appointment and remuneration of Mr. Ashim Saraf, as contained in the draft Agreement and The agreement between the Company and Mr. Ashim Saraf, Joint Managing Director, providing the terms and conditions of his appointment and remuneration is available for inspection by the members of the Company at the Registered Office between 11 a.m to 2 p.m on any working day of the Company upto and inclusive of the date of the ensuing Annual General Meeting.

#### ITEM NO.7

The Company at its 14th Annual General Meeting held on Wednesday, the 20th day of September, 2017, had approved

the re- appointment and remuneration payable to Mr. Anurag Saraf, by passing a Special Resolution, as the Joint Managing Director, liable to retire by rotation, for a period of 5 years commencing from 01st February, 2018 and ending on 31st January, 2023.

Meantime Ministry of Corporate Affairs by a notification No S.O.4823 (E) dated 12<sup>th</sup> September, 2018 notified the Companies (Amendment) Act, 2017 which came into force from the date of notification i.e. 12th September, 2018. By the cited amendment Act Sections 196, 197, 198, 200 and 201 of the Companies Act, 2013 along with corresponding provisions of Schedule V to the Act were amended and made effective. In terms of the amended provisions of Schedule V to the Act, if a company has committed any default in payment of dues to any bank, the prior approval of the bank's concern is required to be obtained by the company before taking the approval of the shareholders in the General Meeting for re-appointment of Managerial Personnel.

Mr. Anurag Saraf aged around 48 years is a Bachelor of Engineering in Electronics and is having rich experience in Business Administration. His experience, advice and guidance will be of immense benefit to the Company. Accordingly the Board considers that his services will be useful and in the interest of the Company and he be re-appointed as 'Joint Managing Director' of the Company subject to the approval of Members of the Company. The Board of Directors of the Company ('the Board') have therefore at its meeting held on 13th February, 2019, as against their earlier approval on 11th August, 2017 considered the re-appointment of Mr. Anurag Saraf as Joint Managing Director for a period of 3 (Three) years, effective from 01st April, 2019 subject however to the prior approval of Banks and the approval of shareholders, where required, and such other approvals and/or sanctions, as may be required, on the terms and the remuneration permissible under amended Section 197 read with Schedule V to the Companies Act, 2013 ("the Act"), as amended up to date, and embodied in the draft Agreement, to be entered into with Mr. Anurag Saraf, who shall be liable to retire by rotation, in terms of Section 160 of the Act, including other provisions of the Act.

The material terms & conditions of re-appointment and remuneration of Mr. Anurag Saraf, as contained in the draft Agreement and given in the attached Annexure "A" forming part of the Explanatory Statement have been recommended by the Nomination and Remuneration Committee and are in accordance with the amended Schedule V to the Companies Act, 2013 ("the Act"). Further the Board is empowered to make such variation or increase in the remuneration as may be thought fit from time to time, but within the ceiling laid down under Schedule V to the said Act, or any statutory amendment or relaxation thereof.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

Mr. Anurag Saraf is evidently interested in this resolution concerning him.

The terms and conditions of re-appointment and remuneration payable to Mr. Anurag Saraf as Joint Managing Director as given in the attached Annexure "A" forming part of the Explanatory Statement should be treated as an 'ABSTRACT' of the terms of his re- appointment and Memorandum of Interest

under Section 190 of the Companies Act, 2013, as amended up to date.

The material terms & conditions of re-appointment and remuneration of Mr. Anurag Saraf, as contained in the draft Agreement and The agreement between the Company and Mr. Anurag Saraf, Joint Managing Director, providing the terms and conditions of his appointment and remuneration is available for inspection by the members of the Company at the Registered Office between 11 a.m to 2 p.m on any working day of the Company upto and inclusive of the date of the ensuing Annual General Meeting.

#### ITEM NO.8

Facor Minerals Pte. Limited, (FML) Singapore was formed as a SPV Investment Company for making investment in Company (ies) to be incorporated overseas for the purpose of expanding the operations in areas which are in line with the existing business by way of backward integration, which will be dealing in the mining activities of coke/coal/chrome ore as the same will ensure uninterrupted supply of good quality coke/ coal/chrome ore at reasonable rates. Company has made investment of Rs.281.52 Lacs (USD 543000) by subscribing to 543000 shares of USD 1 each of FML, a Step-down wholly owned subsidiary.

The purpose for which the aforesaid Company was formed could not be achieved in the last 6/7 years. Hence in order to avoid the recurring expenses to maintain the cited Company, the Board of Directors in the interest of the Company decided to voluntarily wind up the subsidiary Company in its meeting held on 12-02-2018.

Provisions of Section 180 (1) (a) of the Companies Act, 2013, restricts a company from selling, leasing, or otherwise disposing off the whole or substantially the whole of its undertaking without obtaining prior approval of the members by way of special resolution. In terms of explanation to Section 180 (1) (a), "undertaking" means an undertaking in which the investment of the company exceeds 20% of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates 20% of the total income of the company during the previous financial year. Further, the expression "substantially the whole of the undertaking" in any financial year shall mean 20% or more of the value of the undertaking as per the audited balance sheet of the preceding financial year.

Further Regulation 24 (5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 provides that no company shall dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting, except in certain specified cases.

Further Regulation 24 (6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 provides that Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution.

However neither the Company's investment in FML directly and

indirectly through its subsidiary exceeds 20% of its consolidated net worth nor FML generates 20% of the total income of the Company on a consolidated basis during the previous financial year. Further FML is also not covered under the amended definition of 'Material Subsidiary' as given in Regulation 16 (1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. It is thought prudent from a governance perspective and also as a matter of abundant caution desirable to seek approval of the Shareholders in terms of Section 180 (1) (a) of the Companies Act, 2013 and the provisions of cited Regulations.

The item of business proposed herein falls under the businesses as specified under Rule 22 (16) of the Companies (Management & Administration) Rules, 2014, which mandates every Company to transact such business only by means of voting through Postal Ballot. The Ministry of Corporate Affairs has inserted a proviso to the Section 110 of the Companies Act, 2013 and Rule 22 (16) of the Companies (Management & Administration) Rules, 2014 w.e.f. 09<sup>th</sup> February, 2018 & 13<sup>th</sup> June, 2018 respectively. The proviso provides that the companies are permitted to take approval of members in general meeting in respect of item of business as set out in Rule 22 of the Companies (Management & Administration) Rules, 2014 instead of through Postal Ballot where e-voting facility under Section 108 is provided. Accordingly, approval of the members for this item of business is sought by way of Special Resolution in the Annual General Meeting.

In view of the above, your Directors recommend the said special resolution for your approval, as they feel the same to be in the interest of the Company.

Mr. Ashim Saraf and Mr. Rohit Saraf are Directors in FML and Mr. R. K. Saraf, Director of the Company is related to Mr. Ashim Saraf hence they may be treated as interested in this resolution.

Except the above, none of the Directors, Key Managerial Personnel of the Company, or their relatives are in any way concerned or interested, financially or otherwise in this resolution, except as members to the extent of their shareholding in the Company.

#### ITEM NO.9

Section 94 (1) of the Companies Act, 2013 read with the Companies (Management And Administration) Rules, 2014 and any other rules framed there under allow the Company to keep the Register of Members together with the index of members and the copies of the annual return filed by the Company, at a place other than the registered office of the Company, if approved by the members by way of Special resolution.

It is, therefore, proposed to keep the Register of Members together with the index of members at the premises of M/s. Skyline Financial Services Private Limited, D-153A, 1st Floor, Okhla Industrial Area, Phase- I, New Delhi-110020 RTA of the Company for the convenience of the shareholder.

Accordingly, the Company seeks approval of the members to keep the Register of members and all relevant documents / registers pertaining thereto, maintained by the Company, either physical or electronically, at the place mentioned hereinabove.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise in the resolution set out at item no.9.

Your Directors, therefore, recommend the said resolution at item no. 9 for your approval.

#### 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](mailto:facoralloys@facorgroup.in)  
Website [www.facoralloys.com](http://www.facoralloys.com)

By order of the Board,

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

Dated: 14th August, 2019

#### ANNEXURE A FORMING PART OF EXPLANATORY STATEMENT ANNEXED TO THE NOTICE

#### MATERIAL TERMS AND CONDITIONS OF THE APPOINTMENT OF MANAGING DIRECTOR/ JOINT MANAGING DIRECTORS

The material terms and conditions of the re-appointment of Managing Director/Joint Managing Directors and their remuneration by way of salary, dearness allowance, perquisites and benefits (which are in conformity with the schedule V to the Companies Act, 2013) and as contained in the draft Agreement, are as under:

1. Term of Office:
  - a) Mr. R. K. Saraf, Managing Director : 3 years with effect from 01.04.2019
  - b) Mr. Ashim Saraf, Joint Managing Director : 3 years with effect from 01.04.2019
  - c) Mr. Anurag Saraf, Joint Managing Director : 3 years with effect from 01.04.2019
2. Remuneration for each of them:
  - a) Basic Salary: Rs.105000 per month in scale of Rs.100000- 5000-150000/-
  - b) Perquisites and allowances:

In addition to the aforesaid salary, each of the Managing Director and Joint Managing Directors shall also be eligible to the perquisites and allowances as given hereunder; the monetary value of such perquisites and allowances being restricted in the aggregate to Rs. 5,40,000/- per annum or Rs. 45,000/- per month in each case.

The perquisites and allowances payable to each of the Managing Director and Joint Managing Directors will include dearness and other allowances, accommodation [furnished or otherwise] or House Rent Allowance in lieu thereof, reimbursement of expenses for utilization of gas, electricity, water, furnishing, medical reimbursement at actuals for self and his family, leave travel concession at actuals for self and his family, club fees, medical insurance and such other perquisites within the limits of amount specified above. The said perquisites shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules there-under (including any statutory modification(s) or re-enactment thereof, for the time being in force). In the absence of any such Rules, the same shall be evaluated at actual cost. However, the Company's contribution to Provident fund, Superannuation or Annuity Fund, to the extent

these singly or together are not taxable under the Income Tax Act, and Gratuity payable and encashment of leave at the end of tenure, as per rules of the Company, shall not be included in the computation of limits for the remuneration. Further, the Company shall provide car for use on company's business and telephone at residence for official purpose. Provision of a car for use on company's business and telephone at residence for official purpose are not to be considered as perquisites.

The Managing Director and Joint Managing Directors shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

The term "Family" means spouse, dependent children and dependent parents of Managing Director and Joint Managing Directors.

The remuneration payable to each of the Managing Director and Joint Managing Directors by way of salary, dearness allowance, perquisites and any other allowances shall not however exceed the ceiling limit of Rs. 18,00,000/- per annum or Rs. 1,50,000/- per month for each of them.

The Board of Directors or any Committee thereof is entitled to determine and revise the salary and perquisites payable to the Managing Director and Joint Managing Directors of the Company at any time, such that the overall remuneration shall not exceed the aggregate limit of Rs. 18,00,000/- per annum or Rs. 1,50,000/- per month for each of them as specified above.

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Director and Joint Managing Directors, the company has no profits or its profits are inadequate, then also they shall be paid salary, allowances and perquisites as

specified above in accordance with the applicable provisions of Schedule V of the Companies Act, 2013 and subject to the approval of the Central Government, if any, required.

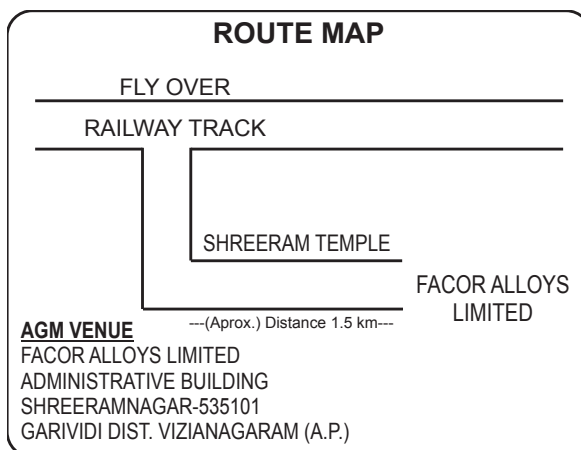
**Registered Office:**

Administrative Building,  
Shreeramnagar-535 101,  
Garividi, Dist. Vizianagaram,  
Andhra Pradesh  
CIN L27101AP2004PLC043252  
Tel. No. 08952-282029  
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E-Mail [facoralloys@facorgroup.in](mailto:facoralloys@facorgroup.in)  
Website [www.facoralloys.com](http://www.facoralloys.com)

By order of the Board,

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

Dated: 14th August, 2019



**DIRECTORS' REPORT TO THE MEMBERS**

The Directors submit the **SIXTEENTH ANNUAL REPORT** on the business and operations of the Company together with the Standalone and Consolidated Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019.

**FINANCIAL RESULTS**

₹ in Lacs

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Gross Revenue from operations	36,104.24	31,319.97	36,104.24	31,319.97
Other Income	440.44	359.99	852.04	382.50
Total Revenue	36,544.68	31,679.96	36,956.28	31,702.47
Operating expenses	33,256.37	29,668.98	33,306.81	29,745.96
Profit before interest, Depreciation, Tax and Amortization (EBIDTA)	3,288.31	2010.98	3,649.47	1,956.51
Finance Costs	1,363.63	1,664.36	1,444.09	1,793.98
Depreciation and amortization expenses	217.52	246.94	204.14	295.39
Add : Share of Profit/(Loss) of Associates & Joint Ventures (after tax)	NA	NA	-	-
Profit/(Loss) before exceptional item and tax	1,707.16	99.68	2001.24	(132.86)
Exceptional item	(130.75)	(112.51)	(130.75)	(134.38)
Profit/(Loss) before taxation	1,576.41	(12.83)	1,870.49	(267.24)
Taxation (including Deferred Tax)	379.31	(302.86)	379.31	(299.04)
Profit/(Loss) after Taxation (PAT)	1,197.10	290.03	1,491.18	31.80
Other Comprehensive Income	(84.32)	15.27	(591.95)	109.48
Total Comprehensive Income for the period comprising profit/(loss) & Other comprehensive Income for the period	1,112.78	305.30	899.23	141.28

**OVERALL PERFORMANCE**

During the year under consideration, Company achieved the highest ever production of 82,340 M.T. as against 73,600 M.T. in the previous year recording a surge of 11.88%.

The demand for ferro alloys principally is determined by developments within the Stainless Steel industry. The global

stainless steel market size was valued at USD 93.69 billion in 2018 and is expected to witness a CAGR of 5.2% from 2019 to 2025. Rising demand from end-use industries such as automotive, oil and gas, and construction is anticipated to propel the growth. Stainless steel caters to demand from various application segments such as building and construction, heavy industries, consumer goods, and others. Stable Stainless Steel industry scenario augurs well for the ferro alloys industry.

Exports are at ₹ 124.41 crores as against ₹ 111.01 crores in the previous year and during the year under review foreign currency earnings in rupee terms was ₹ 24.60 crores. The Company derived 34.55% of its total sales from exports.

On account of above and other factors, the profit before tax was at ₹ 17.07 crore as compared to ₹ 1.00 crore in the previous year.

**DIVIDEND**

In view of the pooling the funds for OTS with banks the Directors regret their inability to recommend any dividend for the financial year ended 31<sup>st</sup> March 2019 on Equity Shares of the company.

**SHARE CAPITAL**

The paid up Equity Share Capital as on 31<sup>st</sup> March, 2019 is ₹19.55 crores. During the year under review, the Company has not issued any shares. The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

**EXTRACT OF THE ANNUAL RETURN**

An extract of annual return for the financial year ended on 31<sup>st</sup> March, 2019 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**. The same is available on website of the Company [www.facoralloys.com](http://www.facoralloys.com) in "Investor" section.

**NUMBER OF MEETINGS OF THE BOARD**

The Board met four times in FY 2018-19 viz. on 18<sup>th</sup> May 2018, 11<sup>th</sup> August 2018, 12<sup>th</sup> November 2018 and 13<sup>th</sup> February 2019. The maximum interval between any two meetings did not exceed 120 days.

**CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Companies Act, 2013 and implementation requirements of Indian Accounting Standards ('IND-AS') under Companies Act, 2013 on accounting and disclosure requirements, and as prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audited Consolidated Financial Statements are provided in this 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:

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2019, 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;
- (ii) 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 profit for the year under consideration;
- (iii) 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, 2019 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).

### POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The amended 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 on the Standalone Audited Financial Results for the year under review contains the following qualification :-

The Company has defaulted in repayment of ₹ 2104.61 lacs (as on 31<sup>st</sup> March, 2019) to the Bank of India against devolvement of SBLC amounting to ₹ 6089.76 lacs on 3rd August 2015, provided by the bank for the term loan by the overseas lender to one of the overseas subsidiary of the Company. The devolved amount is secured by the first charge on the fixed assets of the company by deposit of title deeds in respect of immovable properties.

The company has received demand notice dated 20<sup>th</sup> February, 2017 from the lender of Cati Madencilik Ithalat Ve Ihracat A.S. (Tier II subsidiary) against the corporate guarantee given by Facor Alloys Limited towards its borrowing amount USD 1.5 million. The lender has offered one time settlement (OTS) vide its letter dated 17.01.2019 for payment of USD 1.188 million.

#### Management Note :

On the request of Company, Bank of India, Visakhapatnam had issued a SBLC for 10 Million USD in favour of Bank of India, Jersey for sanctioning a loan of 10 Million USD to Facor Minerals (Netherlands) B.V., one of the overseas subsidiary of the Company.

Further SBLC was devolved/invoked due to non re-payment of loan amount to Bank of India by overseas subsidiary due to non operation of the project and the total amount of SBLC was debited to Company's bank A/c by Bank of India, Vizag. For satisfaction of liability to Bank of India including of the SBLC obligations of the company and to settle the outstanding amount of ₹ 27.05 crores as on 31-03-2019, the company approached to Bank of India, Visakhapatnam, who vide its letter Ref. no. BOI/VSKP/2019-20/32 dtd.19.06.2019 read with letter Ref. no. BOI/VSKP/2019-20/34 dtd. 21.06.2019 and no. BOM/VSKP/2019-20/37 dtd. 24.06.2019 communicated its acceptance for proposal of compromise settlement.

The salient features of the compromise settlement are given as under:-

- i) Cut back amount of ₹ 4.42 crores received by the BOI up to 31-05-2019 is treated as application money and form part of the OTS amount.
- ii) ₹ 10.00 crores out of outstanding amount of ₹ 21.28 crores (₹ 27.05 crores-₹ 5.77 crores towards Cut back amount including ₹ 1.35 crore towards incentive for quick payment) is to be paid by 29-06-2019.
- iii) Balance amount of ₹11.28 crores is to be paid by 18-09-2019 on monthly installments basis.
- iv) Failure of the company to pay any of the agreed amount as per terms of sanction will terminate OTS proposal and the amount recovered till such date will be treated as normal recovery and the entire contractual amount will be due for payment as if no OTS is agreed and appropriate recovery action to be initiated as per bank's norms.

The Company has already repaid the amount as per the above schedule and the balance amount may also be cleared by 18-09-2019 as agreed.

Further Company had given a corporate guarantee as a collateral security for USD 1.6 Million in favour of Bank of India, London for borrowings made by Cati Madencilik, Ithalat, Turkey, a step down second level subsidiary.

Cited Corporate Guarantee was devolved/invoked by said bank due to non-fulfillment of obligation for payment of interest/repayment of loan amount by overseas subsidiary on due dates on account of non-operation of the project.

Further in fulfillment of the guarantee obligations of the company and to settle the outstanding Term Loan amount of USD 1188401.29 of Cati Madencilik Ve Ithalat Ve Ithracat A.S., the company approached to Bank of India, London, who vide its letter Ref.no.LON:ADV:DA:18-19:625 dtd.17.01.2019 communicated its acceptance for proposal of compromise settlement.

The salient features of the compromise settlement are given as under:-

- i) 50% of outstanding USD 1188401.29 amount i.e. USD 594200.29 is to be paid within 15 days from the date of acceptance letter.
- ii) Balance 50% amount of USD 594200.29 is to be paid in six equal monthly installments of USD 99033.33 each following the month of payment of 1st part (50% of OTS) mentioned in (i) above.
- iii) In the event of non-payment of the above advised OTS amount as per the advised repayment terms, bank shall continue recovery process against the company and corporate guarantor-Facor Alloys Limited.

The Company has deposited the entire amount of settlement with BOI, Visakhapatnam for onward remittance to BOI, London after compliance of RBI requirements.

#### **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, made a Loan and investment pursuant to Section 186 of the Companies Act, 2013 during the Financial Year.

#### **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.

#### **DISCLOSURE OF INTERNAL FINANCIAL CONTROLS**

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate and commensurate with the size and scale of its operation. The internal controls are tested for adequacy, efficiency

and effectiveness through audits by the internal auditors and the observations, corrective and preventive actions are reviewed by the management and Audit Committee of the Board of Directors.

During the financial year under review, no material or serious observation has been received from the Internal Auditors of the Company for inadequacy or ineffectiveness of such controls.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL**

There are no significant and/or material orders passed by the Regulator(s) or Court(s) or Tribunal(s) impacting the going concern status of the Company and its business operations in future.

#### **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.

#### **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).

## TRANSFER OF UNCLAIMED EQUITY SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF) SUSPENSE ACCOUNT

Pursuant to the provisions of Section 125 of the Companies Act, 2013, the outstanding amount of dividend which remained unpaid or unclaimed for a period of seven years and shares whose dividend was unpaid/unclaimed for seven consecutive years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund.

During the year under review, the Company has credited ₹6,38,495/- to the Investor Education and Protection Fund (IEPF) pursuant to Section 125 of the Companies Act, 2013/ Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

During the year under review, the Company has also transferred 8,05,142 Equity Shares to the Investor Education and Protection Fund (IEPF) relating to 2384 shareholders of the Company, whose dividend were unclaimed/unpaid for seven consecutive years, pursuant to Section 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

The details of shares/shareholders in respect of which dividend has not been claimed and transferred to the IEPF, as required are provided on our website [www.facoralloys.com](http://www.facoralloys.com) and on the website of the Ministry of Corporate Affairs.

Any person, whose unclaimed or unpaid amount has been transferred by the Company to IEPF may claim his refunds from the IEPF authority. For claiming such amount, claimant needs to file Form IEPF-5 along with requisite documents. The detailed procedure for claiming shares and Dividend Amount is available on the website of IEPF ([www.iepf.gov.in](http://www.iepf.gov.in)).

The Nodal Officer for the purpose of IEPF is Company Secretary and the website address is [www.facoralloys.com](http://www.facoralloys.com).

## 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 ₹102,00,000/- per annum or ₹ 8,50,000/- 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.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

The terms of Mr. R. K. Saraf, Mr. Ashim Saraf and Mr. Anurag Saraf as Managing Director/Joint Managing Directors was/is up to 31<sup>st</sup> March, 2019 and 31<sup>st</sup> January, 2023 respectively. The Board of Directors on the recommendation of the Nomination and Remuneration Committee has re-appointed Mr. R. K. Saraf, Mr. Ashim Saraf and Mr. Anurag Saraf as Managing Director/Joint Managing Directors respectively of the Company for a period of 3 (three) years with effect from 01<sup>st</sup> April, 2019 subject to approval of shareholders.

The first term of office of Mrs. Urmila Gupta as Independent Woman Director, will expire on 12<sup>th</sup> February, 2020.

The Board has recommended re-appointment of Mrs. Urmila Gupta as Independent Woman Director of the Company for a second term of 5 (five) consecutive years.

The Company has received declarations from Mrs. Urmila Gupta the Independent Woman Director of the Company confirming that she meets the criteria of independence prescribed under the Act and the Listing Regulations.

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 Certificate from Practicing Company Secretary 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. K.L. Mehrotra & 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**

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s K K Mankeshwar & Co., Chartered Accountants (Firm Registration no.106009W) were appointed as Statutory Auditors for a term of 5 years to hold office from the conclusion of 14<sup>th</sup> AGM held on 20<sup>th</sup> September, 2017 upto the conclusion of the 19<sup>th</sup> AGM to be held in 2022.

The statutory auditor has confirmed their eligibility and submitted the certificate in writing that they are not disqualified to hold the office of the statutory auditor.

**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 2019. 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 2017-18 was 30<sup>th</sup> September, 2018. The Company has filed the Report with the Ministry of Corporate Affairs on 29-08-2018.

**PARTICULARS OF REMUNERATION**

**Pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

The information required under Section 197 of the Act and the Rules made there under, in respect of employees of the Company is as under :-

- i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year :-

Name of the Director	Ratio
Mr. R.K.Saraf	3.98:1
Mr. Ashim Saraf	4.71:1
Mr. Anurag Saraf	4.84:1
Mr. K Jaybharat Reddy	0.07:1
Mr. P.V.R.K.Prasad*	-
Mr. A.S.Kapre	0.16:1
Mr. Kishan Lal Mehrotra	0.17:1
Mrs. Urmila Gupta	0.10:1
Mr. Rohit Saraf	0.02:1

- ii) The percentage increase in remuneration of each Director, Dy.Chief Financial Officer & Company Secretary in the financial year:

Name of the Director	% increase /(Decrease)
Mr. R.K.Saraf	0.24%
Mr. Ashim Saraf	-3.10%
Mr. Anurag Saraf	-0.10%
Mr. K Jaybharat Reddy	0.00%
Mr. P.V.R.K.Prasad*	-
Mr. A.S.Kapre	16.67%

**COMPLIANCE WITH SECRETARIAL STANDARDS**

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (SS1 and SS2) respectively relating to Meetings of the Board and its Committees which are mandatory in nature.

**INDUSTRIAL RELATIONS**

During the year under review the overall industrial relations in the Company remained cordial.

**ACKNOWLEDGEMENT AND APPRECIATION**

Your Directors place on record their gratitude for the support and cooperation 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 : 14<sup>th</sup> August, 2019

**R.K. SARAF**

Chairman & Managing Director

Name of the Director	% increase /(Decrease)
Mr. Kishan Lal Mehrotra	0.00%
Mrs. Urmila Gupta	12.50%
Mr. Rohit Saraf	-50.00%
<b>Other KMP</b>	
Dy.Chief Financial Officer	4.01%
Company Secretary	12.42%

- iii) The percentage increase in the median remuneration of the employees in the financial year 2018-19 20.25%
- iv) The number of permanent employees on the rolls of the Company 382
- v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :
- The average increase in the salaries of employees other than managerial personnel in the last financial year i.e. 2018-19 was 5.88% and percentage increase in the managerial remuneration for the same financial year was (-) 0.92 %.
- vi) The Nomination and Remuneration Committee of the Company has affirmed that the remuneration is as per the Nomination and Remuneration Policy of the Company.

**Notes:**

The remuneration to Directors includes sitting fees paid to them.

\* Ceased to be a Director w.e.f. 21-08-2017.

\* Ceased to be a Director w.e.f. 21-08-2017 hence percentage increase/decrease in remuneration is not given.

