

**ELEVENTH
ANNUAL REPORT
2013-2014
(ABRIDGED)**



FACOR STEELS LIMITED

CORPORATE INFORMATION

Board of Directors

Narayandas Saraf
Chairman

M.D. Saraf
Vice Chairman & Managing Director

Vinod Saraf
Managing Director

Anurag Saraf

A.S. Kapre

M.B. Thaker

Mohandas S. Adige

Keshaorao Pardhi

Amit G. Pandey

General Manager (Legal) &
Company Secretary

Executives

C. V. Raghavan
Chief Finance Officer

S. C. Parija
Executive Vice-President

Bankers

Bank of India

Central Bank of India

State Bank of India

Syndicate Bank

State Bank of Bikaner & Jaipur

Indian Overseas Bank

Solicitors

Mulla & Mulla and Craige Blunt & Caroe

Auditors

Salve & Co.,

Chartered Accountants

Internal Auditors

M. M. Jain & Associates

Chartered Accountants

Cost Auditors

S. K. Phatak & Co.

Cost Accountants

Registrars & Share Transfer Agents

(for Both Physical & Electronic)

Link Intime India Pvt. Ltd.

C-13 Pannalal Silk Mills

Compound, LBS Marg, Bhandup (W),

MUMBAI - 400 078

Phone No. 022-2596 3838

Fax No. 022-2594 6969

E-mail: mumbai@linkintime.co.in

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Notice to Members

Notice is hereby given that the **ELEVENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held at the Registered Office of the Company at 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur- 440 028 on Thursday the 11th of September, 2014 at 2.30 P.M to transact, with or without modification as may be permissible, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March 2014, including Audited Balance Sheet and Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. Narayandas Saraf (DIN: 00006260), who retires from Office by rotation and, being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass the following resolution which will be proposed as an **Ordinary Resolution**:

“RESOLVED THAT in accordance with the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments therefore for the time being in force), M/s Salve And Company, Chartered Accountants, (Regn. No. 109003W), be and they are hereby appointed Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 14th Annual General Meeting of the Company i.e. for a period of 3 years, at such remuneration plus service tax as applicable and reimbursement of expenses incurred by them incidental to their functions, as shall be fixed by the Board of Directors of the Company. The appointment of the Auditors shall be subject to ratification by members in every subsequent Annual General Meeting till the conclusion of the 14th Annual General Meeting.”

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. Anand S. Kapre (DIN 00019530), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, to hold office for 5 (five) consecutive years with effect from 11th September, 2014 up to 10th September, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. Mohandas S. Adige (DIN: 00280925), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, to hold office for 5 (five) consecutive years with effect from 11th September, 2014 up to 10th September, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Mr. Mahendra B. Thaker (DIN: 00004263), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, to hold office for 5 (five) consecutive years with effect from 11th September, 2014 up to 10th September, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Kesharao A. Pardhi (DIN: 00009724), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years with effect from 11th September, 2014 up to 10th September, 2019.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
- “RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Mr. Vinod V. Saraf (DIN: 00012034) as Managing Director of the Company, for a period of 5 (five) years with effect from August 1, 2014, on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Vinod Saraf subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;
- RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
- “RESOLVED THAT** in supersession of the Ordinary Resolution passed under Section 293(1) (d) of the Companies Act, 1956 at the 1st Annual General Meeting held on 23rd October, 2004 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/ to be obtained from the Company’s Bankers in the ordinary course of business, shall not be in excess of 300 Crores (Rupees Three hundred Crores) and the Board be and is hereby authorized to decide all terms and conditions in relation to such borrowing, at their absolute discretion and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required..”
10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
- “RESOLVED THAT** in supersession of the ordinary resolution passed under Section 293(1)(a) of the Companies Act, 1956 by the members of the Company at the 5th Annual General Meeting of the Company held on 17th September, 2008 and pursuant to Section 180 (1) (a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) 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 mortgaging and/or charging in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, the movable and / or immovable assets and properties of the Company, wherever situate, present and future, whether presently belonging to the Company or not, in favour of any person including, but not limited to, financial / investment institution(s), bank(s), insurance company(ies), mutual fund(s), corporate body(ies), trustee(s) to secure the loans, borrowings, debentures, hire purchase and / or working capital facilities and other credit facilities up to a sum not exceeding Rs.300,00,00,000/- (Rupees Three Hundred Crores only).
- RESOLVED FURTHER THAT** the Board of Directors or such Committee or person(s) as may be authorized by the Board be and is hereby authorized to finalise the form, extent and manner of, and the documents and deeds, as may be applicable, for creating the appropriate mortgages and/or charges on such of the immovable and / or movable properties of the Company on such terms and conditions and at such time(s) / tranche(s) as may be decided by the Board of Directors in consultation with the lenders and for reserving the aforesaid right and for performing all such acts and things as may be necessary for giving effect to this resolution.”
11. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
- “RESOLVED THAT** based on the Audited Balance Sheet of the company for the financial year ended on 31st March 2014 the Board of Directors found that the Accumulated losses of the company as at 31.03.2014 amounting to ₹ 7552.62 lacs exceed the entire net worth of the company amounting to ₹ 5343.24 lacs as on the same date, and in view of the same the company has become a sick industrial company as defined under Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and a reference be made to the Hon’ble Board for Industrial and Financial Reconstruction (BIFR) to seek determination of