**ANNEXURE-1**
**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**
as on the financial year ended on 31<sup>st</sup> March, 2019

[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	L27101AP2004PLC043252
ii) Registration Date	14.05.2004
iii) Name of the Company	Facor Alloys Limited
iv) Category/Sub-Category of the Company	Public
v) Address of the Registered office and contact details	Shreeramnagar-535101, Garividi, Dist.: Vizianagaram (AP) Phone No. : 08952-282029
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>Skyline Financial Services Private Limited,</b> D-153A, 1st Floor, Okhla Industrial Area, Phase- I, New Delhi-110020 Phone No.+91-11-26812682 E-Mail : admin@skylinerta.com Website : www.skylinerta.com

**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.	Ferro Chrome/Ferro Alloys	2711	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sl No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Best Minerals Limited	U99999MH1955PLC009710	Subsidiary	100.00%	2 (87)
2	Facor Electric Limited	U40106AP2010PLC086208	Subsidiary	100.00%	2 (87)
3	FAL Power Ventures Private Limited	U04010CT2004PTC017193	Subsidiary	100.00%	2 (87)
4	Facor Minerals Pte. Ltd., Singapore		Subsidiary	100.00%	2 (87)
5	Facor Minerals (Netherlands) B.V.		Subsidiary	93.48%	2 (87)
6	Facor Turkkrom Mining (Netherlands) B.V. (FTM)		Subsidiary of FMN	51.00%	2 (87)
7	Cati Madencilik Ithalat ve Ihracat A.S. (Cati)		Subsidiary of FTM	51.00%	2 (87)

## IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 1 <sup>st</sup> April, 2018				No. of Shares held at the end of the year 31 <sup>st</sup> March, 2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters &amp; promoter group</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	23934976	Nil	23934976	12.24	23934976	Nil	23934976	12.24	0
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0
c) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0
d) Bodies Corp.	62620240	Nil	62620240	32.02	62620240	Nil	62620240	32.02	0
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0
f) Any Other....	1000	Nil	1000	Nil	1000	Nil	1000	Nil	0
- Trust	52512	Nil	52512	0.02	52512	Nil	52512	0.02	0
<b>Sub-total (A) (1):-</b>	<b>86608728</b>	<b>Nil</b>	<b>86608728</b>	<b>44.28</b>	<b>86608728</b>	<b>Nil</b>	<b>86608728</b>	<b>44.28</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0
b) Other - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0
e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>86608728</b>	<b>0</b>	<b>86608728</b>	<b>44.28</b>	<b>86608728</b>	<b>0</b>	<b>86608728</b>	<b>44.28</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	1780	Nil	1780	0.00	1780	Nil	1780	Nil	Nil
b) Banks / FI	35656	4238	39894	0.02	36456	4238	40694	0.02	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	1620	6600	8220	0.00	1620	Nil	1620	0.00	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sub-total (B)(1):-</b>	<b>39056</b>	<b>10838</b>	<b>49894</b>	<b>0.02</b>	<b>39856</b>	<b>4238</b>	<b>44094</b>	<b>0.02</b>	<b>Nil</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	6044235	4819	6049054	3.09	3477768	4413	3482181	1.78	(1.31)
ii) Overseas	4492654	Nil	4492654	2.30	4492654	Nil	4492654	2.30	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	76852048	381286	77233334	39.50	76772607	309501	77082108	39.42	(0.08)
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	10602435	Nil	10602435	5.42	13329054	Nil	13329054	6.82	1.40
c) NBFCs registered with RBI	66755	Nil	66755	0.03	988	Nil	988	0.00	(0.03)
<b>d) Others (specify)</b>									
(1) Trust	58	Nil	58	Nil	58	0	58	Nil	Nil
(2) Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(3) Non Resident Indians	2015942	15764	2031706	1.04	2081966	12549	2094515	1.07	0.03
(4) Clearing Members	2663764	Nil	2663764	1.36	1532187	0	1532187	0.78	(0.58)
(5) IEPF	1002644	Nil	1002644	0.51	1807786	0	1807786	0.92	0.41
(6) HUF	4746329	Nil	4746329	2.43	5072902	100	5073002	2.59	0.16
<b>Sub-total (B)(2):-</b>	<b>108486864</b>	<b>401869</b>	<b>108888733</b>	<b>55.69</b>	<b>108567970</b>	<b>326563</b>	<b>108894533</b>	<b>55.69</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>108525920</b>	<b>412707</b>	<b>108938627</b>	<b>55.72</b>	<b>108607826</b>	<b>330801</b>	<b>108938627</b>	<b>55.72</b>	<b>0.00</b>
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Grand Total (A+B+C)</b>	<b>195134648</b>	<b>412707</b>	<b>195547355</b>	<b>100.00</b>	<b>195216554</b>	<b>330801</b>	<b>195547355</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 1 <sup>st</sup> April, 2018			Shareholding at the end of the year 31 <sup>st</sup> March, 2019			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Urmiladevi Narayandas Saraf	3629215	1.86	0	3629215	1.86	0	0
2	Promiladevi Ramkisan Saraf	2556967	1.31	0	2556967	1.31	0	0
3	Anurag Murlidhar Saraf	2507354	1.28	0	2507354	1.28	0	0
4	Manjudevi Murlidhar Saraf	2189631	1.12	0	2189631	1.12	0	0
5	Mohinidevi Umashankar Saraf	2098174	1.07	0	2098174	1.07	0	0
6	Sushmadevi Vinodkumar Saraf	1708582	0.87	0	1708582	0.87	0	0
7	Ramadevi Manojkumar Saraf	1248361	0.64	0	1248361	0.64	0	0
8	Bimladevi Vithaldas Saraf	1217651	0.62	0	1217651	0.62	0	0
9	Vanitadevi Vineetkumar Saraf	876536	0.45	0	876536	0.45	0	0
10	Rohitkumar Narayandasji Saraf	872669	0.45	0	872669	0.45	0	0
11	Vinodkumar Saraf	731814	0.37	0	731814	0.37	0	0
12	Murlidhar Durgaprasadji Saraf	661343	0.34	0	661343	0.34	0	0
13	Vineetkumar Vithaldas Saraf	588385	0.30	0	588385	0.30	0	0
14	Shailjadevi Ashishkumar Saraf	498207	0.25	0	498207	0.25	0	0
15	Manojkumar Umashankar Saraf	488956	0.25	0	488956	0.25	0	0
16	Madhavhari Yogeshkumar Saraf	311441	0.16	0	311441	0.16	0	0
17	Ashishkumar Ramkisan Saraf	246679	0.13	0	246679	0.13	0	0
18	Sonal Ashimkumar Saraf	237680	0.12	0	237680	0.12	0	0
19	Gautam Vinodkumar Saraf	164098	0.08	0	164098	0.08	0	0
20	Raghuhari Yogesh kumar Saraf	147185	0.08	0	147185	0.08	0	0
21	Vineetkumar Vithaldas Saraf	120624	0.06	0	120624	0.06	0	0
22	Manojkumar Umashankar Saraf	103915	0.05	0	103915	0.05	0	0
23	Saritadevi Sanjivkumar Saraf	93373	0.05	0	93373	0.05	0	0
24	Gauri Sanjeev Saraf	4800	0.00	0	4800	0.00	0	0
25	Payal Murlidhar Saraf	72651	0.04	0	72651	0.04	0	0
26	Vibhav Vineetkumar Saraf	64451	0.03	0	64451	0.03	0	0
27	FAL Employees Welfare Trust	27576	0.01	0	27576	0.01	0	0
28	FACOR Employees Welfare Trust	22424	0.01	0	22424	0.01	0	0
29	Ashim Saraf	17008	0.01	0	17008	0.01	0	0
30	Yogeshkumar Umashankar Saraf	12288	0.01	0	12288	0.01	0	0
31	Preetidevi Rohitkumar Saraf	12600	0.01	0	12600	0.01	0	0
32	Aisha Ashishkumar Saraf	11500	0.01	0	11500	0.01	0	0
33	Madhuri Manojkumar Saraf	7948	0.00	0	7948	0.00	0	0
34	Sidharath Vineet Kumar Saraf	7348	0.00	0	7348	0.00	0	0
35	Gaurav Vinodkumar Saraf	5156	0.00	0	5156	0.00	0	0
36	Sakhi Sanjeevkumar Saraf	5128	0.00	0	5128	0.00	0	0
37	Raghavendra Manojkumar Saraf	4800	0.00	0	4800	0.00	0	0
38	Yogeshkumar Umashankar Saraf	4100	0.00	0	4100	0.00	0	0
39	Vinodkumar Vithaldas Saraf	3560	0.00	0	3560	0.00	0	0

Sl No.	Shareholder's Name	Shareholding at the beginning of the year 1 <sup>st</sup> April, 2018			Shareholding at the end of the year 31 <sup>st</sup> March, 2019			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
40	Sunandadevi Yogeshkumar Saraf	3267	0.00	0	3267	0.00	0	0
41	Ramkisan Saraf	2256	0.00	0	2256	0.00	0	0
42	Narayandas Durgaprasadji Saraf	1704	0.00	0	1704	0.00	0	0
43	Narayandas Durgaprasad Saraf	1472	0.00	0	1472	0.00	0	0
44	Sunandadevi Saraf	79915	0.04	0	79915	0.04	0	0
45	Amla Saraf	74797	0.04	0	74797	0.04	0	0
46	Shreeram Co. Empls. Welfare Trust	2512	0.00	0	2512	0.00	0	0
47	Premier Commercial Corporation	1000	0.00	0	1000	0.00	0	0
48	R B Shreeram & Company Pvt. Ltd.	61055682	31.22	0	61055682	31.22	0	0
49	Saraf Bandhu Pvt. Ltd.	826200	0.42	0	826200	0.42	0	0
50	Ferro Alloys Corporation Limited	500000	0.26	0	500000	0.26	0	0
51	GDP Infrastructure Pvt. Ltd.	214440	0.11	0	214440	0.11	0	0
52	Vidarbha Iron & Steel Corpn. Ltd.	18144	0.01	0	18144	0.01	0	0
53	Suchitra Investments & Leasing Ltd.	5774	0.00	0	5774	0.00	0	0
54	Sanjiv Saraf	239387	0.12	0	239387	0.12	0	0
	<b>Total</b>	<b>86608728</b>	<b>44.28</b>	<b>0</b>	<b>86608728</b>	<b>44.28</b>	<b>0</b>	<b>0</b>

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	86608728	44.28	86608728	44.28
Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/transfer/ bonus/ sweat equity etc):	No change during the year			
At the End of the year	86608728	44.28	86608728	44.28

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Reason	Increase/ Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	GLOBALSCALE INVESTMENTS LIMITED	44,92,654	2.30					44,92,654	2.30
				31.03.2019	At the end of the year	-	-	44,92,654	2.30
2	LINCOLN P COELHO	20,00,000	1.02					20,00,000	1.02
				31.03.2019	At the end of the year	-	-	20,00,000	1.02

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Reason	Increase/ Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	INVESTOR EDUCATION PROTECTION FUND (IEPF)	10,02,644	0.51					10,02,644	0.51
				23.11.2018	Transfer from Company	4,07,119	0.21	14,09,763	0.72
				14.12.2018	Transfer from Company	3,98,023	0.20	18,07,786	0.92
				31.03.2019	At the end of the year	-	-	18,07,786	0.92
4	HOSHANG KEKI VAKIL	1,00,000	0.05					1,00,000	0.05
				11.05.2018	Purchase of shares	25,000	0.01	1,25,000	0.06
				18.05.2018	Purchase of shares	1,00,000	0.05	2,25,000	0.11
				25.05.2018	Purchase of shares	25,000	0.01	2,50,000	0.12
				20.07.2018	Purchase of shares	1,60,000	0.08	4,10,000	0.20
				03.08.2018	Purchase of shares	50,000	0.02	4,60,000	0.22
				10.08.2018	Purchase of shares	50,000	0.02	5,10,000	0.26
				22.03.2019	Purchase of shares	40,000	0.02	5,50,000	0.28
				29.03.2019	Purchase of shares	25,000	0.01	5,75,000	0.29
				31.03.2019	At the end of the year	-	-	5,75,000	0.29
5	VASUDEV GURMUKHDAS CHHABRIA	2,66,277	0.11					2,66,277	0.14
				10.08.2018	Purchase of shares	2,21,800	0.11	4,88,077	0.25
				23.11.2018	Purchase of shares	75,000	0.04	5,63,077	0.29
				31.03.2019	At the end of the year	-	-	5,63,077	0.29
6	SARAVANAN SIVARAMALINGAM	4,66,570	0.24					4,66,570	0.24
				06.04.2018	Purchase of shares	85,351	0.04	5,51,921	0.28
				31.03.2019	At the end of the year	-	-	5,51,921	0.28
7	MIRA SENGAR	5,02,000	0.26					5,02,000	0.26
				12.10.2018	Purchase of shares	334	0.00	5,02,334	0.26
				19.10.2018	Purchase of shares	2,666	0.00	5,05,000	0.26
				31.03.2019	At the end of the year	-	-	5,05,000	0.26
8	KIRAN SUZANNE COELHO	5,00,000	0.26					5,00,000	0.26
				31.03.2019	At the end of the year	-	-	5,00,000	0.26
9	SADHU RAM GUPTA	5,00,000	0.26					5,00,000	0.26
				31.03.2019	At the end of the year	-	-	5,00,000	0.26
10	LATIN MANHARLAL SECURITIES PVT. LTD.	4,73,753	0.24					4,73,753	0.24
				31.03.2019	At the end of the year	-	-	4,73,753	0.24
11	KIRTIKA PRAFUL JAVERI	4,53,739	0.23					4,53,739	0.23
				31.03.2019	At the end of the year	-	-	4,53,739	0.23

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Reason	Increase/ Decrease in shareholding		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
12	SHRI PARASRAM HOLDINGS PVT. LTD.	13,20,394	0.68					13,20,394	0.68
				20.04.2018	Purchase of shares	10,000	0.00	13,30,394	0.68
				04.05.2018	Sale of shares	200	0.00	13,30,194	0.68
				25.05.2018	Purchase of shares	1,15,000	0.06	14,45,194	0.74
				01.06.2018	Purchase of shares	6,000	0.00	14,51,194	0.74
				15.06.2018	Purchase of shares	49,000	0.02	15,00,194	0.76
				22.06.2018	Sale of shares	1,000	0.00	14,99,194	0.76
				29.06.2018	Sale of shares	5,520	0.00	14,93,674	0.76
				30.06.2018	Sale of shares	2,600	0.00	14,91,074	0.76
				06.07.2018	Purchase of shares	27,065	0.01	15,18,139	0.77
				03.08.2018	Sale of shares	2,09,140	0.11	13,08,999	0.66
				10.08.2018	Sale of shares	7,000	0.00	13,01,999	0.66
				17.08.2018	Sale of shares	4,19,400	0.21	8,82,599	0.45
				24.08.2018	Sale of shares	7,734	0.00	8,74,865	0.45
				31.08.2018	Purchase of shares	25,000	0.01	8,99,865	0.46
				21.09.2018	Sale of shares	25,300	0.01	8,74,565	0.45
				05.10.2018	Sale of shares	2,34,212	0.12	6,40,353	0.33
				12.10.2018	Sale of shares	2,11,428	0.11	4,28,925	0.22
				02.11.2018	Sale of shares	4,20,000	0.21	8,925	0.01
				16.11.2018	Purchase of shares	11,345	0.00	20,270	0.01
				23.11.2018	Sale of shares	5,685	0.00	14,585	0.01
				30.11.2018	Purchase of shares	22,424	0.01	37,009	0.02
				07.12.2018	Sale of shares	500	0.00	36,509	0.02
				14.12.2018	Sale of shares	1,800	0.00	34,709	0.02
				25.01.2019	Purchase of shares	10,000	0.00	44,709	0.02
				01.02.2019	Sale of shares	2,198	0.00	42,511	0.02
				01.03.2019	Purchase of shares	439	0.00	42,950	0.02
				08.03.2019	Sale of shares	21,050	0.01	21,900	0.01
				15.03.2019	Sale of shares	2,000	0.00	19,900	0.01
				31.03.2019	At the end of the year	-	-	19,900	0.01
13	MILLENNIUM STOCK BROKING PVT. LTD.	6,30,000	0.32					6,30,000	0.32
				25.05.2018	Sale of shares	1,20,000	0.06	5,10,000	0.26
				01.06.2018	Sale of shares	2,10,000	0.11	3,00,000	0.15
				08.06.2018	Sale of shares	50,000	0.02	2,50,000	0.13
				15.06.2018	Sale of shares	65,000	0.03	1,85,000	0.10
				29.06.2018	Sale of shares	48,081	0.03	1,36,919	0.07
				20.07.2018	Sale of shares	24,503	0.01	1,12,416	0.06
				27.07.2018	Sale of shares	47,416	0.02	65,000	0.03
				24.08.2018	Sale of shares	65,000	0.03	0	0.00
				31.03.2019	At the end of the year	-	-	0	0.00

**(v) Shareholding of Directors & Key Managerial Personnel:**

<b>R. K. Saraf</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
	<b>No. of shares</b>	<b>% of total shares of the Company</b>	<b>No. of shares</b>	<b>% of total shares of the Company</b>
At the beginning of the year	2256	0.00	2256	0.00
Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/ sweat equity etc):	NIL	NIL	2256	0.00
At the End of the year	2256	0.00	2256	0.00

<b>Ashim Saraf</b>				
At the beginning of the year	17008	0.01	17008	0.01
Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/ sweat equity etc):	NIL	NIL	17008	0.01
At the End of the year	17008	0.01	17008	0.01

<b>Anurag Saraf</b>				
At the beginning of the year	2507354	1.28	2507354	1.28
Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/ sweat equity etc):	NIL	NIL	2507354	1.28
At the End of the year	2507354	1.28	2507354	1.28

<b>A. S. Kapre</b>				
At the beginning of the year	150000	0.08	150000	0.08
Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/ sweat equity etc):	NIL	NIL	150000	0.08
At the End of the year	150000	0.08	150000	0.08

<b>Rohit Saraf</b>				
At the beginning of the year	872669	0.45	872669	0.45
Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc):	NIL	NIL	872669	0.45
At the End of the year	872669	0.45	872669	0.45

<b>S. S. Sharma</b>				
At the beginning of the year	7992	0.00	7992	0.00
Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc):	NIL	NIL	7992	0.00
At the End of the year	7992	0.00	7992	0.00

## V. Indebtedness

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3890.13	1994.88	0	5885.01
ii) Liability against Financial Guarantee	961.19	0	0	961.19
iii) Interest due but not paid	2695.40	25.67	0	2721.07
iv) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii+iv)</b>	<b>7546.72</b>	<b>2020.55</b>	<b>0</b>	<b>9567.27</b>
<b>Change in Indebtedness during the financial year</b>				
(i) Addition	266.22	85.15	0	351.37
(ii) Reduction	1686.62	560.72	0	2247.34
Net Change	<b>(1420.40)</b>	<b>(475.57)</b>	<b>0</b>	<b>(1895.97)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2344.29	1522.47	0	3866.76
ii) Liability against Financial Guarantee	820.41	0	0	820.41
iii) Interest due but not paid	2961.62	22.51	0	2984.13
iv) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii+iv)</b>	<b>6126.32</b>	<b>1544.98</b>	<b>0</b>	<b>7671.30</b>

Indebtedness of the Company including interest outstanding/accrued but not due for payment

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		R K Saraf	Ashim Saraf	Anurag Saraf	
1	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	15.63	15.63	15.03	46.29
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0	1.73	2.33	4.06
	(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961				
2	Stock Option	-	-	--	-
3	Sweat Equity	-	-	--	-
4	Commission - as % of profit	-	-	--	-
	- others, specify...	-	-		
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>15.63</b>	<b>17.36</b>	<b>17.36</b>	<b>50.35</b>
	Ceiling as per the Act				

## B. Remuneration to other directors:

(in ₹)

SI No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr Rohit Saraf	Mr A S Kapre	Mr K J Reddy	Mrs Urmila Gupta	Mr K L Mehrotra	
1	<b>Independent Directors</b>						
	Fee for attending Board/ Committee meetings	NIL	70000	30000	45000	75000	220000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL
	<b>Total(1)</b>	<b>NIL</b>	<b>70000</b>	<b>30000</b>	<b>45000</b>	<b>75000</b>	<b>220000</b>
2	<b>Other Non-Executive Directors</b>						
	Fee for attending Board/ Committee meetings	10000	NIL	NIL	NIL	NIL	10000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL
	<b>Total(2)</b>	<b>10000</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>10000</b>
	<b>Total (B) = (1+2)</b>	<b>10000</b>	<b>70000</b>	<b>30000</b>	<b>45000</b>	<b>75000</b>	<b>230000</b>
	Total Managerial Remuneration						230000
	Overall Ceiling as per the Act						

## C. Remuneration to Key Managerial Personnel other than MD/WTD/MANAGER

(₹ in Lacs)

SI No.	Particulars of Remuneration	Key Managerial Personnel	
		Dy. CFO/Company Secretary	Total
1	Gross Salary	32.51	32.51
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	4.67	4.67
	(c) Profits in lieu of salary under Section 17(3) of the Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
5	Others, please specify	-	-
	<b>Total</b>	<b>37.18</b>	<b>37.18</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

**Annexure-2****FORM AOC – 1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of Subsidiaries/Associate Companies

(₹ in Lacs)

1	Sl. No.	1	2	3	4	5	6
2	Name of subsidiary	Best Minerals Ltd.	FAL Power Ventures Pvt. Ltd.	Facor Electric Ltd.	Facor Minerals (Netherlands) B.V.	Facor Turkchrom Mining (Netherlands) B.V.	Cati Madencilik Ithalat Ve Ihracat A.S
3	The date since when subsidiary was acquired	01.04.03	05.04.11	26.08.10	29.06.12	01.03.13	01.03.13
					Refer Below Note No. 2		
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-	-	-	-	-	-
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries				US\$ 69.035	US\$ 69.035	US\$ 69.035
6	Share Capital	5.00	1.00	5.00	1588.91	1518.77	453.82
7	Reserves & Surplus	(11.11)	(1158.48)	(311.76)	(9483.29)	(121.68)	(1707.66)
8	Total Assets	0.27	47.04	1.97	965.45	1426.37	964.44
9	Total Liabilities	0.27	47.04	1.97	965.45	1426.37	964.44
10	Investments	0.01	-	-	-	1391.28	-
11	Turnover	-	-	-	-	-	-
12	Profit before taxation	(0.26)	(0.19)	(0.36)	294.08	(25.53)	(125.98)
13	Provision for taxation	-	-	-	-	-	-
14	Profit after taxation	(0.26)	(0.19)	(0.36)	294.08	(25.53)	(125.98)
15	Proposed Dividend	-	-	-	-	-	-
16	% of shareholding	100%	100%	100%	93.48%	51%	51%

1. Notes : Following are the names of subsidiaries which are yet to commence operations:

- FAL Power Ventures Pvt. Ltd. (Dormant Company)
- Facor Electric Limited (Dormant Company)
- Facor Minerals (Netherlands) B.V.
- Facor Turkchrom Mining (Netherlands) B.V. (Subsidiary of Facor Minerals (Netherlands) B.V.)
- Cati Madencilik Ithalat Ve Ihracat A.S. (wholly owned subsidiary of Facor Turkchrom Mining (Netherlands) B.V.)

2. Financial information is based on unaudited results.

## ANNEXURE-3

### NOMINATION AND REMUNERATION POLICY

Effective from 1st April, 2014

#### Introduction:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

#### I Objectives

##### The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Ferro Alloys industry.
- To formulate criteria or manner for effective evaluation of performance of Board, its committee and individual directors and review its implementation and compliance.
- Devising a policy on diversity of Board of Directors.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 13th February, 2015 and has been modified subsequently and approved on 13th February, 2019.

#### II Effective Date:

This policy shall be effective from the date of adoption by the Board of Directors of the Company and shall stand modified from the date of its approval, from time to time, by the Board of Directors of the Company.

#### III Constitution of the Nomination and Remuneration Committee:

The Board has changed the nomenclature of Remuneration Committee constituted earlier by renaming it as Nomination and Remuneration Committee on 29th May, 2014.

The Committee shall comprise of at least 3 Directors, all

of whom shall be Non-Executive Directors and at least half shall be Independent Directors.

The quorum for the meeting of the Nomination and Remuneration Committee shall either be two members or one third of the total strength of the committee, whichever is higher (including at least one Independent Director in attendance).

The Chairman of the Committee shall be an Independent Director.

The Nomination and Remuneration Committee shall meet at least once in a year.

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

#### IV Definitions

- Board means Board of Directors of the Company.
- Directors mean Directors of the Company.
- Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- Company means Facor Alloys Limited.
- Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
- Key Managerial Personnel (KMP) means-
  - Chairman and Managing Director
  - Joint Managing Director;
  - Dy. Chief Financial Officer;
  - Company Secretary;
- Senior Management personnel means personnel of the Company occupying the position of Chief Executive (CE) of any unit / division of the Company.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

#### V Applicability

##### The Policy is applicable to

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

#### VI General

- This Policy is divided in three parts viz.,
 

Part – A covers the matters to be dealt with and recommended by the Committee to the Board,

Part – B covers the appointment and nomination; and

Part – C covers remuneration and perquisites etc.
- The key features of this Company's policy shall be included in the Board's Report.

**PART – A****Matters to be dealt with, perused and recommended to the Board by Nomination and Remuneration Committee**

The Committee shall:

- i) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- ii) Formulate the criteria for evaluation of performance of independent directors and the board of directors;
- iii) Extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- iv) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- v) Devise a policy on diversity of board of directors;
- vi) Recommend to the Board, appointment and removal of Director and KMP.

**PART – B****Policy for appointment and Removal of Director, KMP and Senior Management****i) Appointment criteria and qualifications:**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint of any person as Whole-time Director who has attained the age seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement to be annexed to the notice for such motion indicating the justification for appointment, extension of appointment beyond seventy years.
- d) The Company shall not appoint of any person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate justification for appointing such a person.

**ii) Term / Tenure:**

- a) Managing Director/Whole-time Director:
  - The Company shall appoint or re-appoint any person as its Executive Chairman, Managing

Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

**b) Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves, is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

**c) Evaluation:**

The Committee shall formulate criteria for evaluation of performance of Independent Directors and the Board of Directors.

**d) Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**e) Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**f) Board Diversity:**

The Board of the Company may consciously be drawn in a manner that at least one director from each of the following field is on the Board of the Company.

1. Banking and finance,
2. Legal and general administration,
3. Any other field as may be decided by the Nomination and Remuneration Committee of the Company.

**PART – C****Policy relating to the remuneration for the Wholetime Director, KMP and Senior Management Personnel****a) General:**

- i) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company, wherever required.
- ii) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
- iii) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director. Increments will be effective from 1<sup>st</sup> April, as applicable in respect of a Whole-time Director and other employees of the Company.
- iv) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**b) Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

- i) Fixed pay:  
The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration (with suitable grade) as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites and allowances including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders, wherever required.

**ii) Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of amended Schedule V of the Companies Act, 2013.

**iii) Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed without approval required under the Companies Act, 2013, he / she shall refund such sums to the Company, within two years or such lesser period as may be allowed by the company and until such sum is refunded, hold it in trust for the Company.

**c) Remuneration to Non- Executive / Independent Director:****i) Remuneration / Commission:**

The remuneration / commission shall be fixed as per the provisions of the Companies Act, 2013 and the rules made thereunder.

**ii) Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the amount prescribed under the Companies Act, 2013 from time to time.

**iii) Commission:**

Commission may be paid to the Whole time Directors as may be decided by the Board of Directors within the monetary limit approved by shareholders, computed as per the applicable provisions of the Companies Act, 2013.

**iv) Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

**VII Review**

This policy shall be reviewed at a minimum at least every year to ensure it meets the requirements of legislation and the needs of organization.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**Annexure-4**

Particulars required under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014:

**ANNEXURE 'A' TO THE DIRECTORS' REPORT**

Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

**A. CONSERVATION OF ENERGY**

- |   |   |
|---|---|
| a) Measures taken   | : All Yard/Tower lightings were replaced with LED lightings to save energy. |
| b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy                          | : Not identified.   |
| c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods | : Not measurable  |
| d) Total energy consumption and energy consumption per unit of production in prescribed form 'A'                                  | : Form "A" is inapplicable to Ferro Alloys Industry                         |

**B. TECHNOLOGY ABSORPTION****Research and development**

- |   |   |
|---|---|
| a. Specific areas in which R & D carried out  | : i) Working out a process to recover the metallics entrapped with the High Carbon Ferro Chrome slag by crushing and jigging and experimenting to know the actual percentage of metallics that can be recovered. Reusing this metallics in main process chromium recovery can be improved.<br>ii) In place of Circular pans metal pots were introduced under tap hole to collect the liquid metal since April, 2018 to improve quality of the product and to minimize the generation of mixtures. |
| b. Benefits derived as a result of above R & D                                      | : Quality of the metal has improved and mixture generation is minimized. Other benefits are yet to be established.  |
| c. Future plan of action  | : To increase production of 1 lakh ton per year.  |
| d. Expenditure on Research & Development  | : NIL   |
| e. Technology absorption, adaptation and innovation                                 | :   |
| i) Efforts, in brief, made towards Technology absorption, adaptation and innovation | : Nil   |
| ii) Benefits derived as a result of above efforts                                   | : Nil   |
| iii) Information regarding technology imported during the last five years           | : Nil   |

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- |  |  |
|--|--|
| 1) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans | : Directors undertake foreign travelling to be in constant touch with the overseas market. |
| 2) Total Foreign Exchange used and earned (2018-2019)  | : ( <b>₹ in Lacs</b> )   |
| i) CIF value of imports  | : -  |
| ii) Expenditure in Foreign Currency  | : <b>90.44</b>   |
| iii) Foreign Exchange earned   | : <b>2459.70</b>   |

On behalf of Board of Directors,

## ANNEXURE-5

**Form No. MR-3  
SECRETARIAL AUDIT REPORT**
FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2019

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

To,  
The Members,  
Facor Alloys Limited,  
CIN L27101AP2004PLC043252  
Shreeramnagar, P.O. Garividi,  
Vizianagaram - 535101

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

Regulations, 2009 and 2018 and amendments from time to time; (Not applicable to the Company during the audit period)

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and 2018; (Not applicable to the Company during the audit period)
- (vi) Other laws specifically applicable to the Company namely:
  - a. Mines Act, 1952
  - b. Mines Rules, 1955
  - c. Mines and Minerals (Development & Regulation) Act, 1957
  - d. A.P. Minerals (Prevention of Theft, Smuggling & Illegal Mining and Regulation of Possession, Storage, Trading and Transportation) Rules, 2007
  - e. Metalliferous Mines Regulations, 1961
  - f. The Environment (Protection) Act, 1986
  - g. Air (Prevention and Control of Pollution) Act, 1981 and Rules, 1982
  - h. Water (Prevention and Control of Pollution) Act, 1974 and Rules, 1975.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreement entered into by the Company with BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. There are no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board/ Committee Meetings, agenda was sent at least generally seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are taken unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

I further report that during the audit period no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

For **Umesh Chand Sharma & Co.,**  
Company Secretaries

**Umesh Chand Sharma**  
(Proprietor)

Place: New Delhi  
Date : 27-05-2019

ACS No. 8522; C.P No. 2386

Note: This report is to be read with my letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

## 'Annexure A'

To,

The Members,  
Facor Alloys Limited,  
Shreeramnagar, P.O. Garividi,  
Vizianagaram - 535101

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, Standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Umesh Chand Sharma & Co.,**  
Company Secretaries

**Umesh Chand Sharma**  
(Proprietor)

Place: New Delhi  
Date : 27-05-2019

ACS No. 8522; C.P No. 2386

## MANAGEMENT DISCUSSIONS AND ANALYSIS

### INDUSTRY STRUCTURE, DEVELOPMENT AND OTHER RELATED MATTERS

Ferro chrome is an alloy of chrome and iron with 50% to 68% chrome content primarily used in manufacturing stainless steel. Ferro chrome strengthens and offers corrosion resistance to stainless steel, thereby making it a unique product with multiple applications. Most of the world's ferro chrome is produced in China, South Africa, Kazakhstan and India. China is the world's largest producer of ferro chrome and contributes to more than half of global ferro chrome demand. It is the hub of ferro chrome production heavily dependent on chrome ore imports, primarily from South Africa.

Global ferro chrome production, in line with stainless steel production, grew from 12.36 million tonnes in 2017 to 13.41 million tonnes in 2018, registering a growth of 8.53%. India's ferro chrome production stood at 1.3 million tonnes in 2018 registering a growth of 8.79% from 2017. The country exports 50% of its annual ferro chrome output, primarily to China, South Korea, Japan and Taiwan.

The demand for ferro alloys principally is determined by developments within the Stainless Steel industry. The global stainless steel market size was valued at USD 93.69 billion in 2018 and is expected to witness a CAGR of 5.2% from 2019 to 2025. Rising demand from end-use industries such as automotive, oil and gas, and construction is anticipated to propel the growth. Stainless steel caters to demand from various application segments such as building and construction, heavy industries, consumer goods, and others. Stable Stainless Steel industry scenario augurs well for the ferro alloys industry.

### RISKS AND CONCERNS / OPPORTUNITIES AND THREATS / OUTLOOK

Ferro alloy industry is mainly driven by demand from the steel industry. The global ferro chrome industry is largely dependent on Chinese demand and the stainless steel cycle. China's consumption is met through a combination of domestic production and substantial imports from countries including South Africa, India and Zimbabwe. Other leading importers of ferro chrome are the US, South Korea and the European Union (EU) although the EU and US have witnessed a steady decline in their dependence on imports for ferro chrome in the last decade. The global crude stainless steel production grew by 5.5% to 50.73 million tonnes in 2018 from 48.08 million tonnes in 2017. The global stainless steel market size is projected to expand at a CAGR of over 5% till 2025 from 2018.

Further Company had entered into a Conversion Agreement with M/s. Tata Steel Limited (TSL) for conversion of Chrome Ore into Ferro Chrome. The Agreement is extendable on mutually agreed terms and conditions. This has led to reasonable stability in the business of the Company.

The Indian Ferro Alloys Industry is grappled with various issues, such as non-availability of power with competitive rate, suitable quality and quantity of Chrome Ore/ Coke, minimum duty protection etc. Further Ferro Alloys Industry is purely dependent on the demand for Steel in the country. Cheaper steel imports from countries like China can cause damage to the domestic steel companies which can impact the demand for Ferro Alloys. Highly volatile prices of Chrome

ore also pose a risk to the realizations of the domestic ferro alloys producers. Besides above, the Industry has to compete with the integrated producers having captive mines situated in South Africa, Australia, Brazil, CIS, etc. to sell acceptable quality of Chrome Alloys in the world market for earning the valuable foreign exchange for the country. Further Reductants viz Anthracite Coal, Coke, Charcoal etc. are vital inputs for the Ferro Alloys Industry. The availability of these items in good quality is declining in the country and the Ferro Alloy Industry may have to totally depend on import of these reductants on regular basis. Ferro alloy industry is saddled with the overcapacity issues also. Further the problems of this industry are aggravated because of the high input cost of power. The ferro alloy Industry is a power intensive Industry, the power cost is about 35-40 percent of its total production cost. These issues need to be addressed by the Government to enable the Ferro Alloys Producers to compete in the Domestic as well as International Markets.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Company is continuously endeavoring to maintain high standards of internal control designed to provide adequate assurance on the efficiency of operations and security of its assets. The adequacy and effectiveness of the internal control across various activities, as well as compliance with laid-down systems and policies are comprehensively and frequently monitored by management at all levels of the organization, internal and statutory auditors and based on the experience gained and suggestions received, if any, these are updated, modified and accordingly implemented. The Audit Committee of Board of Directors also reviews these matters from time to time in their meetings.

### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under consideration, Company achieved the highest ever production of 82,340 M.T. as against 73,600 M.T. in the previous year recording a surge of 11.88%.

Exports are at ₹ 124.41 crores as against ₹ 111.01 crores in the previous year and during the year under review foreign currency earnings in rupee terms was ₹ 24.60 crores. The Company derived 34.55% of its total sales from exports.

On account of above and other factors, the profit before tax was at ₹ 17.07 crore as compared to ₹ 1.00 crore in the previous year.

### DETAILS OF SIGNIFICANT CHANGES (I.E. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS THEREFORE

#### a) Key ratios and margins

Particulars	FY 2018-19	FY 2017-18
Debtors turnover ratio	23.73	19.39
Inventory turnover ratio	20.11	15.78
Interest coverage ratio	2.41	1.21
Current ratio	0.61	0.52
Debt equity ratio	-	0.16
Operating profit margin (%) (before exceptional items)	8.53%	5.65%
Net profit margin (%) (after exceptional items)	3.32%	0.93%

**b) Significant change in Financial Ratios**

Particulars	FY 2018-19	FY 2017-18	Changes in %	Reasons for Changes
Inventory Turnover ratio	<b>20.11</b>	<b>15.78</b>	27.00%	Due to lower inventory level and higher sales volume
Interest Coverage ratio	<b>2.41</b>	<b>1.21</b>	100.00%	Due to lower term borrowing and increase in EBITDT
Debt Equity ratio	-	<b>0.16</b>	-100.00%	Due to lower term borrowing
Operating Profit margin (%)	<b>8.53%</b>	<b>5.65%</b>	51.00%	Due to high production and lower pay out of interest
(before Exceptional items)	<b>3.32%</b>	<b>0.93%</b>	258.00%	Due to better sales, lower interest cost etc.

**DETAILS OF CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH DETAILED EXPLANATIONS THEREFORE**

Particulars	FY 2018-19	FY 2017-18	Changes in %	Reasons for Changes
Return on net worth (%) (after Exceptional items)	<b>9.06%</b>	2.32%	<b>290.00%</b>	Due to increase in PAT because of higher sales volume, lower interest cost etc.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT INCLUDING PEOPLE EMPLOYED**

Employees participation schemes such as Central Safety Committee, Quality Circles, Intra department level reviews have been adopted to ensure transparency and open communication at all levels. In house training to employees was imparted focusing on safety, productivity and skills improvement inputs. Multi skills improvement program has been implemented encouraging the trade workmen to learn additional skills. Executives were nominated to various seminars and programs for exposure to the best business practices. Adequate cost consciousness in the minds of all employees has been inculcated to attain the ultimate goal of cost reduction. The overall manpower consisting of workmen, supervisors and managers etc. worked out to 336 excluding indirect employment.

**CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis Report are based upon data available with the Company and on certain assumptions having regard to the economic conditions, government policies, political developments within and outside the country. The management is not in a position to guarantee the accuracy of the assumptions and the projected performance of the Company in future. It is, therefore, cautioned that the actual results may differ from those expressed or implied herein.

**CORPORATE GOVERNANCE REPORT****1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The company follows good business ethics and practices aimed at ensuring growth and prosperity to the corporate entity for the benefit of all the partners constituting it viz. shareholders, promoters, investors, lenders, suppliers, customers, creditors and the work-force, in particular, and the society in general. With this end in view, the Board and Management of the Company has always been following good corporate governance practices of legal compliance, transparency, accountability etc. for efficient conduct of its business.

**2. BOARD OF DIRECTORS**

Name of the Directors	Category	No. of Directorship held in other Public Limited Companies as on 31.03.2019	Names of the other Listed Entities where the Director holds Directorship and the Category of Directorship	No. of Membership/ Chairmanship of Board Committee of other Public Limited Companies as on 31.03.2019	No. of Board Meetings attended	Whether Last AGM attended
Mr. R.K. Saraf Chairman & Managing Director (DIN : 00006102)	Executive*	1	Ferro Alloys Corporation Limited – Chairman & Managing Director, Executive Director	1	4	Yes
Mr. Ashim Saraf Joint Managing Director (DIN : 00009581)	Executive*	3**	Vidarbha Iron and Steel Corporation Limited – Non-Independent Non-Executive	Nil	3	No
Mr. Anurag Saraf Joint Managing Director (DIN : 00009631)	Executive*	4	1. Vidarbha Iron and Steel Corporation Limited – Managing Director, Executive Director 2. Facor Steels Limited – Non-Independent Non-Executive	2	1	No
Mr. Rohit Saraf (DIN : 00003994)	Non-Independent Non-Executive*	2**	1. Vidarbha Iron and Steel Corporation Limited – Non-Independent Non-Executive 2. Ferro Alloys Corporation Limited – Joint Managing Director, Executive Director	1	1	No
Mr. K. Jayabharat Reddy (DIN : 00038342)	Independent Non-Executive	1	TAJ GVK Hotels and Resorts Limited – Independent Non-Executive Director	1	2	No
Mr. A.S. Kapre (DIN : 00019530)	Independent Non-Executive	2	1. Ferro Alloys Corporation Limited – Independent Non-Executive Director 2. Facor Steels Limited – Independent Non-Executive Director	4	4	Yes
Mr. K. L. Mehrotra (DIN : 00062172)	Independent Non-Executive	Nil	Nil	Nil	4	No
Mrs. Urmila Gupta (DIN : 00637110)	Independent Non-Executive	5	1. Ferro Alloys Corporation Limited – Independent Non-Executive Director 2. B.A.G. Films and Media Limited – Independent Non-Executive Director	5	4	No

\* Represents Promoter Group; \*\* Excluding directorship in foreign companies

Mr Ashim Saraf is son of Mr R K Saraf & Mr Rohit Saraf & Mr Anurag Saraf are sons of Mr R K Saraf's brothers.

Mr Rohit Saraf & Mr A S Kapre, Non-Executive Directors are holding 8,72,669 & 1,50,000 equity shares of the company.

The details of familiarization programme imparted to Independent Directors are disclosed in the Website of the company [www.facoralloys.com](http://www.facoralloys.com).

During the period under review, no Independent Director of the Company has resigned, before the expiry of his term of appointment. Further in the opinion of the Board the independent directors of the Company fulfill the conditions specified in SEBI (LODR) Regulations, 2015 and are independent of the management.

During the Financial Year April 2018 to March 2019, four Board Meetings were held on 18/05/2018, 11/08/2018, 12/11/2018 and 13/02/2019.

Chart setting out the skills/ expertise/ competence of the Board of Directors :

The Company is engaged in Iron and Steel Industry. It is having a manufacturing unit with facilities to production of ferro alloys.

The list of core skills/ expertise/ competencies identified by the Board of Directors as required in the context of its aforesaid business for it to function effectively and those actually available with the Board are as follows:

Name of the Director & Category of Directorship	Specific skills/expertise/competence acquired
Mr. R.K. Saraf, Promoter-Executive, Chairman & Managing Director	Rich and versatile experience in the field of ferro alloys, mining, power and corporate management
Mr. Ashim Saraf, Promoter-Executive, Joint Managing Director	Rich and versatile experience in the field of ferro alloys, mining and corporate management
Mr. Anurag Saraf, Promoter-Executive, Joint Managing Director	Rich and versatile experience in the field of Iron and Steel Industry and corporate management
Mr. Rohit Saraf, Promoter-Non-Executive Non-Independent	Rich and versatile experience in the field of ferro alloys, mining, power and corporate management
Mr. K. Jayabharat Reddy, Non-Executive, Independent	Rich and versatile experience in the field of General and Public Administration, industrial management and policy formation
Mr. A.S. Kapre, Non-Executive, Independent	Rich and versatile experience in the field of Project and Corporate Lending, Rehabilitation, Finance and risk management
Mr. K. L. Mehrotra, Non-Executive, Independent	Rich and versatile experience in the field of handling technical and commercial matters and corporate management
Mrs. Urmila Gupta, Non-Executive, Independent	Rich and versatile experience in the field of administration, policy formation and corporate management

### 3. INDEPENDENT DIRECTORS MEETING

The Independent Directors of the Company met on 13<sup>th</sup> February, 2019 without the presence of Non-Independent Directors and members of the Management. At this meeting, the IDs inter alia evaluated the performance of the Non-Independent Directors and the Board of Directors, as a whole, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

Moreover none of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

### 4. COMMITTEES OF THE BOARD

#### A. AUDIT COMMITTEE

##### a) Composition, name of members and Chairman:

The Committee presently consists of 4 Members viz. Mr. K. Jayabharat Reddy, Mr. K.L. Mehrotra, Mr. A.S. Kapre who are Non-Executive Independent Directors of the Company and Mr. R.K. Saraf. The Chairman of the Committee is Mr. K. Jayabharat Reddy.

Mr. K. Jayabharat Reddy is a Post Graduate in Economics Statistics from Delhi School of Economics and Post Graduate in Economics from Madras University.

Mr. K.L. Mehrotra is B.Tech, FIE, MIIM, MII. CHEME and has over 4 decades experience mainly in dealing with technical & commercial matters of Government Organisations in senior level.

Mr. A.S. Kapre is an Engineering and Law Graduate and has over 3 decades experience mainly in Projects and Corporate Lending, Rehabilitation Finance and Risk Management.

Mr. R.K. Saraf is an Industrialist having several years of rich business experience of running the industries.

b) No. of meetings and attendance:

There were four meetings during the year 2018-19 on 18/05/2018, 11/08/2018, 12/11/2018 & 13/02/2019. All four meetings were attended by all members, except Mr K. Jayabharat Reddy, who attended two meetings only.

c) Brief description of terms of reference:

The Committee's terms of reference, authority and powers are in conformity with the requirement of the Section 177 of the Companies Act, 2013, the rules made there under and Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## B. NOMINATION AND REMUNERATION COMMITTEE:

In terms of Section 178 of the Companies Act, 2013 and the Listing Regulations, the composition, name of members and Chairman of "Nomination and Remuneration Committee" is as follows:

a) During the period under review, the Board of Directors at their meetings held on 11/08/2018 & 13/02/2019 respectively had re-constituted the Nomination and Remuneration Committee of the Board by inducting Mr. R. K. Saraf and Mrs. Urmila Gupta as Members of the Committee. The Committee presently consists of 4 Members viz. Mr. R. K. Saraf, Executive Director, Mr. K. L. Mehrotra, Mr. A. S. Kapre and Mrs. Urmila Gupta who are non-executive independent Directors of the Company.

b) The Committee oversees the Company's nomination process for the Directors, Senior Management and specifically to identify, screen and review individuals qualified to serve as Directors and at Senior Management consistent with criteria approved as per the Nomination & Remuneration Policy approved by the Board and to recommend, for approval of the Board, nominees for election at the AGM of the shareholders.

The Committee also reviews the compensation of the Company's Wholetime Directors and senior management. The Committee further coordinates and oversees the annual self-evaluation of the performance of the Board, Committees' and of individual Directors.

c) No. of meetings and attendance:

There were two meetings during the year 2018-19 on 18/05/2018 & 13/02/2019. All two meetings were attended by all members, except Mr R. K. Saraf and Mrs. Urmila Gupta. Mr R. K. Saraf and Mrs. Urmila Gupta attended one meeting each as they were inducted only after 18/05/2018.

d) Brief description of terms of reference:

The Committee's terms of reference, authority and powers are in conformity with the requirement of the Section 178 of the Companies Act, 2013, the rules made there under and Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e) Details of remuneration payable to Managerial Personnel for the year 2018-19:

Name of Directors	Total Remuneration including perquisites in cash	Estimated value of other perquisites in kind	Period of Agreement
1. Mr. R.K. Saraf, CMD	₹17,65,880/-	--	5 years from 01/04/14
2. Mr. Ashim Saraf, JMD	₹19,29,928/-	₹ 1,57,853/-	5 years from 01/04/14
3. Mr. Anurag Saraf, JMD	₹18,54,662/-	₹ 2,89,932/-	5 years from 01/02/18

f) The Non-Executive Directors are paid remuneration by way of sitting fees only for each meeting attended by them. During the year 2018-19, they were paid sitting fees/remuneration as under:

Name of Director	Sitting fees paid	No. of equity shares of Re.1/- each held
1. Mr. A. S. Kapre	₹ 70,000/-*	1,50,000
2. Mr. K. Jaybharat Reddy	₹ 30,000/-*	-
3. Mrs. Urmila Gupta	₹ 45,000/-*	-
4. Mr. K. L. Mehrotra	₹ 75,000/-*	-
5. Mr. Rohit Saraf	₹ 10,000/-	8,72,669
<b>TOTAL</b>	<b>₹ 2,30,000/-</b>	

\* Includes sitting fees paid for attending Committee Meetings.

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

(ii) No notice period is specified for Directors resignation/termination.

**C. STAKEHOLDERS RELATIONSHIP COMMITTEE**

In terms of Section 178 of the Companies Act, 2013 and the Listing Regulations, the Committee reviews and resolves the grievances of the security holders of the Company, including complaints relating to transfer and transmission of securities, non-receipt of dividends, and such other grievances as may be raised by the security holders from time to time.

The Committee presently consists of 3 Members viz., Mr. R. K. Saraf, Mr. Ashim Saraf and Mr. K.L. Mehrotra. The Chairman of the Committee is Mr. K.L. Mehrotra. One meeting of the Committee was held during the year on 13<sup>th</sup> February, 2019.

- |   |     |
|---|-----|
| a) Mr. S. S. Sharma, General Manager (Legal) & Company Secretary of the Company is the Compliance Officer |     |
| b) No. of Shareholders' complaints received during the period 1-4-2018 to 31-3-2019                       | 5   |
| c) No. of complaints not solved to the satisfaction of the Shareholders                                   | Nil |
| d) Number of pending complaints as on 31-3-2019   | Nil |

**D. CONSTITUTION OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)**

In terms of Section 135 of the Companies Act, 2013, the Board has constituted a Corporate Social Responsibility (CSR) Committee to monitor the Corporate Social Responsibility Policy of the Company and the activities included in the policy. The CSR policy of the Company can be accessed at [www.facoralloys.com](http://www.facoralloys.com).

The Committee presently consists of 3 Members viz., Mr. R. K. Saraf, Mr. Ashim Saraf and Mr. K.L. Mehrotra. The Chairman of the Committee is Mr. K.L. Mehrotra.

**Policy for Determining Material Subsidiaries**

In terms of Regulation 24 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has formulated a Policy for Determining Material Subsidiaries and the same is available on the Company's website [www.facoralloys.com](http://www.facoralloys.com).

**Vigil Mechanism**

The Board has approved the Vigil Mechanism that provides a formal mechanism for all Directors, employees and vendors of the Company to approach the Chairman of the Audit Committee of the Company and make protective disclosures about the unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct.

Under the Policy, every Director, employee or vendor of the Company has an assured access to the Chairman of the Audit Committee. Details of the Vigil Mechanism are given in the Directors' Report. Further, the details of vigil mechanism can be accessed at [www.facoralloys.com](http://www.facoralloys.com). No instances of fraud or other irregularities have been observed which need to be reported to the Board/Audit Committee.

**5. GENERAL BODY MEETINGS**

- a) Location and time where last three Annual General Meetings (AGMs) were held

AGM held	Day, date & time	Venue
13 <sup>th</sup> AGM	Thursday, 29 <sup>th</sup> September, 2016 at 03.30 p.m.	Administrative Building, Shreeramnagar-535 101, Garividi, Dist-Vizianagaram (A.P.)
14 <sup>th</sup> AGM	Wednesday, 20 <sup>th</sup> September, 2017 at 11.00 a.m.	Administrative Building, Shreeramnagar-535 101, Garividi, Dist-Vizianagaram (A.P.)
15 <sup>th</sup> AGM	Monday, 17 <sup>th</sup> September, 2018 at 11.30 a.m.	Administrative Building, Shreeramnagar-535 101, Garividi, Dist-Vizianagaram (A.P.)

- b) The following special resolutions were passed in the previous three Annual General Meetings :

29 <sup>th</sup> September, 2016	No special resolution was passed in the Thirteenth Annual General Meeting.
20 <sup>th</sup> September, 2017	<p>I) Keeping the Register of Members with Registrar And Share Transfer Agent of the company u/s 94 of the Companies Act, 2013.</p> <p>II) Re-appointment &amp; Payment of remuneration of Mr Anurag Saraf as Joint Managing Director of the Company</p> <p>III) Issue of 0.01% Redeemable Cumulative Non Convertible Preference Shares on private placement basis</p>

17 <sup>th</sup> September, 2018	I) Re-appointment of Mr K Jayabharat Reddy (DIN 00038342) as Independent Director of the Company II) Re-appointment of Mr A S Kapre (DIN 00019530) as Independent Director of the Company III) Re-appointment of Mr K L Mehrotra (DIN 00062172) as Independent Director of the Company IV) Continuance of Directorship of Mrs Urmila Gupta (DIN 00637110) as Independent Woman Director of the Company V) Re-appointment & Payment of remuneration of Mr R K Saraf (DIN 00006102) as Managing Director of the Company VI) Re-appointment & payment of remuneration of Mr Ashim Saraf (DIN 00009581) as Joint Managing Director of the Company
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- c) Whether any special Resolutions passed last year through postal ballot : No
- d) Person who conducted the postal ballot exercise : NA
- e) Whether any special Resolution is proposed to be conducted through postal ballot this year : No
- f) Procedure for postal ballot : NA

## 6. DISCLOSURES

- a) All transactions entered into with related parties as defined under the Companies Act, 2013 and as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the year were on an arm's length price basis and in the ordinary course of business and with requisite approvals as required. The Board of Directors have approved and adopted a Policy on Related Party Transactions and the same has been uploaded on the website of the Company and can be accessed at: [www.facoralloys.com](http://www.facoralloys.com). There were no materially significant related-party transactions i.e. transactions of the Company of material nature, with its promoters, Directors or the management, their Subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

- b) There were no instances of non-compliance and no penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authorities on any matter related to capital markets during the last year.

- c) Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, the Company has adopted a 'Code of Conduct' for 'Prevention of Insider Trading' (The code) w.e.f. 01.04.2019 as per the approval of Board of Directors in its meeting held on dt-13.02.2019. The code is applicable to all Directors and such designated persons who are expected to have access to unpublished price sensitive information relating to the Company.

Mr. S. S. Sharma, General Manager (Legal) & Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the Regulations.

- d) During the period under review, the Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of SEBI (LODR) Regulations, 2015.
- e) There was no case of not accepting any recommendations of any Committee of the Board which was mandatorily required during the year 2018-19.
- f) The Company has neither issued any debt instruments nor accepted any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the year 2018-19.
- g) The Company has received a certificate from Mr. Umesh Chand Sharma, a Practicing Company Secretary certifying that none of the Directors of the Company are debarred or disqualified from being appointed or continuing as Directors of the Companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The said certificate is annexed herewith as a part of the report.
- h) The details of the total fees of all services paid by the Company and its Subsidiaries, on a consolidated basis, to M/s K. K. Mankeshwar & Co, Statutory Auditors and all the entities in the network firm/network entity of which the statutory auditor is a part, are as under:-

₹ in Lacs

Payment to Statutory Auditors	2.75
Other Services	0.97
Reimbursement of expenses	1.05
<b>Total</b>	<b>4.77</b>

- i) The Company has in place a policy for prevention, prohibition and redressal of sexual harassment at workplace in line with the requirements of the Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013. Prevention of Sexual Harassment at workplace Committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under this Policy. There were no complaints at the beginning of the year i.e. as on 1st April, 2018. During the year the Company has not received any complaint and no complaints were pending as on 31st March, 2019.
- j) The Company has complied with the requirements, as specified in Para 2 to 10 of Part C of Schedule V of the SEBI (LODR) Regulations, 2015.

## 7. MEANS OF COMMUNICATION

- a) Quarterly results are communicated through newspaper advertisement.
- b) The quarterly results are published in the "Financial Express" and "Praja Sakti" newspapers.
- c) We have Website for displaying results.
- d) No presentation is made to institutional investors or to the analyst.
- e) No official news releases are displayed in the website of the company.

## 8. GENERAL SHAREHOLDER INFORMATION

- i) AGM-Date, Time and Venue:

Date	Time	Venue
28 <sup>th</sup> September, 2019	16:00 Hrs.	Administrative Building, Shreeramnagar - 535 101, Garividi; Dist: Vizianagaram, Andhra Pradesh.

- ii) The particulars of Directors seeking appointment/re-appointment/retiring by rotation at the ensuing Annual General Meeting as required under Regulation 36 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 are as under :

A	NAME	MR. R. K. Saraf	MR. Ashim Saraf	MR. Anurag Saraf
B	Brief resume			
i)	DIN	00006102	00009581	00009631
ii)	Date of Birth	04 <sup>th</sup> July, 1942	27 <sup>th</sup> September, 1967	17 <sup>th</sup> May, 1971
iii)	Date of first appointment on the Board of the Company	01st Aug, 2004	01st Aug, 2004	15th Jan, 2013
iv)	Qualification	Studied upto B.Sc.	M.Sc. (Tech) S.T.D. from the Birla Institute of Technology and Sciences, Pilani	B.E. (Electrical)
v)	Experience in specific functional area	Ferro Alloys, Mining, Power & Corporate Management	Ferro Alloys & Corporate Management	Iron & Steel Industry and Corporate Management
C	Terms and conditions of appointment or re-appointment	As per the resolution at Item No. 5 of the Notice convening Annual General Meeting dated 14.08.2019 read with explanatory statement thereto	As per the resolution at Item No. 6 of the Notice convening Annual General Meeting dated 14.08.2019 read with explanatory statement thereto	As per the resolution at Item No. 7 of the Notice convening Annual General Meeting dated 14.08.2019 read with explanatory statement thereto
D	Remuneration last drawn (including sitting fees for FY 2018-19, if any) (per annum)	Details of remuneration is provided elsewhere in this report		
E	Remuneration/ Sitting fees proposed to be paid	As per details given in Annexure A forming part of the explanatory statement		
F	Nature of expertise in specific functional areas	More than four decades rich & versatile experience in ferro alloys, mining, power and corporate management	Several years rich & versatile experience in Ferro Alloys & Corporate Management	Several years rich & versatile experience in Iron & Steel Industry and Corporate Management

<b>G</b>	Name(s) of other Listed entities in which the person holds the Directorship	Ferro Alloys Corporation Limited	Vidarbha Iron and Steel Corporation Limited	1. Vidarbha Iron and Steel Corporation Limited 2. Facor Steels Limited
<b>H</b>	Chairman/Member of the Committee of the Board of Directors of the Company	1. Audit Committee 2. Stakeholder's Relationship Committee 3. Nomination & Remuneration Committee 4. Corporate Social Responsibility Committee	1. Stakeholder's Relationship Committee 2. Corporate Social Responsibility Committee 3. Committee for Prevention of Sexual Harassment at workplace	NIL
<b>I</b>	Chairman/ Member of the Committee of the Board of Directors of other Companies in which he is a Director.	<b>Ferro Alloys Corporation Limited</b> 1. Stakeholder's Relationship Committee 2. Corporate Social Responsibility Committee	NIL	<b>Facor Steels Limited</b> 1. Audit Committee 2. Stakeholder's Relationship Committee
<b>J</b>	No. of Shares of ₹ 1/- each held by the Directors	2256	17008	2507354
<b>K</b>	Relationship with Directors inter-se (As per Section 2 (77) of the Companies Act, 2013 read with The Companies (Specification of definitions details) Rules, 2014)	Mr R K Saraf is father of Mr Ashim Saraf	Mr Ashim Saraf is son of Mr R K Saraf	None
<b>L</b>	No. of Board Meetings held/ attended during the year	4/4	3/4	1/4

<b>A</b>	<b>NAME</b>	<b>MR. Rohit Saraf</b>	<b>MRS. Urmila Gupta</b>
<b>B</b>	<b>Brief resume</b>		
i)	DIN	00003994	00637110
ii)	Date of Birth	16 <sup>th</sup> Dec, 1966	12 <sup>th</sup> Jan, 1944
iii)	Date of first appointment on the Board of the Company	12th Aug, 2016	13 <sup>th</sup> February, 2015
iv)	Qualification	B.Com.	M.A. English Literature
v)	Experience in specific functional area	Ferro Alloys, Mining, Power & Corporate Management	Rich experience in Corporate Management, Administration & policy formulation
<b>C</b>	Terms and conditions of appointment or re-appointment	As per the resolution at Item No. 2 of the Notice convening Annual General Meeting dated 14.08.2019 read with explanatory statement thereto	As per the resolution at Item No. 4 of the Notice convening Annual General Meeting dated 14.08.2019 read with explanatory statement thereto
<b>D</b>	Remuneration last drawn (including sitting fees for FY 2018-19, if any) (per annum)	Details of remuneration is provided elsewhere in this report	

<b>E</b>	Remuneration/ Sitting fees proposed to be paid	Sitting Fees shall be paid within the prescribed limits provided under the Act	
<b>F</b>	Nature of expertise in specific functional areas	Several years rich and versatile experience in the field of Ferro Alloys, Mining, Power and Corporate Management	More than four decades rich & versatile experience in the area of management, administration and policy formulation
<b>G</b>	Name(s) of other Listed entities in which the person holds the Directorship	1. Vidarbha Iron and Steel Corporation Limited 2. Ferro Alloys Corporation Limited	1. Ferro Alloys Corporation Limited 2. B.A.G. Films and Media Limited
<b>H</b>	Chairman/Member of the Committee of the Board of Directors of the Company	NIL	1. Nomination & Remuneration Committee 2. Committee for Prevention of Sexual Harassment at workplace
<b>I</b>	Chairman/ Member of the Committee of the Board of Directors of other Companies in which he is a Director.	<b>Ferro Alloys Corporation Limited</b> 1. Stakeholder's Relationship Committee	<b>Ferro Alloys Corporation Limited</b> 1. Nomination & Remuneration Committee 2. Committee for Prevention of Sexual Harassment at workplace <b>B.A.G. Films &amp; Media Ltd.</b> 1. Audit Committee 2. Stakeholder's Relationship Committee 3. Nomination & Remuneration Committee 4. Risk Management Committee 5. Securities Committee <b>News24 Broadcast India Limited</b> 1. Audit Committee 2. Nomination & Remuneration Committee <b>Skyline Radio Network Limited</b> 1. Audit Committee 2. Nomination & Remuneration Committee <b>E24 Glamour Ltd.</b> 1. Audit Committee 2. Nomination & Remuneration Committee 3. Corporate Social Responsibility Committee
<b>J</b>	No. of Shares of ₹ 1/- each held by the Directors	872669	NIL
<b>K</b>	Relationship with Directors inter-se (As per Section 2(77) of the Companies Act, 2013 read with The Companies (Specification of definitions details) Rules, 2014)	None	None
<b>L</b>	No. of Board Meetings held/ attended during the year	1/4	4/4

- iii) Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March
- iv) Date of Book closure from : Sunday, 22<sup>nd</sup> September, 2019 to Saturday, 28<sup>th</sup> September, 2019  
(both days inclusive)
- v) Dividend payment date : Not Applicable
- vi) Listing on Stock Exchange and Stock Code : The Bombay Stock Exchange Ltd., 532656  
The company has paid the listing fees for the F.Y. 2018-19 to BSE

- vii) Market price data-High/Low (based on the closing prices) and volume during each month in the financial year 2018-19 and performance in comparison to Broad based BSE-SENSEX index during the said financial year as downloaded from BSE website are as under:

Month	Bombay Stock Exchange (Rupees)			BSE Sensex	
	High	Low	Volume (No. of shares)	High	Low
April 2018	2.60	1.83	32,99,698	35,213.30	32,972.56
May 2018	2.86	1.54	40,24,220	35,993.53	34,302.89
June 2018	2.79	2.12	27,67,028	35,877.41	34,784.68
July 2018	2.31	1.78	14,47,107	37,644.59	35,106.57
August 2018	2.77	2.14	37,66,780	38,989.65	37,128.99
September 2018	2.51	1.90	17,36,929	38,934.35	35,985.63
October 2018	2.13	1.71	24,06,972	36,616.64	33,291.58
November 2018	2.58	1.93	21,48,296	36,389.22	34,303.38
December 2018	2.36	1.95	10,72,757	36,554.99	34,426.29
January 2019	2.27	1.82	15,19,541	36,701.03	35,375.51
February 2019	2.20	1.75	11,54,702	37,172.18	35,287.16
March 2019	2.28	1.80	17,89,804	38,748.54	35,926.94

- viii) Registrar & Transfer Agent (RTA):

The Company has appointed M/s Skyline Financial Services Private Ltd, D-153A, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase I, New Delhi-110020 as its Registrar and Share Transfer Agent for handling the share registry work in terms of both physical and electronic (Dematerialisation of shares). Accordingly, the shareholders are required to approach M/s Skyline Financial Services Private Ltd, for all work relating to the Company's shares including transfer and transmission of shares, issue of duplicate share certificates, splitting, consolidation and replacement of share certificates as well as for dematerialisation of shares held in the company. The shareholders are also requested to send all correspondence relating to company's shares to M/s Skyline Financial Services Private Ltd.

- ix) Share Transfer System:

All valid transfer deeds received from the shareholders/investors are registered with the approval of the share transfer committee constituted by the Board of Directors of the Company and the share certificates after endorsement are generally returned by registered post within 15 days from date of lodgment of transfer deeds. The deficient transfer documents are returned to the sender with objection memos for making good the shortcomings.

SEBI has notified vide Circular No. SEBI/HO/MIRSD/DOP1/CIR/2018/P/73 dated 20th April, 2018 and No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/115 dated 16th July, 2018 that except in case of transmission or transposition of securities, requests for effecting the transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. Essentially, the shares in physical mode cannot be transferred after enhanced date 31st March 2019. However, the shareholders shall hold shares in physical form but shall not be allowed to transfer the shares.

The Company's shares can be dematerialized with the Depositories namely CDSL or NSDL through the Depository Participants.

Further pursuant to SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018, in which it has directed to all the Listed Companies to mandatorily record the PAN and Bank Account details of all the shareholders holding shares in physical mode. In this connection, the company has sent letters to the shareholders, who are holding shares in physical mode.

- x) a) Distribution of shareholding as on 31.03.2019:

No. of equity shares held	No. of shareholders	No. of shares held	% of issued share Capital
1 to 500	24473	3157702	1.62
501 to 1000	4715	4357008	2.23
1001 to 2000	2838	4859428	2.49
2001 to 3000	1293	3511136	1.80
3001 to 4000	641	2382614	1.22
4001 to 5000	1011	4941100	2.53
5001 to 10000	1475	11739214	6.00
10001 and above	1631	160599153	82.11
Total	38077	195547355	100.00
Physical Mode		330801	0.17
Electronic Mode		195216554	99.83

## b) Categories of shareholders as on 31.03.2019 :

S. No.	Categories	No. of shares held	Percentage
a.	Promoters, their relatives, associates etc.	86608728	44.29
b.	Financial Institutions	34020	0.02
c.	State Government Company/State Financial Corporation	4046	-
d.	Nationalised Banks	2516	-
e.	Bodies Corporate	5014368	2.56
f.	Others	103883677	53.13
	<b>Total:</b>	<b>195547355</b>	<b>100.00</b>

xi) Dematerialization of shares and liquidity:

99.83 % of the share capital has been dematerialized as on 31st March, 2019.

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

## xiii) Plant location: Shreeramnagar-535 101, Garividi, Dist: Vizianagaram, Andhra Pradesh

## xiv) Address for correspondence:

## a) For matters relating to Company's shares:

M/s Skyline Financial Services Private Ltd, D-153A, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase I, New Delhi-110020

## b) For other matters:

FACOR Alloys Ltd

Shreeramnagar-535101, Garividi; Dist: Vizianagaram,  
Andhra Pradesh.

xv) The policies on dealing with related party transactions and determining material subsidiaries are disclosed in the website of the company [www.facoralloys.com](http://www.facoralloys.com).

## xvi) Commodity price risk or foreign exchange risk &amp; hedging activities :

The company is resorting to natural hedges across transactions, i.e., netting off of inflows and outflows and hedging the net flows will not be resorted to.

## xvii) Compliance with Discretionary Requirements :

- The Board has duly reviewed the Statutory Auditors' Reports on the Standalone / Consolidated accounts for the year ended 31st March, 2019 and has noted that the same do not have any qualifications except qualification on default in repayment of the devolved SBLC amount to the Bank of India in Standalone accounts as mentioned in the Directors' Report.
- The company has appointed a third party firm as the Internal Auditors which carry out the audit and the report is presented to the Audit Committee for review and further directions.

**9. COMPLIANCE:**a) **Disclosure under Regulation 30 and 46 of SEBI Listing Regulations regarding certain agreements with the media companies:**

Pursuant to the requirement of Regulation 30 of the SEBI Listing Regulations, the Company would like to inform that no agreement(s), back treaties/ contracts/agreements/ MoUs or similar instruments with media companies and/or their associates have been entered with media companies and/or their associates which has resulted/ will result in any kind of shareholding in the Company and consequently any other related disclosures viz., details of nominee(s) of the media companies on the Board of the Company, any management control or potential conflict of interest arising out of such agreements, etc. are not applicable.

b) **Accounting treatment in preparation of financial statements:**

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Accounting Standards) Rules, 2015.

**10. INVESTOR SAFEGUARDS AND OTHER INFORMATION:**a) **Registration of Email Addresses:**

Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing Circulars 17/2011 and 18/2011 dated 21<sup>st</sup> April, 2011 read with Circular bearing No. CIR/CFD/DIL/7/2011 dated 05.10.2011 of SEBI, whereby Companies are permitted to send Notices/documents including Annual Report comprising Balance Sheet, Statement

of Profit & Loss, Directors Report, Auditors Report etc. in electronic mode (hereinafter 'documents'), provided the Company has obtained email addresses of its members for sending these documents through email by giving an advance opportunity to every shareholder to register their email address and changes therein from time to time with the Company.

Accordingly, shareholders holding shares in physical form are requested to register their email addresses and changes therein from time to time, by directly sending the relevant email address along with details such as name, address, folio no., no. of shares held to the Registrars and Share Transfer Agent, M/s Skyline Financial Services Private Ltd, D-153A, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase I, New Delhi-110020.

In respect of shares held in electronic form, the email address along with DP ID / Client ID and other shareholder details as mentioned above should be registered by the shareholders with their respective Depository Participants. Upon registration of the email address, the Company proposes to send notices and documents, in electronic form, to such shareholders.

**b) Registration of National Electronic Clearing Services (NECS) / Electronic Clearing Services (ECS) mandate:**

NECS/ECS facility ensures timely remittance of dividend without possible loss / delay in postal transit. Shareholders/ Members holding shares in electronic form may register their NECS/ECS details with the respective DPs and Shareholders / Members holding shares in physical form may register their NECS/ECS details with the Registrars and Share Transfer Agents, to receive dividends, if declared, via the NECS / ECS mode.

**c) Updation of Address / Bank Details /PAN no. etc. :**

To receive all communications/corporate actions promptly, shareholders holding shares in dematerialized form are requested to please update their address / bank details/PAN no. with the respective DPs and in case of physical shares, the updated details have to be intimated to the Registrar & Share Transfer Agents.

**d) Consolidation of multiple folios (in respect of physical shareholding):**

Members are requested to consolidate their shareholdings under multiple folios to eliminate the receipt of multiple communications and this would ensure that future correspondence / corporate benefits could then be sent to the consolidated folio.

**e) Compliances of mandatory requirements and adoption of the non mandatory requirements**

The Company has complied with all the mandatory requirements and the following non-mandatory requirement:

The statutory financial statements both Standalone/Consolidated of the Company are not in qualifying nature.

**11. NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT**

None

**12. THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF LISTING REGULATIONS**

**I. Disclosure on website in terms of Listing Regulations**

Item	Compliance status (Yes/No/NA)
Details of business	Yes
Terms and conditions of appointment of independent directors	Yes
Composition of various committees of Board of Directors	Yes
Code of conduct of Board of Directors and senior management personnel	Yes
Details of establishment of vigil mechanism/ Whistle Blower Policy	Yes
Criteria of making payments to non-executive directors	Yes
Policy on dealing with related party transactions	Yes
Policy for determining 'material' subsidiaries	Yes
Details of familiarization programmes imparted to independent directors	Yes
Contact information of the designated officials of the listed entity	
who are responsible for assisting and handling investor grievances	Yes
E-mail address for grievance redressal and other relevant details	Yes
Financial results	Yes
Shareholding pattern	Yes
Details of agreements entered into with the media companies and/or their associates	NA
New name and the old name of the listed entity	NA

**II. Annual Affirmations**

Particulars	Regulation Number	Compliance status (Yes/No/NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	No
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of Risk Management Committee	21(1),(2),(3),(4)	NA
Vigil Mechanism	22	Yes
Policy for Related Party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2),(3)	Yes
Approval for material related party transactions	23(4)	Yes
Composition of Board of Directors of unlisted material subsidiary	24(1)	NA
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	NA
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non- Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes
Other Corporate Governance requirements	27	Yes

**DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT**

As provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed Compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2019.

Place : Noida, U.P.

Date : 14<sup>th</sup> August, 2019

**R.K. Saraf**

Chairman & Managing Director

**CERTIFICATE**

Based on my verification of books, papers, forms and Returns filed and other records maintained by the Facor Alloys Limited ("The Company") and also the information provided by its officers, agents and authorized representatives during the conduct of Secretarial Audit of the Company, I hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such authority as on 31<sup>st</sup> March, 2019.

For **Umesh Chand Sharma & Co.,**  
Company Secretaries

**Umesh Chand Sharma**

(Proprietor)

Place : New Delhi

Date : 24<sup>th</sup> July, 2019

ACS No. 8522, C.P. No. 2386

## CERTIFICATION BY CMD AND DY CFO

To the Board of Directors  
**Facor Alloys Limited**

We have reviewed the financial statements and the cash flow statement of Facor Alloys Ltd. for the year ended 31st March, 2019 and that to the best of our knowledge and belief:

- [a] [i] These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- [ii] These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- [b] There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- [c] We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- [d] We have indicated to the Auditors and the Audit Committee that :
  - [i] There have been no significant changes in internal control over financial reporting during the year;
  - [ii] There have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - [iii] There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Noida, U.P.  
Date : 15<sup>th</sup> May, 2019

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

**O. P. Saraswat**  
Dy CFO

## CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
**Facor Alloys Limited**

I have examined the compliance of the conditions of Corporate Governance by Facor Alloys Limited ("the Company") for the year ended on 31 March 2019, as stipulated under Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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

In my opinion and to the best of my information and according to my examination of the relevant records and the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations for the year ended on 31 March 2019.

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

For **Umesh Chand Sharma & Co.,**  
Company Secretaries

Place : New Delhi  
Date : 24th July, 2019

**Umesh Chand Sharma**  
(Proprietor)  
ACS No. 8522, C.P. No. 2386

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF FACOR ALLOYS LIMITED

#### Report on the audit of the Standalone Financial Statements

##### Opinion

We have audited the accompanying Standalone financial statements of FACOR ALLOYS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including other comprehensive income), Statement of changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising loss and other comprehensive income), the profit, changes in equity and its cash flows and for the year then ended on that date.

##### Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the Standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of management and those charged with governance for the Standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

#### Auditor's responsibilities for the audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone financial statements, including the disclosures, and whether the Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of changes in equity and the statement of Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 31st March, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company has disclosed the impact of pending litigations on its financial position in note no.36 in its standalone financial statements.
    - ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
    - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**ABHAY UPADHYE**

*Partner*

Membership No. 049354

For and on behalf of

**K.K. MANKESHWAR & CO.**

*Chartered Accountants*

Place: Noida

Date : 17<sup>th</sup> May, 2019

Firm's Registration No. 106009W

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

The Annexure referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirement" section of our Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended March 31, 2019, we report that:

**1. In respect of Company's Fixed Asset**

- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed Assets.
- b. The company has a regular programme of physical verification of fixed assets. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the company and the nature of its asset.
- c. The title deeds of immovable property are in name of erstwhile pre-demerged company. The immovable properties are transferred by virtue of BIFR Order No.314/98 dated 13th April 2004. The immovable properties acquired subsequent to demerger are held in the name of the company.

**2. Physical verification of the inventory has been conducted at reasonable intervals by the management. No material discrepancies were noticed.**
**3. According to the information and explanation given to us, the Company has granted unsecured loans to bodies corporate, covered in the register maintained under Section 189 of Companies Act, 2013, in respect of which:**

- a. The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the company's interest.
- b. The schedule of repayment of principle and payment of interest has been stipulated and found that repayments or receipts of principle amounts and interest have been regular as per stipulations.

**4. In our opinion and according to the information and explanation given to us the company has complied with the provision of section 185 and 186 of the Act in respect of loans, making investments and providing guarantees and securities, as applicable.**
**5. According to the information and explanation given to us, the Company has not accepted any deposits during the year.**
**6. The maintenance of cost records has been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act 2013 for the business activities carried out by the company and we are of opinion that prima facie such accounts and records have been made and maintained**
**7. According to the information and explanation given to us, in respect of statutory dues:**

- a) The Company has generally been regular in depositing undisputed statutory dues, including

Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

- b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2019 on account of dispute are given below:

Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount ₹ in lakhs*
Service Tax	CESTAT Hyderabad, Commissioner (Appeals) Visakhapatnam,	2012 – 2013, 2013 – 2014, 2015 – 2016	48.95
		2009 – 2010, 2015 – 2016	18.64
Custom Duty	A.P.High Court, Hyderabad	1988 – 1989	158.34
Sales Tax	A.P. High Court, Hyderabad, APSTAT – Visakhapatnam	2009 – 2010,	21.27
		2010 – 2011, 2011 – 2012, 2012 – 2013,	8.51
Income Tax	Addnl. Comm. IT (Appeals), Visakhapatnam	2009 – 2010, 2010 – 2011, 2012-2013	67.00

\* Amount is net of payment under protest

**8. The company has defaulted in repayment of Rs.2104.61 lakhs as on 31st March, 2019 (Previous year Rs. 3605.74) to the Bank of India against devolvement of SBLC amounting to Rs.6089.76 lakhs on 3rd August 2015 provided by the bank for the term loan by the overseas lender to one of the overseas subsidiary of the company. The devolved amount is secured by the first charge on the fixed assets of the company by deposit of title deeds in respect of immovable properties.**

The company has received demand notice dated 20th February 2017 from the lender of Cati Madencilik Ithalat Ve Ihracat A.S. (Tier II subsidiary) against the corporate guarantee given by Facor Alloys Limited towards its borrowing amount USD 1.5 million. The lender has offered one time settlement (OTS) vide its letter dated 17.01.2019 for payment of USD 1.188 million.

**9. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loan during the year. Accordingly, clause (ix) of the paragraph 3 of the Order is not applicable.**

10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. In our opinion and according to the information and explanation given to us, the company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.
12. As the Company is not a Nidhi Company, accordingly clause (xii) of paragraph 3 of the order is not applicable to the Company.
13. According to the information and explanation given to us, all transaction with related parties are in compliance with section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Standalone Financial Statement etc., as required by the applicable accounting standards.
14. According to the information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year and hence reporting under clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of the paragraph 3 of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**ABHAY UPADHYE**

*Partner*

Membership No. 049354

For and on behalf of

**K.K. MANKESHWAR & CO.**

*Chartered Accountants*

Place : Noida

Date : 17<sup>th</sup> May, 2019

Firm's Registration No. 106009W

**"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF FACOR ALLOYS LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Facor Alloys Limited as of March 31, 2019 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the

internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that

transactions are recorded as necessary to permit preparation of Standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**ABHAY UPADHYE**

*Partner*

Membership No. 049354

For and on behalf of

**K.K. MANKESHWAR & CO.**

*Chartered Accountants*

Place : Noida

Date : 17<sup>th</sup> May, 2019

Firm's Registration No. 106009W

**BALANCE SHEET AS AT 31 MARCH 2019**

(₹ in Lakhs)

	Note No.	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4	14,952.39	16,766.73
Investments in Subsidiaries and Associates	5	-	-
Financial Assets			
(i) Investments	6	1.57	809.27
(ii) Other Non-Current Financial Assets	7	2,577.27	1,130.41
Deferred Tax Asset (Net)	8	1,594.23	1,924.24
Long Term Loans and Advances	9	12.50	-
<b>Total Non-Current Assets</b>		<b>19,137.96</b>	<b>20,630.65</b>
<b>Current Assets</b>			
Inventories	10	1,439.00	2,142.11
Financial Assets			
(i) Trade Receivables	11	1,194.25	1,840.67
(ii) Cash and Cash Equivalents	12	836.31	139.51
(iii) Other Bank Balances	13	570.00	6.38
(iv) Other Current Financial Assets	14	1,001.07	1,078.27
Current Tax Assets (Net)	15	772.04	473.02
Other Current Assets	16	544.85	655.59
Assets Classified as Held for Sale	17	1,779.83	-
<b>Total Current Assets</b>		<b>8,137.35</b>	<b>6,335.55</b>
<b>Total Assets</b>		<b>27,275.31</b>	<b>26,966.20</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	18	1,955.48	1,955.48
Other Equity	19	11,816.49	10,703.71
<b>Total Equity</b>		<b>13,771.97</b>	<b>12,659.19</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	20	-	1,994.88
Provisions	21	132.58	166.63
<b>Total Non-Current Liabilities</b>		<b>132.58</b>	<b>2,161.51</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	22	4,687.17	4,851.32
(ii) Trade Payables			
Micro Small and Medium Enterprises	23	33.92	-
Others	23	2,082.66	2,467.28
(iii) Other Financial Liabilities	24	3,184.92	2,907.82
Other Current Liabilities	25	2,113.71	732.81
Provisions	26	1,268.38	1,186.27
<b>Total Current Liabilities</b>		<b>13,370.76</b>	<b>12,145.50</b>
<b>Total Liabilities</b>		<b>13,503.34</b>	<b>14,307.01</b>
<b>Total Equity and Liabilities</b>		<b>27,275.31</b>	<b>26,966.20</b>
Notes to Financial Statements	1 to 44		

The accompanying notes are an integral part of these financial statements.  
As per our report of even date.

For and on behalf of the Board of Directors

**Abhay Upadhye**

Partner

(Membership No. 049354)

**For K.K. Mankeshwar & Co.**

Chartered Accountants

(Firm's Regn. No. 106009W)

**O.P. Saraswat**

Dy. Chief Financial Officer

**R.K. Saraf**

Chairman &amp; Managing Director

(DIN: 00006102)

**S.S. Sharma**General Manager (Legal)  
& Company Secretary**Ashim Saraf**Joint Managing Director  
(DIN: 00009581)

Place: Noida, U.P.

Date: 17th May, 2019

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019** (₹ in Lakhs)

Particulars	Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Revenue</b>			
Revenue from Operations	27	<b>36,104.24</b>	31,319.97
Other Income	28	<b>440.44</b>	359.99
<b>Total Income</b>		<b>36,544.68</b>	31,679.96
<b>Expenses</b>			
Cost of Materials Consumed		<b>10,642.60</b>	11,512.61
Change in Inventory of Finished Goods and Work in Progress	29	<b>1,087.40</b>	(962.48)
Excise Duty Expenses		-	169.77
Employee Benefits Expense	30	<b>2,108.72</b>	2,022.59
Finance Costs	31	<b>1,363.63</b>	1,664.36
Depreciation and Amortisation Expense	32	<b>217.52</b>	246.94
Other Expenses	33	<b>19,417.65</b>	16,926.49
<b>Total Expenses</b>		<b>34,837.52</b>	31,580.28
<b>Profit/ (Loss) Before Tax and Exceptional Items</b>		<b>1,707.16</b>	99.68
<b>Exceptional Items</b>			
A) Profit / (Loss) on Sale of Investment		<b>(132.20)</b>	(548.44)
B) Profit / (Loss) on Sale/Discard of Fixed Asset		<b>1.45</b>	435.93
<b>Profit/ (Loss) Before Tax</b>		<b>1,576.41</b>	(12.83)
<b>Tax Expense:</b>			
Current Tax/Mat	34	<b>4.01</b>	-
Tax for earlier years		-	-
Deferred Tax		<b>375.30</b>	(302.86)
<b>Profit/ (Loss) for the Period (A)</b>		<b>1,197.10</b>	290.03
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified subsequently to Profit and Loss</b>			
Remeasurement of defined benefit plans		<b>(129.61)</b>	23.35
Deferred Tax relating to remeasurement of defined benefit plans		<b>(45.29)</b>	8.08
<b>Total Other Comprehensive Income for the Period (B)</b>		<b>(84.32)</b>	15.27
<b>Total Comprehensive Income for the Period (A + B)</b>		<b>1,112.78</b>	305.30
<b>Earnings per Equity Share</b>	35		
Basic		<b>0.61</b>	0.15
Diluted		<b>0.61</b>	0.15
Notes to Financial Statements	1 to 44		

The accompanying notes are an integral part of these financial statements.  
As per our report of even date.

For and on behalf of the Board of Directors

**Abhay Upadhye**  
Partner  
(Membership No. 049354)  
**For K.K. Mankeshwar & Co.**  
Chartered Accountants  
(Firm's Regn. No. 106009W)

**O.P. Saraswat**  
Dy. Chief Financial Officer

**R.K. Saraf**  
Chairman & Managing Director  
(DIN: 00006102)

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

**Ashim Saraf**  
Joint Managing Director  
(DIN: 00009581)

Place: Noida, U.P.  
Date: 17th May, 2019

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

## (a) Equity Share Capital

₹ in Lakhs)

For the year ended	
31 March 2019	31 March 2018
Amount	Amount
1,955.48	1,955.48
-	-
<u>1,955.48</u>	<u>1,955.48</u>

At the beginning of the year  
Changes in Equity Share Capital during the year  
**At the end of the year**

## (b) Other Equity

	Reserves & Surplus				Other Comprehensive Income	Total Other Equity
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Equity Portion of Borrowings	
<b>Balance at 1 April 2017</b>	8,700.51	2,667.52	250.00	(1,207.72)	2.32	10,384.09
Profit for the year	-	-	-	290.03	14.32	319.62
Other comprehensive Income/ (Loss) for the year	-	-	-	-	-	-
<b>Total Comprehensive Income for the year</b>	-	-	-	290.03	14.32	319.62
<b>Balance at 31 March 2018</b>	8,700.51	2,667.52	250.00	(917.69)	16.64	10,703.71
Profit for the year	-	-	-	1,197.10	-	1,197.10
Other Comprehensive Income for the year	-	-	-	-	-	(84.32)
<b>Total Comprehensive Income for the year</b>	-	-	-	1,197.10	-	1,112.78
<b>Balance at 31 March 2019</b>	8,700.51	2,667.52	250.00	279.41	16.64	11,816.49

The accompanying notes are an integral part of these financial statements.

As per our report of even date.

**Abhay Upadhye**

Partner

(Membership No. 049354)

**For K.K. Mankeshwar & Co.**

Chartered Accountants

(Firm's Regn. No. 106009W)

Place: Noida, U.P.

Date: 17th May, 2019

For and on behalf of the Board of Directors

**R.K. Saraf**

Chairman &amp; Managing Director

(DIN: 00006102)

**S.S. Sharma**General Manager (Legal)  
& Company Secretary**Ashim Saraf**Joint Managing Director  
(DIN: 00009581)

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2019**

(₹ in Lakhs)

	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>A Cash flows from Operating Activities</b>		
Net Profit/ (Loss) after Prior Period Items and Before Tax	1,576.41	(12.83)
Adjustments For:		
a) Interest Income	(167.98)	(133.39)
b) Depreciation	217.52	246.94
c) Provision for Doubtful Advances	0.81	1.47
d) Loss on Sale of Investment	132.20	548.44
e) Gain on Sale of Fixed Assets	(1.45)	(435.93)
f) Interest Expense	1,363.63	1,664.36
<b>Operating Cash Profit before Working Capital Changes</b>	<b>3,121.14</b>	<b>1,879.06</b>
Movement in Working Capital:-		
a) Increase/(Decrease) in Trade Payables	(350.70)	360.35
b) Increase/(Decrease) in Other Current Liabilities	1,380.90	370.78
c) Increase/(Decrease) in Other Current Financial Liabilities	277.10	589.10
d) (Increase)/Decrease in Other Non Current Financial Assets	(1,446.86)	(421.34)
e) (Increase)/Decrease in Provisions	(81.55)	(78.87)
f) (Increase)/Decrease in Other Current Financial Assets	(486.08)	(152.48)
g) (Increase)/Decrease in Inventories	703.11	(329.72)
h) (Increase)/Decrease in Trade Receivables	646.42	(463.16)
i) (Increase)/Decrease in Other Current Assets	110.74	927.72
i) (Increase)/Decrease in long term loans & Advances	(12.50)	-
<b>Cash Generated from/ (used in) Operations</b>	<b>3,861.72</b>	<b>2,681.44</b>
Less: Income Tax Paid (Net of Refunds)	(303.03)	(243.28)
<b>Net Cash Generated from/ (used in) Operating Activities(A)</b>	<b>3,558.69</b>	<b>2,438.16</b>
<b>B Cash Flow from Investing Activities:</b>		
(Purchase) of Property, Plant and Equipment and Capital Work in Progress	(187.58)	(22.47)
Net Proceeds of Property, Plant and Equipment and Capital Work in Progress	6.03	438.72
Interest Received	166.83	133.36
Net movement in Investments	675.50	499.98
<b>Net Cash Generated from/ (Used in) Investing Activities (B)</b>	<b>660.78</b>	<b>1,049.59</b>
<b>C Cash Flow from Financing Activities:</b>		
Net proceeds/(Repayment) of Borrowings	(2,159.04)	(2,632.87)
Interest Expense Paid	(1,363.63)	(1,664.36)
<b>Net Cash generated from/ (used in) Financing Activities (C)</b>	<b>(3,522.67)</b>	<b>(4,297.23)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>696.80</b>	<b>(809.48)</b>
Cash and Cash Equivalents at the Beginning of the year	139.51	948.99
<b>Cash and Cash Equivalents at the End of the year</b>	<b>836.31</b>	<b>139.51</b>

The accompanying notes are an integral part of these financial statements.  
As per our report of even date.

For and on behalf of the Board of Directors

**Abhay Upadhye**  
Partner  
(Membership No. 049354)  
**For K.K. Mankeshwar & Co.**  
Chartered Accountants  
(Firm's Regn. No. 106009W)

**O.P. Saraswat**  
Dy. Chief Financial Officer

**R.K. Saraf**  
Chairman & Managing Director  
(DIN: 00006102)

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

**Ashim Saraf**  
Joint Managing Director  
(DIN: 00009581)

Place: Noida, U.P.  
Date: 17th May, 2019

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 1. REPORTING ENTITY

Facor Alloys Limited referred to as "FAL" or "the Company" is domiciled in India. The Company's registered office is at Shreeramnagar, Garividi, Dist. Vizianagram, Andhra Pradesh – 535101.

The Company is listed at Bombay Stock Exchange. At one point of time FAL was one of the India's largest producers and exporters of Ferro Alloys, an essential ingredient for manufacture of Steel and Stainless Steel. FAL was incorporated in 2004 under the Companies Act, 1956.

The standalone financial statements were approved for issue in accordance with a resolution of the Board of Directors of the Company on May 17, 2019.

### 2. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### a) **Basis of preparation**

These financial statements have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard ('Ind AS'), prescribed under Section 133 of the Companies Act, 2013 (the Act) read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Act, on an accrual basis.

The company adopted Ind AS from 1<sup>st</sup> April, 2017.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) that are measured at fair value.

The financial statements are presented in INR, which is also the Company's functional currency and all values are rounded to the nearest lakhs (INR 00,000) except when otherwise indicated.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle at 12 months for the purpose of current and non-current classification of assets and liabilities.

#### b) **Basis of measurement**

The Financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Property, plant and equipment at fair value;
- Certain financial assets and liabilities (including derivative instruments) measured at fair value
- Defined benefit liability/assets: fair value of plan assets less present value of defined benefit obligation

#### c) **Use of judgements and estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

#### A. **Judgements**

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Leases: Whether an arrangement contains a lease
- Classification of leases into finance and operating lease
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****B. Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the year is included below:

- Impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Useful life of property, plant & equipment
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

**d) Property, plant and equipment:****Recognition and measurement**

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed. –

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate item (major components) of property, plant and equipment.

Any gain on disposal of property, plant and equipment is recognised in Profit and loss account.

**Subsequent Measurement**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company and its cost can be measured reliably.

**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 life 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.

Cost of leasehold land is amortized over the lease period.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes, if any, are accounted for prospectively.

**e) Intangible assets**

Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

**f) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign exchange forward contracts, cross currency interest rate swaps, interest rate swaps and currency options; and embedded derivatives in the host contract.

**Financial Assets****Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Classifications**

The company classifies its financial assets as subsequently measured at either amortized cost or fair value through comprehensive income or fair value through profit and loss account depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### Business model assessment

The company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

### Assessments whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

### Debt instruments at amortized cost

A financial asset is measured at amortized cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

### Debt instrument at fair value through Other Comprehensive Income (FVOCI)

Debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

### Debt instrument at fair value through profit and loss (FVTPL)

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the company may elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

**Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, *Financial Instruments*, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

**Financial liabilities**
**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial Liabilities measured at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

**Derecognition of financial liabilities**

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

**Modifications of financial assets and financial liabilities**
**Financial assets**

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**Financial liabilities**

The company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

**g) Inventories**

Raw material, stores and spares, work in progress and finished goods are valued at lower of cost or net realizable value

**h) Revenue Recognition**

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The effect of initially applying this standard is recognised at the date of initial application i.e. April 1, 2018. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

**(a) Sale of goods**

Revenue is recognised when the significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Export benefits are recognised as per schemes specified in Foreign Trade Policy, as amended from time to time on accrual basis.

(b) Interest income is recognized using the Effective Interest Rate ('EIR') method. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset. The EIR is computed basis the expected cash flows by considering all the contractual terms of the financial instrument. The calculation includes all fees, transaction costs, and all other premiums or discounts paid or received between parties to the contract that are an integral part of the effective interest rate.

(c) Export Incentives are recognised as per schemes specified in foreign Trade Policy, as amended from time to time on accrual basis when right to receive is established and are accounted to the extent there is no uncertainty about its ultimate collection

(d) Dividend income is recognised, when the right to receive the dividend is established.

**i) Foreign currency transactions**

(a) Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.

(b) Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the year end, are translated at exchange rates applicable on year end date.

(c) Non-monetary items denominated in foreign currency, (such as fixed assets) are valued at the exchange rate prevailing on the date of transaction and carried at cost.

(d) Any gains or losses arising due to exchange differences arising on translation or settlement are accounted for in the Statement of Profit and Loss.

**j) Employee benefits**
**i. Short term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**ii. Defined contribution plans**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The company has following defined contribution plans:

a) Provident Fund

b) Superannuation Fund

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****iii. Defined benefit plans**

The company has only one Defined benefit plan - Gratuity. The company net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. Net interest expense/(income) on the net defined liability/(assets) is computed by applying the discount rate, used to measure the net defined liability/(asset), the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year.. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**iv. Other long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

The company has following long term employment benefit plans:

**a) Leave encashment**

Leave encashment is payable to eligible employees at the time of retirement. The liability for leave encashment is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

**k) Borrowing Cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**l) Income tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income

**i. Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

- a) Has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**ii. Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- a) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

**m) Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**n) Provisions**

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

**o) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of Facor alloys Limited has been identified as being the chief operating decision maker by the Management of the company. Refer **note 37** for segment information presented.

**p) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits with original maturities of three months or less that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**q) Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of held for sale is met when the non-current asset is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as held for sale. These are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale are not depreciated or amortized while they are classified as held for sale.

Non-current assets that ceases to be classified as held for sale shall be measured at the lower of carrying amount before the non-current asset was classified as held for sale adjusted for any depreciation/ amortization and its recoverable amount at the date when it no longer meets the "held for sale" criteria.

**r) Events occurring after the balance sheet date**

All material events occurring after the balance sheet date upto the date of approval of financial statements by the board of directors on May 17<sup>th</sup>, 2019, have been considered, disclosed and adjusted, wherever applicable, as per the requirements of Ind AS 10 – Events after the Reporting Period.

**3. RECENT ACCOUNTING PRONOUNCEMENTS**

Ministry of Corporate Affairs (MCA), through Companies (Indian Accounting Standards) Amendment Rules, 2019, and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind Ass which the Company has not applied as they are effective from April 1, 2019.

**a) Ind AS - 116**

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition. Measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of application.

The company will adopt Ind AS 116, effective annual reporting beginning April 1, 2019. The Company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application i.e. April 1, 2019. Accordingly, the Company will not restate comparative information, instead the cumulative effect of initially applying this standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Company will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

The Company does not expect any significant impact on its financial statements.

**b) Amendment to Existing issued Ind AS**

The MCA has also carried out amendments of the following accounting standards:

- i) Ind AS 12 – Income Taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)
- ii) Ind AS 109 – Prepayment Features with Negative Compensation
- iii) Ind AS 19 – Plan Amendment, Curtailment or Settlement
- iv) Ind AS 23 – Borrowing Costs
- v) Ind AS 28 – Long-term Interests in Associates and Joint Ventures
- vi) Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The Company do not expect any impact on the financial statements of these amendments.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 4. Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 March 2018	Additions	Assets classified as held for sale	Deletions/ Adjustments	As at 31 March 2019	As at 31 March 2018	For the year	Assets classified as held for sale	Adjustments /Deductions	As at 31 March 2019
<b>Tangible Assets</b>										
Freehold Land	14,000.70	-	1,032.53	-	12,968.17	-	-	-	-	12,968.17
Mines and Quarries	1,380.14	-	742.70	-	637.44	-	-	-	-	637.44
Freehold Buildings	222.77	-	5.29	-	217.48	38.64	15.35	0.69	-	164.18
Railway Sidings	12.03	-	-	-	12.03	3.02	1.19	-	-	7.82
Plant and Machinery	1,346.02	172.48	-	63.63	1,454.87	344.16	157.21	-	60.44	1,013.94
Office Equipments	106.86	14.24	-	28.05	93.05	33.38	16.89	-	26.96	69.74
Furniture & Fixtures	122.63	-	-	3.87	118.76	52.57	16.91	-	3.59	52.87
Vehicles	80.51	0.86	-	0.42	80.95	33.15	9.97	-	0.40	38.23
<b>Total</b>	<b>17,271.66</b>	<b>187.58</b>	<b>1,780.52</b>	<b>95.97</b>	<b>15,582.75</b>	<b>504.92</b>	<b>217.52</b>	<b>0.69</b>	<b>91.39</b>	<b>14,952.39</b>

The above includes following assets given on operating lease:

Particulars	As at 31 March 2019				2019				As at 31 March 2018			
	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation charge for the year
Vehicles	8.63	4.72	3.91	1.16	8.63	3.56	5.07	1.53	8.63	3.56	5.07	1.53
<b>Total</b>	<b>8.63</b>	<b>4.72</b>	<b>3.91</b>	<b>1.16</b>	<b>8.63</b>	<b>3.56</b>	<b>5.07</b>	<b>1.53</b>	<b>8.63</b>	<b>3.56</b>	<b>5.07</b>	<b>1.53</b>

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 March 2017	Additions	Assets classified as held for sale	Deletions/ Adjustments	As at 31 March 2018	As at 31 March 2017	For the year	Assets classified as held for sale	Adjustments /Deductions	As at 31 March 2018
<b>Tangible Assets</b>										
Freehold Land	14,000.85	-	-	0.15	14,000.70	-	-	-	-	14,000.70
Mines and Quarries	1,380.14	-	-	-	1,380.14	-	-	-	-	1,380.14
Freehold Buildings	220.99	3.90	-	2.12	222.77	21.52	17.30	-	0.18	184.14
Railway Sidings	12.03	-	-	-	12.03	1.62	1.40	-	-	9.01
Plant and Machinery	1,342.19	4.09	-	0.26	1,346.02	169.49	174.71	-	0.04	1,001.86
Office Equipments	92.77	14.49	-	0.40	106.86	15.73	17.68	-	0.03	73.48
Furniture & Fixtures	122.64	-	-	0.01	122.63	30.03	22.54	-	0.00	70.06
Vehicles	80.62	-	-	0.11	80.51	19.84	13.32	-	0.00	47.35
<b>Total</b>	<b>17,252.23</b>	<b>22.47</b>	<b>-</b>	<b>3.04</b>	<b>17,271.66</b>	<b>258.24</b>	<b>246.94</b>	<b>-</b>	<b>0.25</b>	<b>16,766.73</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

As at  
**31 March 2019**      As at  
31 March 2018

**5 Investment in Subsidiary and Associates****Investment Measured at Fair Value****a Investment in Subsidiary Company - Equity instruments (fully paid-up) (Unquoted)**

5,000 Equity Shares of Best Minerals Limited of ₹ 100 each fully paid (cost ₹ 5.00 lakhs, fully impaired)	-	-
10,000 Equity Shares of FAL Power Ventures Pvt. Limited of ₹ 10 each fully paid (cost ₹ 1583.75 lakhs, fully impaired)	-	-
50,000 Equity Shares of Facor Electric Limited of ₹ 10 each fully paid (cost ₹ 5.01 lakhs, fully impaired)	-	-
5,43,000 Equity Shares of Facor Minerals Pte Limited of USD 1 each fully paid (cost ₹ 281.52 lakhs, fully impaired)	-	-
21,51,605 Equity Shares of Facor Minerals Netherlands BV of USD 1 each fully paid (cost ₹ 1216.15 lakhs, fully impaired)	-	-

**6 Investment Others****Investment Measured at fair value through OCI****a Others - In Equity Shares - unquoted, fully paid up**

(i) 30 Shares of DNS Bank Ltd, Mumbai of ₹ 50 each	0.02	0.02
(ii) 7,33,818 Shares of Pioneer Facor IT Infradevelopers Pvt. Limited of ₹ 1 each	-	807.20

**Investment Measured at amortised cost****b In Government Securities : Unquoted**

6 Years National Savings Certificates	1.55	2.05
<b>Total</b>	<b>1.57</b>	<b>809.27</b>
Aggregate book value of quoted investments	NIL	NIL
Aggregate book value of un-quoted investments	1.57	809.27

**7 Other Non-Current Financial Assets***Unsecured, considered good*

## Security deposits

- Others	2,577.27	1,129.91
Balance in Term Deposits (Maturity more than 12 months)	-	0.50
<b>Total</b>	<b>2,577.27</b>	<b>1,130.41</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
<b>8 Deferred Tax Liabilities/ Assets (Net)</b>		
<b>Deferred Tax Liability:</b>		
Difference between Book and Income Tax depreciation	240.59	276.87
Others	-	8.69
<b>Deferred Tax Assets:</b>		
Disallowance u/s 43B of the Income Tax Act, 1961 to be allowed on payment basis	1,299.90	1,880.58
Unabsorbed Depreciation and Unabsorbed Business loss	530.91	329.22
MAT Credit Entitlement	4.01	-
<b>Total</b>	<b>1,594.23</b>	<b>1,924.24</b>
<b>Reconciliation of Deferred Tax Assets/(Liabilities)</b>		
<b>Particulars</b>		
Opening Balance as on 1st April	1,924.24	1,637.03
Deferred tax income/ (expense) during the period recognised in profit & loss	(375.30)	302.86
Deferred tax income/ (expense) during the period recognised in Other Equity	-	(7.57)
Deferred tax income/ (expense) during the period recognised in OCI	45.29	(8.08)
<b>Closing Balance</b>	<b>1,594.23</b>	<b>1,924.24</b>
<b>9 Long Term Loans and Advances</b>		
Capital Advance	12.50	-
	<b>12.50</b>	<b>-</b>
<b>10 Inventories</b>		
<b>(At cost or NRV whichever is lower)</b>		
Raw Materials (including material in transit)*	1,078.95	731.16
Work-in-Process	176.64	137.75
Finished Products	43.64	1,169.93
Stores and Spares	127.54	89.41
Loose Tools	12.23	13.86
<b>Total</b>	<b>1,439.00</b>	<b>2,142.11</b>
* Material in transit included above is as below:		
Raw materials ₹ 12.41 lakhs. (Previous year NIL)		
<b>11 Trade Receivables</b>		
<b>Unsecured</b>		
Considered good	1,194.25	1,840.67
Considered doubtful	-	-
<b>Total</b>	<b>1,194.25</b>	<b>1,840.67</b>
<b>12 Cash and Cash Equivalents</b>		
Balance with banks:		
- In Current Account	136.49	136.56
- In Cash Credit Accounts	1.50	1.13
- In Term Deposits (Refer Note 12.1)	695.67	-
Cash in hand	2.65	1.82
<b>Total</b>	<b>836.31</b>	<b>139.51</b>
<b>12.1</b> Represent deposits with original maturity of 3 months or less.		

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
<b>13 Other Bank Balances</b>		
In earmarked accounts		
- Unclaimed dividend account	-	6.38
- in Current Account	570.00	-
<b>Total</b>	<b>570.00</b>	<b>6.38</b>
<b>14 Other Current Financial Assets</b>		
Loans and advances to related parties	9,616.76	9,694.30
Less: Allowance for credit Loss	8,616.87	8,616.06
	999.89	1,078.24
Interest Accrued	1.18	0.03
<b>Total</b>	<b>1,001.07</b>	<b>1,078.27</b>
<b>Note:</b>		
Movement in Allowance for credit loss is as follows:		
Opening	8,616.06	8,614.60
Additions	0.81	1.46
Closing	8,616.87	8,616.06
<b>15 Current Tax Assets (Net)</b>		
Advance tax (Net of provision for income tax)	772.04	473.02
<b>Total</b>	<b>772.04</b>	<b>473.02</b>
<b>16 Other Current Assets</b>		
Advances to vendors	126.54	234.43
Taxes and duties recoverable	378.33	379.14
Prepaid expenses	14.52	16.56
Claims recoverable	25.46	25.46
<b>Total</b>	<b>544.85</b>	<b>655.59</b>
<b>17 Assets Classified as Held for Sale</b>		
Land	1,032.53	-
Mines & Quarries	742.70	-
Buildings	4.60	-
<b>Total</b>	<b>1,779.83</b>	<b>-</b>

The company has identified certain assets like Land & Buildings which are available for sale in its present condition. The company is committed to plan the sale of asset. The company expects to dispose off these assets within twelve months from its classification. The company has received an amount of ₹ 1016.89 lakhs which pertains to the advance received from the parties in relation to this sale. The same is shown as a liability under other current liabilities.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
<b>18 Share Capital</b>		
<b>Authorised:</b>		
36,00,00,000 Equity Shares of ₹1/- each	3,600.00	3,600.00
39,00,000 Preference Shares of ₹100/- each	3,900.00	3,900.00
<b>Issued, subscribed &amp; fully paid up:</b>		
19,55,47,355 Equity Shares of ₹ 1/- each	1,955.48	1,955.48
<b>Total</b>	<b>1,955.48</b>	<b>1,955.48</b>
<b>a. Terms and rights attached to equity shares</b>		
The company has only one class of equity shares each having a par value of ₹ 1/- per share. The Equity Shares have rights, preferences and restrictions which are in accordance with the provisions of law, in particular the Companies Act, 2013.		
<b>b. Reconciliation of Number of Equity Shares outstanding</b>		
	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
	<b>(₹ in Lakhs)</b>	<b>(₹ in Lakhs)</b>
Balance as at the beginning of the year	19,55,47,355	19,55,47,355
Equity Shares issued during the year in consideration for cash	-	-
Balance as at the end of the year	19,55,47,355	19,55,47,355
<b>c. Shareholders holding more than 5% of the Equity shares in the company</b>		
<b>Name of the Shareholders</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
	<b>Percentage</b>	<b>Percentage</b>
R.B.Shreeram & Co. Pvt. Ltd.	6,10,55,682	6,10,55,682
	31.22%	31.22%
	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
<b>19 Other Equity</b>		
<b>a. Capital Reserves</b>		
Balance at the beginning of the year	8,700.51	8,700.51
Addition during the year	-	-
Balance at the end of the year	8,700.51	8,700.51
<b>b. Securities premium</b>		
Balance at the beginning of the year	2,667.52	2,667.52
Addition during the year	-	-
Balance at the end of the year	2,667.52	2,667.52
<b>c. General reserve</b>		
Balance at the beginning of the year	250.00	250.00
Add: Transfer from surplus balance in the statement of Profit & Loss	-	-
Balance at the end of the year	250.00	250.00
<b>d. Retained earnings</b>		
Balance at the beginning of the year	(917.69)	(1,207.72)
Add: Profit for the year after taxation as per statement of Profit and Loss	1,197.10	290.03
Balance at the end of the year	279.41	(917.69)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
<b>e. Equity Component of Loan</b>		
Balance at the beginning of the year	16.64	2.32
Addition during the year	-	14.32
Balance at the end of the year	16.64	16.64
<b>f. Other Comprehensive Income</b>		
Balance at the beginning of the year	(13.27)	(28.54)
Addition during the year	(84.32)	15.27
Balance at the end of the year	(97.59)	(13.27)
<b>Total Equity (a+b+c+d+e+f)</b>	<b>11,816.49</b>	<b>10,703.71</b>

**Nature and purpose of other reserves****Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Act.

**General reserve**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purpose.

**20 Borrowings (Unsecured)**

## Loans

- From related parties	-	327.07
- Others (Refer Note No. 20.1)	-	1,667.81
<b>Total</b>	<b>-</b>	<b>1,994.88</b>

**20.1** Promoters of the company have given security by way of pledge of equity shares numbering 6 crores against the loan amounting to ₹15 crores obtained by the company from M/s Shree Yash Stainless Pvt. Ltd.

**21 Provisions**

## Provision for employee benefits

- Compensated Absences	132.58	166.63
<b>Total</b>	<b>132.58</b>	<b>166.63</b>

**22 Borrowings**

(a) From Banks (Secured): (Refer Note No. 22.1)	2,344.29	3,890.13
(b) From Other (Secured)	1,000.00	-
(c) From Related parties (Unsecured)	281.27	-
(d) From Others (Unsecured)	241.20	-
(e) Liability Against financial guarantees (Refer Note No. 22.2)	820.41	961.19
<b>Total</b>	<b>4,687.17</b>	<b>4,851.32</b>

**22.1** 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 in respect of immovable properties and guaranteed by two Directors. It also includes ₹ 2104.61 lakhs (Previous Year ₹ 3605.74 lakhs) towards SBLC issued by Bank of India in favour of Facor Minerals (Netherlands) B.V. devolved and the net amount debited by the Bank to the Company's Account. The devolved amount is secured by first charge on the fixed assets of the Company by deposit of title deeds in respect of immovable properties.

**22.2** The company has received demand notice dated 20th February 2017 from the lender of Cati Madencilik Ithalat Ve Ihracat A.S. (Tier II subsidiary) against the corporate guarantee given by Facor Alloys Limited towards its borrowing amount USD 1.5 million. The lender has offered one time settlement (OTS) vide its letter dated 17.01.2019 for payment of USD 1.188 million.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
<b>23 Trade Payables</b>		
Micro Small and Medium Enterprises (Refer Note No. 41)	33.92	-
Others	2,082.66	2,467.28
<b>Total</b>	<b>2,116.58</b>	<b>2,467.28</b>
<b>24 Other Financial Liabilities</b>		
Unpaid dividend	-	6.38
Interest accrued and due	2,984.13	2,721.07
Other payables for:		
- Managerial Remuneration	80.57	61.58
- Employee Benefits Payable	116.05	105.44
- Security deposits / Retention money	4.17	13.35
<b>Total</b>	<b>3,184.92</b>	<b>2,907.82</b>
<b>25 Other Current Liabilities</b>		
Statutory dues	268.90	263.29
Revenue received in advance	672.59	14.99
Other payables	1,172.22	454.53
<b>Total</b>	<b>2,113.71</b>	<b>732.81</b>
<b>26 Provisions</b>		
Provision for employee benefits		
- Gratuity	183.52	155.22
- Compensated Absences	64.33	10.52
Others	1,020.53	1,020.53
<b>Total</b>	<b>1,268.38</b>	<b>1,186.27</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>27 Revenue from Operations</b>		
Sale of goods		
- High Carbon Ferro Chrome- Export - Direct	2,459.70	2,980.18
- Export - Deemed	9,981.26	8,121.26
- Indigenous	2,448.97	3,891.41
<b>Subtotal</b>	<b>14,889.93</b>	<b>14,992.85</b>
Off Grade/By-products	1.20	3.18
Sale of goods	14,891.13	15,165.80
Sale of service- HCF conversion	21,115.88	16,033.02
	<b>36,007.01</b>	<b>31,198.82</b>
Export Incentives	97.23	121.15
<b>Grand Total</b>	<b>36,104.24</b>	<b>31,319.97</b>
<b>28 Other Income</b>		
Interest income from financial assets measured at amortised cost		
- On bank deposits	7.50	0.03
- Others	160.48	133.36
Foreign Exchange Gain	3.44	-
Miscellaneous Receipts	174.64	120.02
Fair Value adjustment of below market interest rate loan	-	9.40
Car Lease Rental Received	19.20	19.20
Rent Received	75.18	77.98
<b>Total</b>	<b>440.44</b>	<b>359.99</b>
<b>29 Change in Inventory of Finished Goods and Work-in-Progress</b>		
<b>Closing Stock</b>		
- Finished Goods	43.64	1,169.93
- Work-in-Progress	176.64	137.75
	<b>220.28</b>	<b>1,307.68</b>
<b>Opening Stock</b>		
- Finished Goods	1,169.93	186.67
- Work-in-Progress	137.75	158.53
	<b>1,307.68</b>	<b>345.20</b>
<b>Decrease / (Increase) in Inventories</b>	<b>1,087.40</b>	<b>(962.48)</b>
<b>30 Employee Benefits Expense</b>		
Salaries and wages	1,584.49	1,392.83
Contribution to provident and other funds	147.08	147.15
Staff Gratuity and Superannuation	50.96	46.15
Staff welfare expenses	270.69	380.37
Directors' Remuneration	55.50	56.09
<b>Total</b>	<b>2,108.72</b>	<b>2,022.59</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>31 Finance Cost</b>		
Interest	1,338.48	1,633.68
Interest Cost on Employee Benefit Plans	25.15	30.68
<b>Total</b>	<b>1,363.63</b>	<b>1,664.36</b>
<b>32 Depreciation and Amortisation Expense</b>		
Depreciation on Tangible Assets	217.52	246.94
<b>Total</b>	<b>217.52</b>	<b>246.94</b>
<b>33 Other Expenses</b>		
Mining Handling & Other Production Expenses	662.58	606.34
Power and Fuel	15,786.19	13,653.46
Repairs and Maintenance:	-	-
- Buildings	313.62	271.23
- Plant and Machinery	1,317.80	1,239.96
Freight, Shipment & Sales Expenses	185.54	190.55
Stores & Spares	358.39	268.49
Works Expenses	453.92	382.78
Transport Expenses	154.87	140.97
Rent	40.88	27.45
Insurance	8.56	8.46
Rates and Taxes	17.80	18.91
Provision for Doubtful Advances	0.81	1.47
Commission and Brokerage on Sales	22.93	17.21
Donation	7.07	0.10
Payment to Auditors	5.27	4.68
Directors' Sitting Fees	2.30	2.45
Miscellaneous Expenses	79.12	82.53
Foreign Exchange Fluctuations	-	9.45
<b>Total</b>	<b>19,417.65</b>	<b>16,926.49</b>
<b>33.1 Payment to Auditor as:</b>		
<b>(a) Statutory Auditor</b>		
Audit Fees	2.75	2.75
Tax Audit Fees	0.85	0.15
Certification and Consultation Fees	0.12	0.16
Reimbursement of Expenses	1.05	1.12
<b>(a) Cost Auditor</b>		
Audit Fees	0.50	0.50
<b>Total</b>	<b>5.27</b>	<b>4.68</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>34 Income Tax</b>		
<b>34.1 Income Tax Expenses</b>		
<b>Particulars</b>		
<b>Current Tax Expenses</b>		
Current year	4.01	-
	<u>4.01</u>	<u>-</u>
Decrease/(Increase) Deferred Tax Liabilities	(44.97)	(42.01)
(Decrease)/Increase Deferred Tax Assets	420.27	(260.85)
Total Deferred Tax Expense/(Benefit)	<u>375.30</u>	<u>(302.86)</u>
<b>Total Tax Expenses</b>	<u>379.31</u>	<u>(302.86)</u>
<b>34.2 Reconciliation of Effective Tax Rate</b>		
Profit/(Loss) before Tax	1,576.41	(12.83)
Applicable Tax Rate	34.94%	34.61%
Computed Tax Expenses	550.86	(4.44)
<b>Tax Effect of:</b>		
Mat Credit difference	4.01	-
Previously unrecognised and unused tax losses and deductible temporary differences	375.30	(329.22)
Others Tax Adjustment	(207.76)	30.80
<b>Tax Expenses Recognised in Profit and Loss</b>	<b>379.31</b>	<b>(302.86)</b>
<b>35 Earning Per Share</b>		
Profit/ (Loss) for the Period	1,197.10	290.03
Weighted Average Number of Equity Shares of ₹ 10/- each (In lakhs)	1,955.48	1,955.48
EPS - Basic and Diluted	0.61	0.15
<b>36 Contingent Liabilities, Contingent Assets and Commitments</b>		
<b>A. Contingent Liabilities</b>		
a. Claims against the Company not acknowledged as debts, since disputed ₹ 1,441.04 lakhs (Previous Year ₹ 1,533.69 lakhs). Amounts paid under protest ₹ 290.45 lakhs (Previous Year ₹ 291.26 lakhs) have been debited to Advance Account.		
b. Counter guarantees in favour of Consortium Banks in respect of their outstandings with Facor Steels Limited. Due to the nature of the liability, its financial impact is not ascertainable.		
<b>B. Capital And Other Commitments</b>		
a. Estimated amount of contracts on Capital Account and other commitments (net of capital advance) remaining to be executed and not provided for in accounts ₹ 112.50 lakhs (Previous Year ₹ Nil)		
<b>37 Segment Information:</b>		
Segment information is presented in respect of the company's key operating segments. The operating segments are based on the company's management and internal reporting structure.		

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### Operating Segments

The Management Information System of the Company identifies and monitors Ferro Alloys as the business segment. The Company is managed organisationally as a single unit. In the opinion of the management, the Company is primarily engaged in the business of Ferro Alloys. As the basic nature of these activities are governed by the same set of risk and return, these constitute and are grouped as a single segment. Accordingly, there is only one Reportable Segment for the Company which is "Ferro Alloys", hence no specific disclosures have been made.

### Entity wise disclosures

#### A. Information about products and services

During the year, the Group primarily operates in one product line, therefore product wise revenue disclosure is not applicable.

#### B. Information about Geographical Areas

The Group derives revenue from following major geographical areas: (₹ in Lakhs)

Area	For the year ended 31 March 2019	For the year ended 31 March 2018
Outside India (Including Deemed Export)	12,440.96	11,101.44
Domestic	23,564.85	19,924.43

All the non-current assets of the Group other than financial instruments, deferred tax assets, post-employment benefit assets are located in India.

#### C. Information about Major Customers (from External Customers)

The Company derives revenues from the following customers where each contributes to 10 per cent or more of an entity's revenues:

(₹ in Lakhs)

External Customers	For the year ended 31 March 2019	For the year ended 31 March 2018
Tata Steel	21,115.88	16,033.02
Alloys and Metals	1,390.00	988.12
Mortex India Ltd.	6,319.62	5,222.02
Globus 8 Alloys pte limited	1,090.87	1,176.87

### 38 Related Party Disclosure:-

#### I List of Related Parties:-

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

- Best Minerals Ltd. - Subsidiary Company
- Facor Electric Ltd. - Subsidiary Company
- FAL Power Ventures Pvt. Ltd. - Subsidiary Company
- Facor Minerals Pte. Ltd. - Subsidiary Company
- Facor Minerals (Netherlands) B.V. (FMN) - Subsidiary Company
- Facor Turkrom Mining (Netherlands) B.V. (FTM) - Subsidiary of FMN
- Cati Madencilik Ithalat ve Ihracat A.S. (Cati) - Subsidiary of FTM

##### B. Enterprise, over which Key Management Personnel and their relatives exercise significant influence, with whom transactions have taken place during the year :

- 1 Rai Bahadur Shreeram and Company Private Limited
- 2 Godawaridevi Saraf & Sons
- 3 GDP Infrastructure Private Limited
- 4 Shreeram Shipping Services Pvt. Ltd
- 5 Ferro Alloys Corporation Limited
- 6 Vidarbha Iron & Steel Corporation Limited
- 7 Facor Power Limited

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**C. Key Management Personnel**

- 1 R.K. Saraf - Chairman & Managing Director
- 2 Ashim Saraf - Joint Managing Director
- 3 Anurag Saraf - Joint Managing Director

**D. Relatives of a Key Management Personnel :**

- 1 M.D. Saraf - President

**II Transactions with Related Parties during the year ended 31-03-2019 in the ordinary course of business.**

(₹ in Lakhs)

Particulars	With Subsidiary Companies		With Enterprise where Significant influence exists		With Key Management Personnel & Relatives	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
i) Rent paid	-	-	121.07	103.53	-	-
ii) Rent received	-	-	93.80	96.60	-	-
iii) Reimbursement of Expenditure Paid/(Received) (Net)	-	-	10.71	22.61	-	-
iv) Services Received/(Provided) (Net)	-	-	(9.66)	10.69	-	-
v) Interest Received	-	-	19.74	17.04	-	-
vi) Short Term Loans & Advances Paid/(Received)	(139.98)	93.02	55.42	(60.29)	-	-
vii) Clearing & forwarding and other service charges	-	-	1.72	2.40	-	-
viii) Key Management Personnel and their Relative's Remuneration	-	-	-	-	79.93	92.60
ix) Sitting Fees	-	-	-	-	2.30	2.45
x) Balances outstanding at the year end:						
a) Short Term Loans & Advances	868.96	1,009.74	(169.79)	(281.82)	-	-
b) Other Receivables	-	-	8.36	23.23	-	-
c) Key Management Personnel and their Relative's Remuneration	-	-	-	-	99.13	76.33
d) Other Payables	-	-	(9.95)	21.88	-	-

**III. Disclosure in respect of Related Party Transactions during the year:**

(₹ in Lakhs)

S. No.	Particulars	Relationship	2018-19	2017-18
<b>1</b>	<b>RENT PAID:</b>			
	Rai Bahadur Shreeram & Company Pvt. Ltd.	Others	119.86	102.21
	Godawaridevi Saraf & Sons	Others	1.21	1.32
	<b>Total</b>		<b>121.07</b>	<b>103.53</b>
<b>2</b>	<b>RENT RECEIVED:</b>			
	Ferro Alloys Corporation Ltd.	Others	79.80	79.80
	Facor Power Limited	Others	14.00	16.80
	<b>Total</b>		<b>93.80</b>	<b>96.60</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

S. No.	Particulars		Relationship	2018-19	2017-18
<b>3</b>	<b>REIMBURSEMENT OF EXPENDITURE:</b>				
	<b>Paid</b>				
	Pioneer Facor IT Infradevelopers Pvt. Ltd.		Associate	-	17.07
	Godawaridevi Saraf & Sons		Others	23.33	20.71
		Sub-Total		23.33	37.78
	<b>Received</b>				
	Ferro Alloys Corporation Ltd.		Others	9.65	11.38
	Facor Power Limited		Others	2.97	3.79
		Sub-Total		12.62	15.17
		Net Expenditure Paid		10.71	22.61
<b>4</b>	<b>SERVICE RECEIVED/(PROVIDED)</b>				
	<b>Paid</b>				
	Pioneer Facor IT Infradevelopers Pvt. Ltd.		Others	-	20.89
	<b>Received</b>				
	Ferro Alloys Corporation Ltd.		Others	(7.56)	(7.65)
	Facor Power Limited		Others	(2.10)	(2.55)
		Sub-Total		(9.66)	(10.20)
		Net Services Paid		(9.66)	10.69
<b>5</b>	<b>INTEREST RECEIVED/(PAID)</b>				
	<b>Paid</b>				
	Rai Bahadur Shreeram & Company Pvt. Ltd.		Others	(5.93)	(17.65)
	Shreeram Durgaprasad Ores (P) Ltd		Others	(36.83)	(27.81)
				(42.76)	(45.46)
	<b>Received</b>				
	Facor Power Limited		Others	62.50	62.50
				62.50	62.50
		Total		19.74	17.04
<b>6</b>	<b>SHORT TERM LOANS AND ADVANCES (RECEIVED)/PAID</b>				
	<b>Loans Received</b>				
	Facor Power Limited		Others	0.06	40.28
	Rai Bahadur Shreeram & Company Pvt. Ltd.		Others	55.36	172.87
	Shreeram Durgaprasad Ores (P) Ltd		Others	-	(273.44)
		Sub-Total		55.42	(60.29)
	<b>Loans Given</b>				
	Best Minerals Limited		Subsidiary	0.26	0.19
	Facor Electric Limited		Subsidiary	0.35	0.23
	FAL Power Ventures Private Limited		Subsidiary	0.18	0.18
	Cati Madencilik Ithalat ve Ihracat A.S. (Cati) - Subsidiary of FTM		Subsidiary	(140.77)	92.42
		Sub-Total		(139.98)	93.02
		Total		(84.56)	32.73

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

S. No.	Particulars		Relationship	2018-19	2017-18
<b>7</b>	<b>CLEARING &amp; FORWARDING AND OTHER SERVICE CHARGES</b>				
	Shreeram Shipping Services Pvt. Ltd.		Others	1.72	2.40
		Total		1.72	2.40
<b>8</b>	<b>KEY MANAGEMENT PERSONNEL AND THEIR RELATIVES' REMUNERATION</b>				
	Shri R.K. Saraf		Key Management Personnel	17.66	17.62
	Shri Ashim Saraf		Key Management Personnel	20.88	21.54
	Shri Anurag Saraf		Key Management Personnel	21.45	21.47
	Shri M.D Saraf		Relative of Key Management Personnel	19.95	31.97
		Total		79.93	92.60
<b>9</b>	<b>DIRECTOR'S SITTING FEES</b>				
	Shri K Jaybharath Reddy		Non Executive Directors	0.30	0.30
	Shri P.V.R.K. Prasad		Non Executive Directors	-	0.20
	Shri A.S.Kapre		Non Executive Directors	0.70	0.60
	Shri Kishan Lal Mehrotra		Non Executive Directors	0.75	0.75
	Mrs. Urmila Gupta		Non Executive Directors	0.45	0.40
	Shri Rohit Saraf		Non Executive Directors	0.10	0.20
				2.30	2.45
<b>10</b>	<b>BALANCES OUTSTANDING AT THE YEAR END</b>				
	<b>(A) Short Term Loans &amp; Advances - Given:</b>				
	Best Minerals Limited		Subsidiary	6.29	6.03
	Facor Electric Limited		Subsidiary	308.36	308.00
	FAL Power Ventures Private Limited		Subsidiary	1,204.25	1,204.06
	Facor Minerals ( Netherlands) B.V.		Subsidiary	6,646.52	6,646.52
	Cati Madencilik Ithalat ve Ihracat A.S. (Cati) - Subsidiary of FTM		Subsidiary	820.41	961.19
		Sub-Total		8,985.83	9,125.80
	Facor Power Limited		Others	622.57	545.25
	Rai Bahadur Shreeram & Company Pvt Ltd		Others	(0.14)	(53.63)
	Shreeram Durgaprasad Ores (P) Ltd		Others	(292.22)	(273.44)
		Sub-Total		330.21	218.18
		Total		9,316.04	9,343.98

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

S. No.	Particulars		Relationship	2018-19	2017-18
	<b>Provision made against above</b>				
	Best Minerals Limited		Subsidiary	6.11	5.85
	Facor Electric Limited		Subsidiary	306.76	306.40
	FAL Power Ventures Private Limited		Subsidiary	1,157.48	1,157.29
	Facor Minerals ( Netherlands ) B.V.		Subsidiary	6,646.52	6,646.52
	Facor Power Limited		Others	500.00	500.00
		Sub-Total		8,616.87	8,616.06
	<b>(B) Other Receivables/Payables</b>				
	Ferro Alloys Corporation Ltd.		Others	8.36	23.23
		Total		8.36	23.23
	<b>(C) Key Management Personnel and their Relatives' Remuneration</b>				
	Shri R.K. Saraf		Key Managerial Personnel	27.37	20.99
	Shri Ashim saraf		Key Managerial Personnel	29.86	23.02
	Shri M.D. Saraf		Key Managerial Personnel	18.56	14.75
	Shri Anurag saraf		Relative of Key Managerial Personnel	23.34	17.57
		Total		99.13	76.33
	<b>(D) Other Current Liabilities</b>				
	<b>Other Payables:</b>				
	Godawaridevi Saraf and Sons		Others	-	0.13
	Pioneer Facor IT Infradevelopers Pvt Ltd		Associate	-	9.99
	Rai Bahadur Shreeram and Company Pvt. Ltd.		Others	(9.95)	11.76
		Total		(9.95)	21.88

**39 Details of Loans given, Investments made and Guarantee given covered U/s 186(4) of the Companies Act, 2013.**

Loans given, Investments made and Guarantees given by the Company in respect of loans are given under the respective heads.

**40 Employee Benefits**

**The Company Contributes to the following post-employment Defined Plans.**

**Defined Contribution Plans:**

Amount of ₹ 156.06 lakhs (Previous Year ₹ 154.65 lakhs) is recognised as expenses and included in "Employee Benefits Expense" in Note 29 of the Statement of Profit and Loss.

**Defined Benefit Plan :**

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972. The scheme is funded with SBI Life Insurance in form of qualifying insurance policy.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

	31 March 2019	31 March 2018
(a) <b>Net Defined Benefit Liability</b>		
Liability for Gratuity	183.53	155.22
Liability for PL Encashment	196.91	177.15
<b>Total Employee Benefit Liability</b>	<b>380.44</b>	<b>332.37</b>
<b>Non-Current</b>	<b>132.59</b>	<b>166.63</b>
<b>Current</b>	<b>247.85</b>	<b>165.74</b>

## (i) (a) Reconciliation of Opening and Closing balances of the present value of the Defined Benefit Obligation

(₹ In Lakhs)

Particulars	Gratuity		PL Encashment	
	2018-19	2017-18	2018-19	2017-18
Present value of Defined Benefit Obligation at the beginning of the year	831.04	959.27	177.15	178.20
Interest Cost	63.16	67.82	13.46	12.60
Current Service Cost	41.98	38.65	14.08	13.84
Actuarial Losses/(Gains)	105.71	(35.33)	24.09	13.70
Benefits Paid	(129.49)	(199.37)	(31.87)	(41.19)
Present value of Defined Benefit Obligation at the close of the year	<b>912.40</b>	<b>831.04</b>	<b>196.91</b>	<b>177.15</b>

## (B) Changes in the Fair Value of Plan Assets and reconciliation thereof

(₹ In Lakhs)

Particulars	Gratuity	
	2018-19	2017-18
Fair Value of Plan Assets at the beginning of the year	675.82	702.88
Adjustments	(1.40)	(0.64)
Add : Expected Return on Plan Assets	53.05	52.10
Add/(Less) : Actuarial Gains/(Losses)	-	-
Add : Contributions	130.89	120.85
Less : Benefits Paid	(129.49)	(199.37)
Fair Value of Plan Assets at the close of the year	<b>728.87</b>	<b>675.82</b>

## (C) Amount Recognised in The Balance Sheet

(₹ In Lakhs)

Particulars	Gratuity		PL Encashment	
	2018-19	2017-18	2018-19	2017-18
Present Value of Defined Benefit Obligation	912.40	831.04	196.91	177.15
Less : Fair Value of Plan Assets	728.87	675.82	-	-
Present Value of unfunded obligation	<b>183.53</b>	<b>155.22</b>	<b>196.91</b>	<b>177.15</b>

## (D) Amount Recognised in the Statement of Profit and Loss are as Follows :

(₹ In Lakhs)

Particulars	Gratuity		PL Encashment	
	2018-19	2017-18	2018-19	2017-18
<b>In Income Statement</b>				
Current Service Cost	41.98	38.65	13.84	42.10
Adjustments	-	-	-	-63.30
Interest Cost	11.69	18.08	12.6	70.62
Expected return on Plan Asset	<b>53.67</b>	<b>56.73</b>	<b>26.44</b>	<b>49.42</b>
<b>In Other Comprehensive Income</b>				
Net actuarial loss/(gain)	105.52	(37.05)	13.70	(7.23)
Net periodic cost	<b>105.52</b>	<b>-37.05</b>	<b>13.70</b>	<b>(7.23)</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****(e) Investment Details:**

Funds Managed by Insurer (investment with insurer)

100%

100%

**(f) Actuarial Assumptions as at the Balance Sheet date**

Particulars	2018-19	2017-18
Discount Rate	7%	8%
Salary Escalation Rate	5%	5%
Expected rate of return on plan assets	8%	7%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held, assessed risks, historical results of return on Plan Assets and the Company's policy for Plan Assets Management.

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2018-19

**(g) Sensitivity Analysis:**

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below.

Particulars	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Change in discounting rate (delta effect of +/- 0.5%)	(1.53)	1.53	(1.53)	1.53
Change in rate of salary increase (delta effect of +/- 0.5%)	1.04	(1.04)	1.04	(1.04)

**41 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006**

On the basis of confirmation obtained from supplier who have registered themselves under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

(₹ in Lakhs)

S. No.	Particulars	31.03.2019	31.03.2018
1	Principal amount remaining unpaid	33.92	-
2	Interest due thereon remaining unpaid	Nil	Nil
3	Interest paid by the company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
4	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under Micro, Small and Medium Development Act, 2006.	Nil	Nil
5	Interest accrued and remaining unpaid	Nil	Nil
6	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**42 Financial Instruments – Fair Values And Risk Management**
**I. Fair Value Measurements**
**A. Financial Instruments By Category\***

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
	Amortised Cost	Amortised Cost
<b>Financial assets</b>		
Non-Current Investments	1.57	809.27
Loans	-	-
Other Non-Current Financial Assets	2,577.27	1,130.41
Trade Receivables	1,194.25	1,840.67
Cash and Cash Equivalents	836.31	139.51
Bank Balances other than Above	570.00	6.38
Other Current Financial Assets	1,001.07	1,078.27
	<b>6,180.47</b>	<b>5,004.51</b>
*Exclude financial instruments measured at cost		
<b>Financial Liabilities</b>		
Borrowings	4,687.17	6,846.20
Trade Payables	2,116.58	2,467.28
Other Financial Liabilities	3,184.92	2,907.82
	<b>9,988.67</b>	<b>12,221.30</b>

**B. Fair Value Hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Financial assets and liabilities which are Measured at amortised cost for which fair values are disclosed**

(₹ in Lakhs)

Particulars	As at 31 March 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Non-Current Investments	-	-	1.57	1.57
Other Non-Current Financial Assets	-	-	2,577.27	2,577.27
Trade Receivables	-	-	1,194.25	1,194.25
Cash and Cash Equivalents	-	-	836.31	836.31
Bank Balances Other Than Above	-	-	570.00	570.00
Other Current Financial Assets	-	-	1,001.07	1,001.07
<b>Total financial assets</b>	-	-	<b>6,180.47</b>	<b>6,180.47</b>
<b>Financial Liabilities</b>				
Borrowings	-	-	4,687.17	4,687.17
Trade Payables	-	-	2,116.58	2,116.58
Other Financial Liabilities	-	-	3,184.92	3,184.92
<b>Total financial liabilities</b>	-	-	<b>9,988.67</b>	<b>9,988.67</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**Financial assets and liabilities which are Measured at amortised cost for which fair values are disclosed**

(₹ in Lakhs)

Particulars	As at 31 March 2018			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Non-Current Investments	-	-	809.27	809.27
Loans	-	-	-	-
Other Non-Current Financial Assets	-	-	1,130.41	1,130.41
Trade Receivables	-	-	1,840.67	1,840.67
Cash and Cash Equivalents	-	-	139.51	139.51
Bank Balances other than Above	-	-	6.38	6.38
Other Current Financial Assets	-	-	1,078.27	1,078.27
<b>Total Financial Assets</b>	-	-	<b>5,004.51</b>	<b>5,004.51</b>
<b>Financial Liabilities</b>				
Borrowings	-	-	6,846.20	6,846.20
Trade Payables	-	-	2,467.28	2,467.28
Other Financial Liabilities	-	-	2,907.82	2,907.82
<b>Total Financial Liabilities</b>	-	-	<b>12,221.30</b>	<b>12,221.30</b>

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year

**C. Fair value of financial assets and liabilities measured at amortised cost**

(₹ in Lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
Non-Current Investments	1.57	1.57	809.27	809.27
Loans	-	-	-	-
Other Non-Current Financial Assets	2,577.27	2,577.27	1,130.41	1,130.41
Trade Receivables	1,194.25	1,194.25	1,840.67	1,840.67
Cash and Cash Equivalents	836.31	836.31	139.51	139.51
Bank Balances other than Above	570.00	570.00	6.38	6.38
Other Current Financial Assets	1,001.07	1,001.07	1,078.27	1,078.27
	<b>6,180.47</b>	<b>6,180.47</b>	<b>5,004.51</b>	<b>5,004.51</b>
<b>Financial liabilities</b>				
Borrowings	4,687.17	4,687.17	6,846.20	6,846.20
Trade Payables	2,116.58	2,116.58	2,467.28	2,467.28
Other Financial Liabilities	3,184.92	3,184.92	2,907.82	2,907.82
	<b>9,988.67</b>	<b>9,988.67</b>	<b>12,221.30</b>	<b>12,221.30</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019****II. Financial Risk Management**

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

**Risk Management Framework**

A company is exposed to uncertainties owing to the sector in which it is operating. The Company is conscious of the fact that any risk that could have a material impact on its business should be included in its risk profile. Accordingly, in order to contain / mitigate the risk, the Board of Directors have approved a Risk management policy which shall be reviewed by Board and the management from time to time.

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 and the policy was reviewed by the Board and Committee at its meeting.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**i. Credit Risk**

Credit risk is the risk of financial loss to company if a customer or counterparty to the financial instrument fails to meet its financial obligations, and arises principally from the loans & advances to related parties and company's receivables from customers.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk other than trade receivable.

The company maintains its Cash and cash equivalents and Bank Deposits with banks having good reputation, good past track record and high quality credit rating and also reviews their credit rating on a timely basis.

The gross carrying amount of trade receivables is ₹1,194.25 lakhs (31 March 2018 ₹ 1,840.67 lakhs ).

During the period, the Company has made no write-offs of trade receivables. The Company management also pursue all options for recovery of dues wherever necessary based on its internal assessment. A default on a financial asset is when counterparty fails to make payments within 365 days when they fall due.

Other current financial assets basically include loans and advances recoverable from related parties. Provision is created in books of accounts on case to case basis depending upon the possibility/probability of recovery of the amount due to financial position of related parties. The gross carrying amount of loan and advances to related parties as on 31 March 2019 amounted to ₹ 999.89 lakhs ( As at 31 march 2018 is ₹ 1078.24 lakhs ).

<b>Reconciliation Of Loss Allowance Provision – Loan And Advances To Related Parties</b>		<b>(₹ in Lakhs)</b>	
	<b>31 March 2019</b>	<b>31 March 2018</b>	
Opening balance	8,616.07	8,614.60	
Changes in loss allowance calculated at life time expected credit losses	0.81	1.47	
<b>Closing balance</b>	<b>8,616.88</b>	<b>8,616.07</b>	

**ii. Liquidity risk**

Liquidity risk refers to risk of financial distress or extra ordinary high financing cost arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and require financing. The Company's objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements. Processes and policies related to such risk are overseen by senior management and management monitors the Company's net liquidity position through rolling forecast on the basis of expected cash flows.

**(a) Financing arrangements**

The company do not have undrawn bank overdraft facilities as on 31 March 2019 and as on 31 March 2018.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**(b) Maturities of financial liabilities**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and excluding contractual interest payments and exclude the impact of netting agreements.

(₹ in Lakhs)

Particulars	Carrying Amounts 31 March 2019	Contractual cash flows				
		Total	Upto 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 year
Non-derivative financial liabilities						
Borrowings	4,687.17	4,687.17	4,687.17	-	-	-
Trade payables	2,116.58	2,116.58	2,116.58	-	-	-
Other financial liabilities	3,184.92	3,184.92	3,184.92	-	-	-
Total non-derivative liabilities	9,988.67	9,988.67	9,988.67	-	-	-

(₹ in Lakhs)

Particulars	Carrying Amounts 31 March 2018	Contractual cash flows				
		Total	Upto 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	6,846.20	6,846.20	4,851.32	-	1,994.88	-
Trade payables	2,467.28	2,467.28	2,467.28	-	-	-
Other financial liabilities	2,907.82	2,907.82	2,907.82	-	-	-
Total non-derivative liabilities	12,221.30	12,221.30	10,226.42	-	1,994.88	-

**iii. Market risk**

Market risk is the risk that changes in market prices, foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**a) Equity Price risk**

Commodity Price Risk is the risk that future cash flow of the Company will fluctuate on account of changes in market price of the material produced and sold by the company. The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the materials. The Company enters into contracts for procurement of materials and most of the transactions are short term fixed price contracts.

**b) Currency risk**

Foreign currency risk is the risk that fair value of future cash flow of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company has foreign currency trade payables and receivables and is therefore, exposed to a foreign exchange risk. Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is managed through a forecast of highly probable foreign currency cash flows.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**Exposure to currency risk**

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
	USD	USD
<b>Financial asset</b>		
Trade receivables	-	17
<b>Net exposure to foreign currency risk (assets)</b>	-	17
<b>Financial Liabilities</b>		
Trade payables		-
<b>Net statement of financial position exposure</b>	-	-

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the INR against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit or loss, net of tax		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2019</b>				
5% movement	NA	NA	NA	NA
USD				
<b>31 March 2018</b>				
5% movement				
USD	(1)	1	(1)	1

**c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates related primarily to the Company's short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

**Exposure to interest rate risk**

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
<b>Fixed Rate Instruments</b>		
Financial Assets	1.55	2.05
Financial Liabilities	-	1,994.88
	<b>(1.55)</b>	<b>1,992.83</b>
<b>Variable Rate Instruments</b>		
Financial Assets		-
Financial Liabilities	2,344.29	3,890.13
	<b>2,344.29</b>	<b>3,890.13</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**Sensitivity analysis**
**Fixed rate instruments**

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

**Variable rate instruments**

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

(₹ in Lakhs)

Particulars	Profit or loss, net of tax		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 March 2019</b>				
Variable Rate Instruments	(15)	15	(15)	15
<b>Cash flow sensitivity (net)</b>	<b>(15)</b>	<b>15</b>	<b>(15)</b>	<b>15</b>
<b>31 March 2018</b>				
Variable Rate Instruments	(25)	25	(25)	25
<b>Cash flow sensitivity (net)</b>	<b>(25)</b>	<b>25</b>	<b>(25)</b>	<b>25</b>

**43 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity share holders of the Company. The primary objective of the Company's capital management is to safeguard continuity, maintain healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through equity, internal accruals, long term borrowings and short term borrowings. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

**44** The figures for the corresponding previous year has been regrouped/ reclassified wherever necessary, to make them comparable.

As per our report of even date.

**Abhay Upadhye**

Partner

(Membership No. 049354)

**For K.K. Mankeshwar & Co.**

Chartered Accountants

(Firm's Regn. No. 106009W)

Place: Noida, U.P.

Date: 17th May, 2019

**O.P. Saraswat**

Dy. Chief Financial Officer

**S.S. Sharma**

General Manager (Legal)  
& Company Secretary

For and on behalf of the Board of Directors

**R.K. Saraf**

Chairman & Managing Director

(DIN: 00006102)

**Ashim Saraf**

Joint Managing Director

(DIN: 00009581)

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF FACOR ALLOYS LIMITED

#### Report on the audit of the Consolidated Financial Statements

##### Opinion

We have audited the accompanying consolidated financial statements of Facor Alloys Limited (hereinafter referred to as "the Holding Company"), and its subsidiaries (the Holding company and its subsidiaries together referred to as "the Group" which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including other comprehensive income), Statement of changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

##### Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

##### Other information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### Responsibilities of management and those charged with governance for the consolidated financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

##### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including

any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

The consolidated Ind AS financial statements include the financial statements of three subsidiaries which have been audited by the other Auditor. In respect of these subsidiaries, financial statements have been furnished to us by the management and our opinion on the statement in so far as it relates to these subsidiaries, whose financial statement reflect total assets of Rs. 49.28 Lakhs as on 31st March 2019, total loss of Rs. 0.81 Lakhs and net cash outflow of Rs.0.02 Lakhs for the year ended as considered in the consolidated Ind AS financial statement.

Also One Foreign subsidiary company, whose financial statements reflect total assets of Rs. 3645.10 Lakhs as at 31st March, 2019, total revenues of the Rs. Nil And net cash outflow amounting to Rs.3.74 Lakhs for the year ended on that date, as considered in the consolidated financial statements. This financial statement is unaudited and has been furnished to us by the management and our opinion on this consolidated financial statement, in as far as it related to the amounts and disclosures included in respect of this subsidiary, our report in terms of sub sections (3) and (11) of section 143 of the act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statement.

Our opinion on the consolidated financial statements, and our report on Other Legal and regulatory requirements below, is not modified in respect of the above and the financial statements certified by the management.

#### Report on Other Legal and Regulatory Requirements

- As required by section 143(3) of the Act, we report, to the extent applicable, that:
  - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- c. The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of changes in equity and the statement of Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31st March, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The consolidated financial statements disclose impact of pending litigations in Note No.34 in the consolidated financial position of the Group.
  - ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India

**ABHAY UPADHYE***Partner*

Membership No. 049354

For and on Behalf of

**K. K. MANKESHWAR & CO.***Chartered Accountants*

FRN – 106009W

Place : Noida  
Date : 17<sup>th</sup> May, 2019

#### **"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF FACOR ALLOYS LIMITED**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Facor Alloys Limited as of March 31, 2019 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting

includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control

over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**ABHAY UPADHYE**

*Partner*

Membership No. 049354

For and on Behalf of

**K. K. MANKESHWAR & CO.**

*Chartered Accountants*

FRN – 106009W

Place : Noida

Date : 17<sup>th</sup> May, 2019

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019**

(₹ in Lakhs)

	Notes	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3	15,748.06	17,875.13
Intangible	3	56.47	51.41
Financial Assets			
(i) Investments	4	1.58	809.27
(ii) Other Non-Current Financial Assets	5	2,581.01	1,135.41
Deferred Tax Asset (Net)	6	1,608.47	1,943.35
Long Term Loans and Advances	7	12.50	-
<b>Total Non-Current Assets</b>		<b>20,008.09</b>	<b>21,814.57</b>
<b>Current Assets</b>			
Inventories	8	1,447.03	2,152.89
Financial Assets			
(i) Trade Receivables	9	1,194.94	1,841.59
(ii) Cash and Cash Equivalents	10	845.16	152.97
(iii) Other Bank Balances	11	570.00	6.38
(iv) Other Current Financial Assets	12	132.11	68.52
Current Tax Assets (Net)	13	772.04	473.02
Other Current Assets	14	671.88	825.69
Assets Classified as Held for Sale	15	1,779.83	-
<b>Total Current Assets</b>		<b>7,412.99</b>	<b>5,521.06</b>
<b>Total Assets</b>		<b>27,421.08</b>	<b>27,335.63</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	16	1,955.48	1,955.48
Other Equity	17	11,605.75	10,681.19
Non-Controlling Interest		(1,137.87)	(929.01)
<b>Total Equity</b>		<b>12,423.36</b>	<b>11,707.66</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	18	414.21	2,384.92
Provisions	19	134.02	168.33
<b>Total Non-Current Liabilities</b>		<b>548.23</b>	<b>2,553.25</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Short Term Borrowings	20	5,084.12	5,036.47
(ii) Trade Payables			
Micro Small and Medium Enterprises	21	33.92	-
Others	21	2,082.87	2,467.49
(iii) Other Financial Liabilities	22	3,185.04	2,907.95
Other Current Liabilities	23	2,795.11	1,476.48
Provisions	24	1,268.43	1,186.32
<b>Total Current Liabilities</b>		<b>14,449.49</b>	<b>13,074.71</b>
<b>Total Liabilities</b>		<b>14,997.72</b>	<b>15,627.96</b>
<b>Total Equity and Liabilities</b>		<b>27,421.08</b>	<b>27,335.63</b>
Notes to Financial Statements	1 to 44		

The notes referred to above form an integral part of the Balance Sheet  
As per our report of even date.

For and on behalf of the Board of Directors

**Abhay Upadhye**

Partner

(Membership No. 049354)

**For K.K. Mankeshwar & Co.**

Chartered Accountants

(Firm's Regn. No. 106009W)

**O.P. Saraswat**

Dy. Chief Financial Officer

**R.K. Saraf**

Chairman & Managing Director

(DIN: 00006102)

**S.S. Sharma**

General Manager (Legal)  
& Company Secretary

**Ashim Saraf**

Joint Managing Director  
(DIN: 00009581)

Place: Noida, U.P.

Date: 17th May, 2019

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Revenue</b>			
Revenue from Operations	25	36,104.24	31,319.97
Other Income	26	852.04	382.50
<b>Total Income</b>		<b>36,956.28</b>	<b>31,702.47</b>
<b>Expenses</b>			
Cost of Materials Consumed		10,642.60	11,512.61
Change in Inventory of Finished Goods and Work in Progress	27	1,087.40	(962.48)
Excise Duty Expenses		-	169.77
Employee Benefits Expense	28	2,111.86	2,044.87
Finance Costs	29	1,444.09	1,793.98
Depreciation	30	204.14	295.39
Other Expenses	31	19,464.95	16,981.19
<b>Total Expenses</b>		<b>34,955.04</b>	<b>31,835.33</b>
<b>Profit / (Loss) before Tax and Exceptional Items</b>		<b>2,001.24</b>	<b>(132.86)</b>
<b>Exceptional Items</b>			
A) Profit / (Loss) on Sale of Investment		(132.20)	(570.31)
B) Profit / (Loss) on Sale/Discard of Fixed Assets		1.45	435.93
<b>Profit/ (Loss) before share of Profit of Associate</b>		<b>1,870.49</b>	<b>(267.24)</b>
<b>Share of Profit/ (Loss) from Associate After Tax</b>		<b>-</b>	<b>-</b>
<b>Profit/ (Loss) Before Tax</b>		<b>1,870.49</b>	<b>(267.24)</b>
<b>Tax Expense:</b>			
Current Tax	13	4.01	1.82
Deferred Tax		375.30	(300.86)
<b>Profit/ (Loss) for the Period (A)</b>		<b>1,491.18</b>	<b>31.80</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified subsequently to statement</b>			
<b>Profit or Loss</b>			
Remeasurement of defined benefit plans		(129.61)	23.35
Deferred Tax relating to remeasurement of defined benefit plans		(45.29)	8.08
<b>Items that will be reclassified subsequently to statement of</b>			
<b>Profit or Loss</b>			
Foreign Currency Translation Reserve		(507.63)	94.21
Income Tax on Translation Reserve		-	-
<b>Total Other Comprehensive Income for the period (B)</b>		<b>(591.95)</b>	<b>109.48</b>
<b>Total Comprehensive Income for the period (A) + (B)</b>		<b>899.23</b>	<b>141.28</b>
<b>Profit attributable to :</b>			
- Shareholders of the Company		1,517.39	149.20
- Non-Controlling Interests		(26.21)	(117.40)
<b>Other Comprehensive Income attributable to :</b>			
- Shareholders of the Company		(591.95)	109.48
- Non-Controlling Interests		-	-
<b>Total Comprehensive Income attributable to :</b>			
- Shareholders of the Company		925.44	258.67
- Non-Controlling Interests		(26.21)	(117.40)
<b>Earnings per equity share</b>	32		
Basic		0.78	0.08
Diluted		0.78	0.08
Notes on Financial Statements	1 to 44		

The accompanying notes are an integral part of these financial statements.  
As per our report of even date.

For and on behalf of the Board of Directors

**Abhay Upadhye**  
Partner  
(Membership No. 049354)  
**For K.K. Mankeshwar & Co.**  
Chartered Accountants  
(Firm's Regn. No. 106009W)

**O.P. Saraswat**  
Dy. Chief Financial Officer

**R.K. Saraf**  
Chairman & Managing Director  
(DIN: 00006102)

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

**Ashim Saraf**  
Joint Managing Director  
(DIN: 00009581)

Place: Noida, U.P.  
Date: 17th May, 2019

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

(a) Equity share capital									
	No. of Shares	Amount							
Balance as at 1 April 2018	19,55,47,355	1,955.48							
Changes in equity share capital during the year	-	-							
Balance as at 31 March 2018	19,55,47,355	1,955.48							
Balance as at 1 April 2018	19,55,47,355	1,955.48							
Changes in equity share capital during the year	-	-							
Balance as at 31 March 2019	19,55,47,355	1,955.48							
(b) Other equity									
	Reserves & Surplus					OCI			
	Securities Premium Account	General Reserve	Capital Reserve	Retained earnings	Equity Portion of Borrowings	Foreign Currency Translation Reserve	Remeasurement of defined benefit plans	Total	
Balance at 1 April 2017	2,667.52	250.00	8,686.63	(1,027.38)	2.32	(143.28)	(28.54)	10,407.27	
Profit for the year	-	-	-	149.20	14.31	-	-	163.51	
Other comprehensive income/ (loss) for the year	-	-	-	-	-	95.13	15.27	110.40	
Total comprehensive income for the year	-	-	-	149.20	14.31	95.13	15.27	273.91	
Balance at 31 March 2018	2,667.52	250.00	8,686.63	(878.18)	16.63	(48.15)	(13.27)	10,681.18	
Profit for the year	-	(0.88)	-	1,517.39	0.01	-	-	1,516.52	
Other comprehensive income for the year	-	(0.88)	-	1,517.39	0.01	(507.63)	(84.32)	(591.95)	
Total comprehensive income for the year	-	(0.88)	-	1,517.39	0.01	(507.63)	(84.32)	924.57	
Balance at 31 March 2019	2,667.52	249.12	8,686.63	639.21	16.64	(555.78)	(97.59)	11,605.75	

The accompanying notes are an integral part of these financial statements.

As per our report of even date.

**Abhay Upadhye**

Partner

(Membership No. 049354)

**For K.K. Mankeshwar & Co.**

Chartered Accountants

(Firm's Regn. No. 106009W)

**O.P. Saraswat**  
Dy. Chief Financial Officer

For and on behalf of the Board of Directors

**R.K. Saraf**

Chairman &amp; Managing Director

(DIN: 00006102)

**S.S. Sharma**

General Manager (Legal)

&amp; Company Secretary

**Ashim Saraf**

Joint Managing Director

(DIN: 00009581)

Place: Noida, U.P.

Date: 17th May, 2019

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

S. No.	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>A</b>	<b><u>Cash flows from operating activities</u></b>		
	Net Profit/ (Loss) after Prior Period Items and before Tax	1,870.49	(267.24)
	Adjustments For:		
	a) Interest Income	(173.16)	(134.01)
	b) Depreciation	204.14	295.39
	c) Gain on sale of fixed assets	(1.45)	(435.93)
	d) Loss on sale of Investment	132.20	570.31
	e) Effect of change in foreign currency translation reserve	(507.63)	94.21
	f) Interest Expense	1,444.09	1,793.98
	<b>Operating Cash Profit before Working Capital Changes</b>	<b>2,968.68</b>	<b>1,916.71</b>
	Movement in Working Capital:-		
	a) Increase/(Decrease) in Trade Payables	(350.70)	360.56
	b) Increase/(Decrease) in Other Current Liabilities	1,318.63	536.63
	c) Increase/(Decrease) in Other Current Financial Liabilities	14.03	(421.16)
	c) (Increase)/Decrease in Other Non Current Financial Assets	(1,445.60)	(420.92)
	d) (Increase)/Decrease in Provisions	(81.81)	(77.54)
	c) (Increase)/Decrease in Other Current Financial Assets	(626.06)	(59.45)
	d) (Increase)/Decrease in Inventories	705.86	(328.83)
	c) (Increase)/Decrease in Long Term Loans & Advances	(12.50)	-
	e) (Increase)/Decrease in Trade Receivables	646.65	(463.07)
	f) (Increase)/Decrease in Other Current Assets	153.81	942.37
	<b>Cash Generated From/ (used in) operations</b>	<b>3,290.99</b>	<b>1,985.30</b>
	Less: Income Tax Paid (net of refunds)	(301.21)	(245.10)
	<b>Net Cash Generated From/ (used in) Operating Activities(A)</b>	<b>2,989.78</b>	<b>1,740.20</b>
<b>B</b>	<b><u>Cash Flow from Investing Activities:</u></b>		
	(Purchase) of property, plant and equipment and capital work in progress	(196.57)	(22.51)
	Net proceeds of property, plant and equipment and capital work in progress	336.05	548.40
	Interest received	172.01	133.98
	Net movement in Investments	675.49	456.24
	Change in Minority interest of Subsidiary company	(182.65)	(162.55)
	<b>Net Cash Generated from/ (Used in) Investing Activities (B)</b>	<b>804.33</b>	<b>953.56</b>
<b>C.</b>	<b><u>Cash Flow from Financing Activities:</u></b>		
	Net proceeds/(Repayment) of Long Term Borrowings	(1,920.88)	(2,726.87)
	Interest Expense Paid	(1,181.03)	(779.67)
	<b>Net Cash generated from/ (used in) Financing Activities (C)</b>	<b>(3,101.91)</b>	<b>(3,506.54)</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents ( A+B+C)</b>	<b>692.19</b>	<b>(812.78)</b>
	Cash and cash equivalents at the beginning of the year	152.97	965.75
	<b>Balance at the end of year</b>	<b>845.16</b>	<b>152.97</b>

As per our report of even date.

This is the Statement of Cash Flow referred to in our report of even date

For and on behalf of the Board of Directors

**Abhay Upadhye**

Partner

(Membership No. 049354)

**For K.K. Mankeshwar & Co.**

Chartered Accountants

(Firm's Regn. No. 106009W)

**O.P. Saraswat**

Dy. Chief Financial Officer

**R.K. Saraf**

Chairman &amp; Managing Director

(DIN: 00006102)

**S.S. Sharma**General Manager (Legal)  
& Company Secretary**Ashim Saraf**Joint Managing Director  
(DIN: 00009581)

Place: Noida, U.P.

Date: 17th May, 2019

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**1. Corporate Information**

The Consolidated Financial Statements comprise financial statements of Facor Alloys Limited (referred to as "FAL" or "the Company") and its subsidiaries (collectively "the Group"). The Company is a public company domiciled in India and is listed at Bombay Stock exchange. The Company's registered office is located at Shreeramnagar, Garividi, Vizianagaram, Andhra Pradesh.

The consolidated financial statements were approved for issue in accordance with a resolution of the Board of Directors of the Company on 17<sup>th</sup> May, 2019.

**2. Significant Accounting Policies**

This note provides a list of significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**a) Basis of preparation**

These financial statements have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard ('Ind AS'), prescribed under Section 133 of the Companies Act, 2013 (the Act) read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and other relevant provisions of the Act, on an accrual basis.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) that are measured at fair value.

The financial statements are presented in INR, which is also the Company's functional currency and all values are rounded to the nearest lakhs (INR 00,000) except when otherwise indicated.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle at 12 months for the purpose of current and non-current classification of assets and liabilities.

**b) Principles of Consolidation**

- a) The consolidated financial statements include results of the subsidiaries of Facor Alloys Ltd., consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'. The consolidated financial statements present the consolidated accounts of Facor Alloys Limited, its following subsidiaries

S. No.	Name of the Company	Relationship	Proportion of Ownership & Voting Power	Country of Incorporation
1.	Best Minerals Limited (BML)	Subsidiary	100.00%	India
2.	FAL Power Ventures Pvt. Ltd. (FPVPL) [Formerly known as BEC Power Pvt. Ltd.]	Subsidiary	100.00%	India
3.	Facor Electric Ltd. (FEL)	Subsidiary	100.00%	India
4.	Facor Minerals (Netherlands) B.V. (FMN)	Subsidiary	93.48%	Netherlands
5.	Facor Turkkrom Mining (Netherlands) B.V. (FTM)	Subsidiary of FMN	51.00%	Netherlands
6.	Cati Madencilik Ithalat ve Ihracat A.S. (Cati)	Subsidiary of FMN	100.00%	Turkey

We have not consolidated the financials of Facor Minerals Pte. Ltd., Singapore, a wholly owned subsidiary for the year ended 31<sup>st</sup> March, 2019, as the same is in liquidation and application for striking off the name with a balance sheet having total assets NIL and total liabilities NIL was submitted to Accounting and Corporate Regulatory Authority (ACRA), Singapore on 6<sup>th</sup> Dec., 2018. ACRA has intimated that a notice dated 4<sup>th</sup> April, 2019, to this effect has also been published in the Government Gazette of Singapore. Facor Alloys Limited have made submissions vide their letter dated 22<sup>nd</sup> April, 2019, to the Authorised Dealer (AD) for disinvestment of equity stake in Facor Minerals Pte. Ltd., Singapore, under automatic route.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

- b) The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, being the entities that it controls. Control is evidenced where the group has power over the investee or is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company.
- c) The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra group transactions and any unrealized profits.
- d) The consolidated financial statements have been prepared using accounting policies for like transactions and are presented, to the extent possible, in the same manner as the company's separate financial statements.
- e) The financial statements of FMN and fellow subsidiary FTM have been prepared in accordance with Netherland Generally Accepted Accounting Principles. The impact on account of any difference to the Indian Accounting Standards (Ind AS) is not material in view of Company's consolidated operations.
- f) For non-wholly owned subsidiaries, non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.
- g) The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.
- h) Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date of the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following;

Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.)

- i) On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

- j) Any goodwill arising on acquisition / consolidation is stated at cost less impairment losses, where applicable. On disposal of a subsidiary, attributable amount of goodwill is included in the determination of the profit and loss recognised in the Statement of the Profit and Loss.

Impairment loss, if any, to the extent the carrying amount exceed the recoverable amount is charged off to the statement of Profit and Loss as it arises and is not reversed.

- k) Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the asset / liability method on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. Other significant accounting policies followed by the Group are exactly similar to the significant accounting policies of the parent, Facor Alloys Ltd., and hence have not been reproduced here. Refer Note 2 to 3 of standalone financial statement of Facor Alloys Ltd. for the year ended 31<sup>st</sup> March, 2019 for details in regard to other significant accounting policies.

Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements which fairly present the needed disclosure.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 3. Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net Block		
	As at 31 March 2018	Additions	Assets Classified as Held for Sale	Deletions	As at 31 March 2019	As at 31 March 2018	For the Year	Assets Classified as Held for Sale	Adjustments/ Deductions	As at 31 March 2019	As at 31 March 2018
<b>Tangible Assets</b>											
Freehold Land	14,047.52	-	1,032.53	-	13,014.99	-	-	-	-	13,014.99	14,047.52
Mines and Quarries Freehold	1,380.14	-	742.70	-	637.44	-	-	-	-	637.44	1,380.14
Buildings	968.85	-	5.29	265.27	698.29	80.54	7.37	0.69	-	87.22	888.31
Railway Sidings	12.03	-	-	-	12.03	3.02	1.19	-	-	4.21	9.01
Plant and Machinery	1,725.67	172.48	-	128.33	1,769.82	371.61	151.98	-	60.39	463.20	1,354.06
Office Equipments	106.89	14.24	-	28.05	93.08	33.38	16.89	-	26.96	23.31	73.51
Furniture & Fixtures	127.21	0.63	-	3.87	123.97	52.98	16.82	-	3.59	66.21	74.23
Vehicles	81.95	4.16	-	0.42	85.69	33.61	9.89	-	0.40	43.10	48.34
<b>Total</b>	<b>18,450.26</b>	<b>191.51</b>	<b>1,780.52</b>	<b>425.94</b>	<b>16,435.31</b>	<b>575.14</b>	<b>204.14</b>	<b>0.69</b>	<b>91.34</b>	<b>687.25</b>	<b>17,875.13</b>

The above includes following assets given on operating lease:

Particulars	As at 31 March 2019			As at 31 March 2018			2018
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block	
Vehicles	8.63	4.72	3.91	8.63	3.56	5.07	1.53
<b>Total</b>	<b>8.63</b>	<b>4.72</b>	<b>3.91</b>	<b>8.63</b>	<b>3.56</b>	<b>5.07</b>	<b>1.53</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 3. Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Gross Block				Depreciation				Net Block			
	As at 31 March 2017	Additions	Assets Classified as Held for Sale	Deletions	As at 31 March 2018	As at 31 March 2017	For the Year	Assets Classified as Held for Sale	Adjustments/ Deductions	As at 31 March 2018	As at 31 March 2018	As at 1 April 2017
<b>Tangible Assets</b>												
Freehold Land	14,047.67	-	-	0.15	14,047.52	-	-	-	-	-	14,047.52	14,047.67
Mines and Quarries Freehold	1,380.14	-	-	-	1,380.14	-	-	-	-	-	1,380.14	1,380.14
Buildings	1,029.83	3.90	-	64.88	968.85	34.51	46.21	-	0.18	80.54	888.31	995.33
Railway Sidings	12.03	-	-	-	12.03	1.62	1.40	-	-	3.02	9.01	10.41
Plant and Machinery	1,762.93	4.11	-	41.37	1,725.67	178.00	193.65	-	0.04	371.61	1,354.07	1,584.93
Office Equipments	92.79	14.50	-	0.40	106.89	15.73	17.68	-	0.03	33.38	73.51	77.06
Furniture & Fixtures	127.83	-	-	0.62	127.21	30.16	22.82	-	0.00	52.98	74.23	97.67
Vehicles	82.75	-	-	0.80	81.95	19.98	13.63	-	0.00	33.61	48.34	62.76
<b>Total</b>	<b>18,535.97</b>	<b>22.51</b>	<b>-</b>	<b>108.22</b>	<b>18,450.26</b>	<b>280.01</b>	<b>295.39</b>	<b>-</b>	<b>0.25</b>	<b>575.14</b>	<b>17,875.13</b>	<b>18,255.97</b>

Particulars	Gross Block			Depreciation			Net Block		
	As at 31 March 2018	Additions	Deletions	As at 31 March 2019	As at 31 March 2018	For the Year	Adjustments/ Deductions	As at 31 March 2019	As at 31 March 2018
<b>Intangible Assets</b>									
Mining Rights	51.41	5.06	-	56.47	-	-	-	56.47	51.41
<b>Total</b>	<b>51.41</b>	<b>5.06</b>	<b>-</b>	<b>56.47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56.47</b>	<b>51.41</b>

Particulars	Gross Block			Depreciation				Net Block	
	As at 31 March 2017	Additions	Deletions	As at 31 March 2018	As at 31 March 2017	For the Year	Adjustments/ Deductions	As at 31 March 2018	As at 31 March 2017
Intangible Assets									
Mining Rights	55.91	-	4.50	51.41	-	-	-	-	55.91
Total	55.91	-	4.50	51.41	-	-	-	-	55.91

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**  
 (₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>4 Investment Others</b>		
<b>Investment Measured at fair value through OCI</b>		
<b>a Others - In Equity Shares -unquoted, fully paid up</b>		
(i) 7,33,818 shares of Pioneer Facor IT Infradevelopers Pvt. Limited of ₹ 1 each	-	807.20
(ii) 30 shares of DNS Bank Ltd, Mumbai of ₹ 50 each	0.02	0.01
<b>Investment Measured at amortised cost</b>		
<b>b In Government Securities : Unquoted</b>		
6 Years National Savings Certificates	1.55	2.05
12 Years National Savings Certificates	0.01	0.01
<b>Total</b>	<b>1.58</b>	<b>809.27</b>
Aggregate book value of quoted investments	NIL	NIL
Aggregate book value of un-quoted investments	1.58	809.27
<b>5 Other non-current financial assets</b>		
<i>Unsecured, considered good</i>		
Security deposits		
- Others	2,581.01	1,134.91
Balance in Term Deposits (Maturity more than 12 months)	-	0.50
<b>Total</b>	<b>2,581.01</b>	<b>1,135.41</b>
<b>6 Deferred Tax Liabilities/ Assets (Net)</b>		
<b>Deferred Tax Liability:</b>		
Difference between Book and Income Tax depreciation	240.59	276.87
Others	-	8.69
<b>Deferred Tax Assets:</b>		
Disallowance u/s 43B of the Income Tax Act, 1961 to be allowed on payment basis	1,299.90	1,880.58
Unabsorbed Depreciation and Unabsorbed Business loss	545.15	348.33
MAT Credit Entitlement	4.01	
<b>Total</b>	<b>1,608.47</b>	<b>1,943.35</b>
<b>Reconciliation of Deferred Tax Assets/(Liabilities)</b>		
Particulars		
Opening Balance as on 1st April	1,943.35	1,657.74
Deferred tax income/ (expense) on transition impact recognised in other equity	-	14.31
Deferred tax income/ (expense) during the period recognised in profit & loss	(379.31)	300.86
Deferred tax income/ (expense) during the period recognised in OCI	44.43	8.08
Other adjustment for Consolidation		
<b>Closing Balance</b>	<b>1,608.47</b>	<b>1,980.99</b>
<b>7 Long Term Loans and Advances</b>		
Capital Advance	12.50	-
<b>Total</b>	<b>12.50</b>	<b>-</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**  
(₹ in Lakhs)

Particulars		As at 31 March 2019	As at 31 March 2018
<b>8</b>	<b>Inventories</b>		
	<b>(At cost or NRV whichever is lower)</b>		
	Raw materials (Including Material in Transit)	<b>1,078.95</b>	731.16
	Work-in-Process	<b>184.67</b>	148.52
	Finished Products	<b>43.64</b>	1,169.93
	Stores and spares	<b>127.54</b>	89.42
	Loose Tools	<b>12.23</b>	13.86
	<b>Total</b>	<b><u>1,447.03</u></b>	<u>2,152.89</u>
<b>9</b>	<b>Trade Receivables</b>		
	<b>Unsecured</b>		
	Considered good	<b>1,194.94</b>	1,841.59
	Considered doubtful	-	-
	<b>Total</b>	<b><u>1,194.94</u></b>	<u>1,841.59</u>
<b>10</b>	<b>Cash and cash equivalents</b>		
	Balance with banks:		
	- In current account	<b>139.89</b>	140.37
	- In cash credit account	<b>1.50</b>	1.13
	- In term deposits	<b>701.10</b>	7.33
	Cash in hand	<b>2.67</b>	2.67
	Cheques in hand	-	1.47
	<b>Total</b>	<b><u>845.16</u></b>	<u>152.97</u>
<b>11</b>	<b>Other bank balances</b>		
	In earmarked accounts		
	- Unclaimed dividend account	-	6.38
	- In current account	<b>570.00</b>	-
	<b>Total</b>	<b><u>570.00</u></b>	<u>6.38</u>
<b>12</b>	<b>Other current financial assets</b>		
	Loans and advances to related parties	<b>630.93</b>	568.49
	Less: allowance for credit loss	<b>(500.00)</b>	(500.00)
		<b><u>130.93</u></b>	<u>68.49</u>
	Interest Accrued	<b>1.18</b>	0.03
	<b>Total</b>	<b><u>132.11</u></b>	<u>68.52</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

Particulars		As at 31 March 2019	As at 31 March 2018
<b>13</b>	<b>Current tax assets (net)</b>		
	Advance tax (Net of provision for income tax)	772.04	473.02
	<b>Total</b>	<b>772.04</b>	<b>473.02</b>
<b>13.1</b>	<b>Income Tax Expenses</b>		
	<b>Particulars</b>		
	<b>Current Tax Expenses</b>		
	Current year	4.01	1.82
	Adjustment for previous Year		
		<b>4.01</b>	<b>1.82</b>
	<b>Deferred Tax Expenses</b>		
	Change in recognised temporary differences	375.30	-300.86
	<b>Total Tax Expenses</b>	<b>379.31</b>	<b>(299.04)</b>
<b>13.2</b>	<b>Reconciliation of effective tax rate</b>		
	Profit/(loss) before tax	1,870.49	(267.24)
	Applicable tax rate	34.94%	34.61%
	Computed Tax Expenses	653.62	(92.49)
	<b>Tax Effect of:</b>		
	MAT Credit difference	4.01	
	Adjustment of earlier year tax		
	DTA not created on sale of investment	375.30	(322.92)
	Others tax adjustment	(105.28)	116.37
	<b>Tax Expenses recognised in profit and loss</b>	<b>379.31</b>	<b>(299.04)</b>
<b>14</b>	<b>Other current assets</b>		
	Advances to vendors	126.54	244.49
	Taxes and duties recoverable	495.15	532.72
	Claims Recoverable	25.46	25.46
	Prepaid Expenses	17.23	23.01
	Others	7.50	0.01
	<b>Total</b>	<b>671.88</b>	<b>825.69</b>
<b>15</b>	<b>Assets Classified as Held for Sale</b>		
	Land	1,032.53	-
	Mines & Quarries	742.70	-
	Buildings	4.60	-
		<b>1,779.83</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

Particulars		As at 31 March 2019	As at 31 March 2018		
16	Share capital				
	Authorised:				
	36,00,00,000 (31 March 2018 - 36,00,00,000) equity shares of ₹ 1/- each	3,600.00	3,600.00		
	39,00,000 (31 March 2018 - 39,00,000) preference shares of ₹ 100/- each	3,900.00	3,900.00		
	Issued, subscribed & fully paid up:				
	19,55,47,355 (31 March 2018 - 19,55,47,355) equity shares of ₹ 1/- each	1,955.48	1,955.48		
	Total	1,955.48	1,955.48		
a.	Terms and rights attached to equity shares				
	The Company has only one class of Equity shares referred to as equity shares each having a par value of ₹ 1/- per share. The Equity Shares have rights, preferences and restrictions which are in accordance with the provisions of law, in particular the Companies Act, 2013.				
b.	Reconciliation of number of shares outstanding at the beginning and end of the year :				
		Number of Shares	Amount		
	Outstanding at the 1 April 2017	19,55,47,355.00	1,955.48		
	Equity Shares issued during the year in	-	-		
	Outstanding at the 31 March 2018	19,55,47,355.00	1,955.48		
	Equity Shares issued during the year in	-	-		
	Outstanding at the 31 March 2019	19,55,47,355.00	1,955.48		
d.	Shareholders holding more than 5% shares in the company				
		As at 31 March 2019	As at 31 March 2018		
		No. of Shares	Percentage	No. of Shares	Percentage
	R.B.Shreeram & Co. Pvt. Ltd.	6,10,55,682	31.22%	6,10,55,682	31.22%

Particulars		As at 31 March 2019	As at 31 March 2018
17	Other equity		
a.	Securities premium account		
	Balance at the beginning of the year	2,667.52	2,667.52
	Addition during the year	-	-
	Balance at the end of the year	2,667.52	2,667.52
b.	Capital Reserves		
	Balance at the beginning of the year	8,686.63	8,686.63
	Addition during the year	(0.88)	-
	Balance at the end of the year	8,685.75	8,686.63
c.	General reserve		
	Balance at the beginning of the year	250.00	250.00
	Add: Transfer from surplus balance in the statement of Profit & Loss	-	-
	Balance at the end of the year	250.00	250.00

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

Particulars		As at 31 March 2019	As at 31 March 2018
<b>d</b>	<b>Retained earnings</b>		
	Balance at the beginning of the year	(878.18)	(1,027.38)
	Ind AS Adjustments	-	-
	Add: Profit for the year after taxation as per statement of Profit and Loss	1,517.39	149.20
		<u>639.21</u>	<u>(878.18)</u>
<b>e</b>	<b>Equity Component of Loan</b>		
	Balance at the beginning of the year		
	Ind AS Adjustments	16.63	2.32
	Add: Profit for the year after taxation as per statement of Profit and Loss	0.01	14.31
		<u>16.64</u>	<u>16.63</u>
<b>f</b>	<b>Other Comprehensive Income</b>		
	<b>Foreign Currency Translation Reserve</b>		
	Balance at the beginning of the year	(48.15)	(143.28)
	Addition during the year	(507.63)	95.13
	Balance at the end of the year	<u>(555.78)</u>	<u>(48.15)</u>
<b>g</b>	<b>Remeasurement of actuarial gain/loss</b>		
	Balance at the beginning of the year	(13.27)	(28.54)
	Addition during the year	(84.32)	15.27
	Balance at the end of the year	<u>(97.59)</u>	<u>(13.27)</u>
	<b>Total Equity (a+b+c+d+e+f+g)</b>	<u>11,605.75</u>	<u>10,681.19</u>
	<b>Nature and purpose of other reserves</b>		
	<b>Securities premium account</b>		
	Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.		
	<b>General reserve</b>		
	The general reserve is used from time to time to transfer profits from retained earnings for appropriation purpose.		
<b>18</b>	<b>Borrowings</b>		
	Loans (Unsecured)		
	- From related parties	414.21	717.11
	- Others	-	1,667.81
	<b>Total</b>	<u>414.21</u>	<u>2,384.92</u>
<b>19</b>	<b>Provisions</b>		
	Provision for employee benefits		
	- Compensated Absences	132.58	166.64
	- others	1.44	1.69
	<b>Total</b>	<u>134.02</u>	<u>168.33</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

(₹ in Lakhs)

Particulars		As at 31 March 2019	As at 31 March 2018
<b>20</b>	<b>Borrowings</b>		
	From Banks (Secured): (Ref. Note No. 20.1)	<b>2,344.29</b>	-
	From Others (Secured)	<b>1,820.41</b>	4,662.68
	From others (Unsecured)	<b>241.20</b>	
	From related parties (Unsecured)	<b>678.22</b>	373.79
	<b>Total</b>	<b><u>5,084.12</u></b>	<b><u>5,036.47</u></b>
<b>20.1</b>	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 in respect of immovable properties and guaranteed by two Directors. It also includes ₹ 2104.61 lakhs (Previous Year ₹ 3605.7476 lakhs) towards SBLC issued by Bank of India in favour of Facor Minerals (Netherlands) B.V. devolved and the net amount debited by the Bank to the Company's Account. The devolved amount is secured by first charge on the fixed assets of the Company by deposit of title deeds in respect of immovable properties.		
<b>21</b>	<b>Trade Payables</b>		
	Micro Small and Medium Enterprises (Refer Note No. 41)	<b>33.92</b>	-
	Others	<b>2,082.87</b>	2,467.49
	<b>Total</b>	<b><u>2,116.79</u></b>	<b><u>2,467.49</u></b>
<b>22</b>	<b>Other Financial Liabilities</b>		
	Interest Accrued and Due	<b>2,984.13</b>	2,721.07
	Unpaid dividend	-	6.38
	Other payables for:		
	- Managerial Remuneration	<b>80.57</b>	70.07
	- Employee Benefits Payable	<b>116.05</b>	96.95
	- Security deposits / Retention money	<b>4.29</b>	13.48
	<b>Total</b>	<b><u>3,185.04</u></b>	<b><u>2,907.95</u></b>
<b>23</b>	<b>Other Current Liabilities</b>		
	Statutory dues	<b>268.90</b>	263.29
	Revenue received in advance	<b>672.59</b>	14.99
	Other payables	<b>1,853.62</b>	1,198.20
	<b>Total</b>	<b><u>2,795.11</u></b>	<b><u>1,476.48</u></b>
<b>24</b>	<b>Provisions</b>		
	Provision for employee benefits		
	- Gratuity	<b>183.52</b>	155.22
	- Compensated Absences	<b>64.33</b>	10.52
	Others	<b>1,020.58</b>	1,020.58
	<b>Total</b>	<b><u>1,268.43</u></b>	<b><u>1,186.32</u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>25 Revenue from operations</b>		
Sale of goods	14,891.13	15,165.80
Sale of service- HCF conversion	21,115.88	16,033.02
	<u>36,007.01</u>	<u>31,198.82</u>
Export Incentives	97.23	121.15
<b>Grand Total</b>	<u><u>36,104.24</u></u>	<u><u>31,319.97</u></u>
<b>26 Other Income</b>		
Interest income from financial assets measured at amortised cost		
- On bank deposits	7.50	0.03
- Others	165.66	133.98
Miscellaneous Receipts	581.06	120.04
Fair Value adjustment on Financial Assets/Liabilities (Net)	-	31.27
Car Lease Rental Received	19.20	19.20
Rent Received	75.18	77.98
Foreign Exchange Gain	3.44	-
<b>Total</b>	<u><u>852.04</u></u>	<u><u>382.50</u></u>
<b>27 Change in Inventory of Finished Goods and Work-in-Progress</b>		
Change in Inventories of Finished Goods & Work-in-Progress		
Decrease / (Increase) in Stock :		
(a) Opening Stock		
- Finished Goods	1,169.93	186.67
- Work-in-Progress	137.75	158.53
(b) Less : Closing Stock		
- Finished Goods	43.64	1,169.93
- Work-in-Progress	176.64	137.75
<b>Total</b>	<u><u>1,087.40</u></u>	<u><u>(962.48)</u></u>
<b>28 Employee Benefits Expense</b>		
Salaries and wages	1,584.49	1,392.84
Contribution to provident and other funds	147.08	147.15
Staff Gratuity and Superannuation	50.96	46.15
Staff welfare expenses	270.69	380.37
Director's Remuneration	58.64	78.36
<b>Total</b>	<u><u>2,111.86</u></u>	<u><u>2,044.87</u></u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

(₹ in Lakhs)

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
<b>29</b>	<b>Finance Costs</b>		
	Interest on long term loans	397.78	707.38
	Interest on Other loans	1,019.38	1,064.23
	Other borrowing costs	0.95	21.01
	Bank Charges on bills discounting	0.83	1.36
	Interest Cost on Employee Benefit Plans	25.15	-
	<b>Total</b>	<b>1,444.09</b>	<b>1,793.98</b>
<b>30</b>	<b>Depreciation</b>		
	Depreciation on tangible assets	204.14	295.39
	<b>Total</b>	<b>204.14</b>	<b>295.39</b>
<b>31</b>	<b>Other Expenses</b>		
	Mining Handling & Other Production expenses	707.34	656.45
	Power and fuel	15,786.19	13,653.46
	Repairs and maintenance:		
	- Buildings	313.62	271.23
	- Plant and machinery	1,317.80	1,239.96
	Freight, Shipment & Sales Expenses	185.54	190.55
	Stores & Spares	358.39	268.49
	Works Expenses	455.30	388.36
	Transportation expenses	154.87	140.97
	Rent	40.88	27.45
	Insurance	8.56	8.46
	Rates and Taxes	17.83	18.93
	Commission and Brokerage on Sales	22.93	17.21
	Donation	7.07	0.10
	Payment to auditors	5.42	4.73
	Directors' sitting fees	2.30	2.45
	Miscellaneous Expenses	80.91	83.03
	Foreign exchange fluctuations (net)	-	9.36
	<b>Total</b>	<b>19,464.95</b>	<b>16,981.19</b>
<b>31.1</b>	<b>Payment to Auditor as:</b>		
	<b>(a) Statutory Auditor</b>		
	Audit Fees	2.90	2.80
	Tax Audit Fees	0.85	0.15
	Certification and Consultation Fees	0.12	0.16
	Reimbursement of Expenses	1.05	1.12
	<b>(b) Cost Auditor</b>		
	Audit Fees	0.50	0.50
	<b>Total</b>	<b>5.42</b>	<b>4.73</b>
<b>32</b>	<b>Earning per share</b>		
	Profit/ (Loss) for the period	1,517.39	149.20
	Weighted average number of equity shares of ₹ 10/- each (In lakhs)	1,955.48	1,955.48
	EPS - Basic and Diluted	0.78	0.08

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

**33** The financials of Facor Minerals Pte. Ltd., Singapore, a wholly owned subsidiary have not consolidated for the year ended 31 March, 2019, as the same is in liquidation and application for striking off the name with a balance sheet having total assets NIL and total liabilities NIL was submitted to Accounting and Corporate Regulatory Authority (ACRA), Singapore on 6 December, 2018. ACRA has intimated that a notice dated 4 April, 2019, to this effect has also been published in the Government Gazette of Singapore. Facor Alloys Limited have made submission vide their letter dated 22 April, 2019, to the Authorised Dealer (AD) for disinvestment of equity stake in Facor Minerals Pte. Ltd., Singapore, under automatic route.

The non-consolidation of Facor Minerals Pte. Ltd. has resulted in increase in Networth of the Group by USD 1,187 (INR 0.77 lakhs) in comparison to FY 2017-18

**34 Contingent liabilities, contingent assets and commitments****A. Contingent Liabilities**

- a. Claims against the Company not acknowledged as debts, since disputed ₹ 1,441.04 lakhs (Previous Year ₹ 1,533.69 lakhs). Amounts paid under protest ₹ 290.45 lakhs (Previous Year ₹ 291.26 lakhs) have been debited to Advance Account.
- b. Counter guarantees in favour of Consortium Banks in respect of their outstandings with Facor Steels Limited. Due to the nature of the liability, its financial impact is not ascertainable.

**B. Capital And Other Commitments**

- a. Estimated amount of contracts on Capital Account and other commitments (net of capital advance) remaining to be executed and not provided for in accounts ₹ 112.50 lakhs (Previous Year ₹ Nil).

**35 Segment Information:**

Consolidated segment informations are same as segment information of Facor Alloys Limited.

**36 Related Party Disclosure:-**

Consolidated related party transactions are same as related party transactions of Standalone Facor Alloys Limited except for following transactions which are additional in consolidated financial statement. Amount received by Cati Medencilik Ithalat Ve Ihracat A.S. for Directors and their Relatives are as under: (₹ in lakhs)

S. No.	Name of the Related Party	Nature of Relationship	Transactions during the year		Balance at the year end	
			2018-19	2017-18	2018-19	2017-18
1	Huseyin Cevik	Director	22.66	73.86	96.52	73.86
2	Gokhan Cevik*	Relative of Director	(36.24)	5.51	105.91	142.15

\* Variation is due to exchange fluctuation

**37 Details of Loans given, Investments made and Guarantee given covered U/s 186(4) of the Companies Act, 2013.**

Loans given, Investments made and Guarantees given by the Company in respect of loans are given under the respective heads.

**38 FORM AOC - 1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/ associate companies**

**Part "A": Subsidiaries**

(₹ in lakhs)

1	Sl. No.	1	2	3	4	5	6
2	Name of subsidiary	Best Minerals Ltd.	FAL Power Ventures Pvt. Ltd.	Facor Electric Ltd.	Facor Minerals (Netherlands) B.V.	Facor Turkrom Mining (Netherlands) B.V.	Cati Mandencilik Ithalat ve Ihracat A.S.
					Refer Below Note No. 2		
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-	-	-	-	-	-
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries				US\$ 69.035	US\$ 69.035	US\$ 69.035
5	Share Capital	5.00	1.00	5.00	1,588.91	1,518.77	453.82

1	Sl. No.	1	2	3	4	5	6
2	Name of subsidiary	Best Minerals Ltd.	FAL Power Ventures Pvt. Ltd.	Facor Electric Ltd.	Facor Minerals (Netherlands) B.V.	Facor Turkkrom Mining (Netherlands) B.V.	Cati Mandencilik Ithalat ve Ihracat A.S.
6	Reserves & Surplus	(11.11)	(1,158.48)	(311.76)	(9,483.29)	(121.68)	(1,707.66)
7	Total Assets	0.27	47.04	1.97	965.45	1,426.37	964.44
8	Total Liabilities	0.27	47.04	1.97	965.45	1,426.37	964.44
9	Investments	0.01	-	-	-	1,391.28	-
10	Turnover	-	-	-	-	-	-
11	Profit before taxation	(0.26)	(0.19)	(0.36)	294.08	(25.53)	(125.98)
12	Provision for taxation	-	-	-	-	-	-
13	Profit after taxation	(0.26)	(0.19)	(0.36)	294.08	(25.53)	(125.98)
14	Proposed Dividend	-	-	-	-	-	-
15	% of shareholding	100%	100%	100%	93.48%	51%	100%

1: Following are the names of subsidiaries which are yet to commence operations ;

i). FAL Power Ventures Pvt. Ltd.	ii). Facor Electric Limited
iii). Facor Minerals (Netherlands) B.V.	iv). Facor Turkkrom Mining (Netherlands) B.V.:-
v). Cati Madencilik Ithalat ve Ihracat A.S.:-	Subsidiary of Facor Minerals (Netherlands) B.V.
Subsidiary of Facor Turkkrom Mining (Netherlands) B.V	

S. No.	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount (₹ in lakhs)	As % of consolidated profit or loss	Amount (₹ in lakhs)	As % of consolidated other comprehensive income	Amount (₹ in lakhs)	As % of consolidated total comprehensive income	Amount (₹ in lakhs)
	1	2	3	4	5	6	7	8	9
	<b>Parent</b>								
	Facor Alloys Limited	110.86	13,771.97	81.76	1,197.10	15.65	84.32	120.24	1,112.78
	<b>Subsidiaries</b>								
	<b>Indian</b>								
1	Best Minerals Ltd.	(0.09)	(11.11)	(0.02)	(0.26)	-	-	(0.03)	(0.26)
2	Facor Electric Ltd.	(2.51)	(311.76)	(0.02)	(0.36)	-	-	(0.04)	(0.36)
3	FAL Power Ventures Pvt. Ltd.	(9.33)	(1,158.48)	(0.01)	(0.19)	-	-	(0.02)	(0.19)
	<b>Foreign</b>								
	Facor Minerals (Netherlands) B.V.	(76.33)	(9,483.29)	20.09	294.08	(9.02)	(48.60)	37.03	342.68
	Non-controlling Interest in Subsidiaries	(9.16)	(1,137.87)	(1.79)	(26.21)	-	-	(2.83)	(26.21)
	<b>Inter- Company Eliminations</b>	86.56	10,753.90			93.37	503.00	(54.35)	(503.00)
	<b>Total</b>	<b>100.00</b>	<b>12,423.36</b>	<b>100.00</b>	<b>1,464.16</b>	<b>100.00</b>	<b>538.72</b>	<b>100.00</b>	<b>925.44</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**40 Employee benefits**

Consolidated employee benefits are same as employee benefits of Standalone Facor Alloys Limited.

**41 Consolidated MSME details are same as MSME detail of Standalone Facor Alloys Limited.**
**42 Financial instruments – Fair values and risk management**
**I. Fair value measurements**
**A. Financial instruments by category\***

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
	Amortised Cost	Amortised Cost
<b>Financial assets</b>		
Non-current investments	1.58	809.27
Long Term Loans and Advances	12.50	-
Other non-current financial assets	2,581.01	1,135.41
Trade receivables	1,194.94	1,841.59
Cash and cash equivalents	845.16	152.97
Bank balances other than above	570.00	6.38
Other current financial assets	132.11	68.52
<b>Total</b>	<b>5,337.30</b>	<b>4,014.14</b>
*Exclude financial instruments measured at cost		
<b>Financial liabilities</b>		
Borrowings	5,498.33	7,421.39
Trade payables	2,116.79	2,467.49
Other financial liabilities	3,185.04	2,907.95
<b>Total</b>	<b>10,800.16</b>	<b>12,796.83</b>

**B. Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed**

(₹ in Lakhs)

Particulars	As at 31 March 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Non-current investments	-	-	1.58	1.58
Loans	-	-	12.50	12.50
Other non-current financial assets	-	-	2,581.01	2,581.01
Trade receivables	-	-	1,194.94	1,194.94
Cash and cash equivalents	-	-	845.16	845.16
Bank balances other than above	-	-	570.00	570.00
Other current financial assets	-	-	132.11	132.11
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>5,337.30</b>	<b>5,337.30</b>
<b>Financial liabilities</b>				
Borrowings	-	-	5,498.33	5,498.33
Trade payables	-	-	2,116.79	2,116.79
Other financial liabilities	-	-	3,185.04	3,185.04
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>10,800.16</b>	<b>10,800.16</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed**

(₹ in Lakhs)

Particulars	As at 31 March 2018			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Non-current investments	-	-	809.27	809.27
Loans			-	-
Other non-current financial assets	-	-	1,135.41	1,135.41
Trade receivables	-	-	1,841.59	1,841.59
Cash and cash equivalents	-	-	152.97	152.97
Bank balances other than above	-	-	6.38	6.38
Other current financial assets	-	-	68.52	68.52
<b>Total financial assets</b>	-	-	<b>4,014.14</b>	<b>4,014.14</b>
<b>Financial liabilities</b>				
Borrowings	-	-	7,421.39	7,421.39
Trade payables	-	-	2,467.49	2,467.49
Other financial liabilities	-	-	2,907.95	2,907.95
<b>Total financial liabilities</b>	-	-	<b>12,796.83</b>	<b>12,796.83</b>

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year

**C. Fair value of financial assets and liabilities measured at amortised cost**

(₹ in Lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
Non-current investments	1.58	1.58	809.27	809.27
Loans	12.50	12.50	-	-
Other non-current financial assets	2,581.01	2,581.01	1,135.41	1,135.41
Trade receivables	1,194.94	1,194.94	1,841.59	1,841.59
Cash and cash equivalents	845.16	845.16	152.97	152.97
Bank balances other than above	570.00	570.00	6.38	6.38
Other current financial assets	132.11	132.11	68.52	68.52
<b>Total</b>	<b>5,337.30</b>	<b>5,337.30</b>	<b>4,014.14</b>	<b>4,014.14</b>
<b>Financial liabilities</b>				
Borrowings	5,498.33	5,498.33	7,421.39	7,421.39
Trade payables	2,116.79	2,116.79	2,467.49	2,467.49
Other financial liabilities	3,185.04	3,185.04	2,907.95	2,907.95
<b>Total</b>	<b>10,800.16</b>	<b>10,800.16</b>	<b>12,796.83</b>	<b>12,796.83</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**II. Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

**Risk management framework**

A company is exposed to uncertainties owing to the sector in which it is operating. The Company is conscious of the fact that any risk that could have a material impact on its business should be included in its risk profile. Accordingly, in order to contain / mitigate the risk, the Board of Directors have approved a Risk Management Policy which shall be reviewed by Board and the management from time to time.

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 and the policy was reviewed by the Board and Committee at its meeting.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**i. Credit risk**

Credit risk is the risk of financial loss to company if a customer or counterparty to the financial instrument fails to meet its financial obligations, and arises principally from the loans & advances to related parties and company's receivables from customers.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk other than trade receivable.

The company maintains its Cash and cash equivalents and Bank Deposits with banks having good reputation, good past track record and high quality credit rating and also reviews their credit rating on a timely basis.

The gross carrying amount of trade receivables is ₹ 1,194.94 lakhs (31 March 2018 ₹ 1,841.59 lakhs).

During the period, the Company has made no write-offs of trade receivables. The Company management also pursue all options for recovery of dues wherever necessary based on its internal assessment. A default on a financial asset is when counterparty fails to make payments within 365 days when they fall due.

Other current financial assets basically include loans and advances recoverable from related parties. Provision is created in books of accounts on case to case basis depending upon the possibility/probability of recovery of the amount due to financial position of related parties. The gross carrying amount of loan and advances to related parties as on 31 March 2019 amounted to ₹ 630.93 lakhs (₹ 568.49 lakhs as on 31 March 2018).

**Reconciliation of loss allowance provision – Loan and Advances to Related Parties** (₹ in Lakhs)

	31 March 2019	31 March 2018
Opening balance	500.00	500.00
Changes in loss allowance calculated at life time expected credit losses	-	-
<b>Closing balance</b>	<b>500.00</b>	<b>500.00</b>

**ii. Liquidity risk**

Liquidity risk refers to risk of financial distress or extra ordinary high financing cost arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and require financing. The Company's objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements. Processes and policies related to such risk are overseen by senior management and management monitors the Company's net liquidity position through rolling forecast on the basis of expected cash flows.

**(a) Financing arrangements**

The company do not have undrawn bank overdraft facilities as on 31 March 2019 and as on 31 March 2018.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**(b) Maturities of financial liabilities**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and excluding contractual interest payments and exclude the impact of netting agreements.

(₹ in Lakhs)

Particulars	Carrying Amounts 31 March 2019	Contractual cash flows				
		Total	Upto 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 year
Non-derivative financial liabilities						
Borrowings	5,498.33	5,498.33	5,084.12	-	414.21	-
Trade payables	2,116.79	2,116.79	2,116.79	-	-	-
Other financial liabilities	3,185.04	3,185.04	3,185.04	-	-	-
Total non-derivative liabilities	10,800.16	10,800.16	10,385.95	-	414.21	-

(₹ in Lakhs)

Particulars	Carrying Amounts 31 March 2018	Contractual cash flows				
		Total	Upto 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 year
Non-derivative financial liabilities						
Borrowings	7,421.39	7,421.39	5,036.47	-	2,384.92	-
Trade payables	2,467.49	2,467.49	2,467.49	-	-	-
Other financial liabilities	2,907.95	2,907.95	2,907.95	-	-	-
Total non-derivative liabilities	12,796.83	12,796.83	10,411.91	-	2,384.92	-

**iii. Market risk**

Market risk is the risk that changes in market prices, foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**a) Equity Price risk**

Commodity Price Risk is the risk that future cash flow of the Company will fluctuate on account of changes in market price of the material produced and sold by the company. The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the materials. The Company enters into contracts for procurement of materials and most of the transactions are short term fixed price contracts.

**b) Currency risk**

Foreign currency risk is the risk that fair value of future cash flow of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company has foreign currency trade payables and receivables and is therefore, exposed to a foreign exchange risk. Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is managed through a forecast of highly probable foreign currency cash flows.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**Exposure to currency risk**

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
	USD	USD
<b>Financial asset</b>		
Trade receivables	-	17,27,065
<b>Net exposure to foreign currency risk (assets)</b>	-	<b>17,27,065</b>
<b>Financial Liabilities</b>		
Trade payables	-	-
<b>Net statement of financial position exposure</b>	-	-

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the INR against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit or loss, net of tax		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2019</b>				
5% movement				
USD	-	-	-	-
<b>31 March 2018</b>				
5% movement				
USD	(56,468)	56,468	(56,468)	56,468

**c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates related primarily to the Company's short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

**Exposure to interest rate risk**

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

(₹ in Lakhs)

Particulars	31 March 2019	31 March 2018
<b>Fixed Rate Instruments</b>		
Financial Assets	1.56	2.06
Financial Liabilities	414.21	2,384.92
	<b>416</b>	<b>2,386.98</b>
<b>Variable Rate Instruments</b>		
Financial Assets	-	-
Financial Liabilities	1,820.41	4,662.68
	<b>1,820.41</b>	<b>4,662.68</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**
**Sensitivity analysis**
**Fixed rate instruments**

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

**Variable rate instruments**

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Particulars	Profit or loss, net of tax		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 March 2019</b>				
Variable Rate Instruments	(11.90)	11.90	(11.90)	11.90
<b>Cash flow sensitivity (net)</b>	<b>(11.90)</b>	<b>11.90</b>	<b>(11.90)</b>	<b>11.90</b>
<b>31 March 2018</b>				
Variable Rate Instruments	(30.49)	30.49	(30.49)	30.49
<b>Cash flow sensitivity (net)</b>	<b>(30.49)</b>	<b>30.49</b>	<b>(30.49)</b>	<b>30.49</b>

**43 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity share holders of the Company. The primary objective of the Company's capital management is to safeguard continuity, maintain healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through equity, internal accruals, long term borrowings and short term borrowings. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

**44** The figures for the corresponding previous year has been regrouped/ reclassified wherever necessary, to make them comparable.

As per our report of even date.

For and on behalf of the Board of Directors

**Abhay Upadhye**

Partner

(Membership No. 049354)

**For K.K. Mankeshwar & Co.**

Chartered Accountants

(Firm's Regn. No. 106009W)

**O.P. Saraswat**

Dy. Chief Financial Officer

**R.K. Saraf**

Chairman & Managing Director

(DIN: 00006102)

**S.S. Sharma**

General Manager (Legal)  
& Company Secretary

**Ashim Saraf**

Joint Managing Director  
(DIN: 00009581)

Place: Noida, U.P.

Date: 17th May, 2019

# FACOR ALLOYS LIMITED

CIN L27101AP2004PLC043252

Registered Office & Works: SHREERAMNAGAR-535 101, Dist. Vizianagaram, A.P., India

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E-Mail: [facoralloys@facorgroup.in](mailto:facoralloys@facorgroup.in) Website: [www.facoralloys.com](http://www.facoralloys.com)

Sixteenth Annual General Meeting on 28th September, 2019

FORM NO. MGT-11

PROXY FORM

(Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the member(s) :	
Registered Address :	
E-mail Id :	
Folio No./ DP ID-Client ID No. :	

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

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

and whose signature(s) are appended below as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Members of the Company to be held on Saturday, the 28<sup>th</sup> September, 2019 at 4.00 p.m. at Administrative Building, Shreeramnagar-535101 and at any adjournment thereof in respect of the following resolutions:

Resolution No.	Resolutions
<b>Ordinary Business</b>	
1.	Consideration and Adoption of the Audited Financial Statements including Audited Consolidated Financial Statements for the year ended 31st March, 2019 together with the Reports of the Board of Directors' and the Auditors' thereon
2.	Re-appointment of Mr. Rohit Saraf, Director (DIN 00003994) who retires by rotation
<b>Special Business</b>	
3.	Ratification of remuneration payable to Cost Auditor for the financial year 2019-20
4.	Re-appointment of Mrs. Urmila Gupta, as an Independent Woman Director (DIN 00637110) for a period of five years
5.	Re-appointment of Mr. R K Saraf as Managing Director (DIN 00006102) for a period of three years
6.	Re-appointment of Mr. Ashim Saraf as Joint Managing Director (DIN 00009581) for a period of three years
7.	Re-appointment of Mr. Anurag Saraf as Joint Managing Director (DIN 00009631) for a period of three years
8.	To write off the investment held by the Company in Facor Minerals Pte. Limited, Singapore, a step down wholly owned Subsidiary
9.	Keeping the Register of Members with Registrar And Share Transfer Agent of the Company

Signed this ..... day of .....2019

Signature of Shareholder(s): .....

Signature of Proxy holder(s): .....

**Affix  
Revenue  
Stamp**

**Note :** This form of proxy in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



**Our Principal Addresses:****Registered Office And Works:****Shreeramnagar:**

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CIN : L27101AP2004PLC043252

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**Shri Ishwar Das**

Manager (Administration)

**Head Office****Tumsar**

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233090  
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Sr.Manager (Accounts)

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General Manager [East Zone]

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**Shri Naresh Kumar**  
Dy. General Manager [Finance]

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**Shri H.S.Shah**  
Dy. General Manager

**Bhubaneswar:**

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**Shri M.V.Rao**  
Resident Manager

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*If undelivered please return to :*  
**FACOR ALLOYS LIMITED**  
Shreeramnagar - 535 101  
Garividi; Dist. Vizianagaram  
(Andhra Pradesh)  
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