measures which would be adopted as required under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985."

"RESOLVED FURTHER THAT consequent to determination of sickness, the Board of Directors of the Company be and is hereby authorized to send the report to the BIFR and do all such acts, deeds, matters and things as it may deem necessary, desirable or expedient in relation thereto."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any officer or officers of the Company to give effect to this resolution."

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

"RESOLVED THAT pursuant to Sections 141, 148 and other applicable provisions, if any, of the Companies Act, 2013, and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to the approval of Central Government as may be required, the Company hereby approves and ratifies the remuneration of Rs. 50,000/- (Rupees fifty thousand only) plus applicable taxes and out of pocket expenses payable to Mr. Shridhar S. Phatak (Registration Number: 100055), Cost Accountant, appointed as Cost Auditors of the Company for the financial year 2014-15."

Registered Office: By ORDER OF THE BOARD
46 A & B, MIDC,
Industrial Estate,
Hingna Road,
Nagpur - 440028
Amit G. Pandey
General Manager (Legal) &
Company Secretary

Dated : 6th August, 2014

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. Report of the Board of Directors on erosion of net worth of the Company and causes thereof is annexed with the Explanatory Statement and is forming part of this notice.
3. The Register of Members and the Share Transfer books of the Company will remain closed from Monday, 8th September, 2014 to Thursday, 11th September, 2014 (both days inclusive) for annual closing.
4. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

5. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
7. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
8. Electronic copy of the Abridged Annual Report for 2013-2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Abridged Annual Report for 2013-2014 is being sent in the permitted mode. Complete copy of the Annual Report for 2013-2014 shall be provided on request to members.
9. Electronic copy of the Notice of the 11th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 11th Annual General Meeting of the Company inter

alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

10. Members may also note that the Notice of the 11th Annual General Meeting and the Annual Report for 2013-2014 will also be available on the Company's website www.facorsteel.com and www.facorgroup.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Nagpur for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investors@facorsteel.com

11. **Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 11th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited

The instructions for e-voting are as under:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the electronic voting sequence number (EVSN) 140806019 alongwith "FACOR STEELS LIMITED" from the drop down menu and click on "SUBMIT"
- (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 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:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (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 **140806019** for the relevant FACOR STEELS LTD., 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 out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The e-voting period commences on 5th September, 2014 (9:00 am) and ends on 6th September, 2014 (6:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 25th July, 2014 may cast their vote electronically. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
 - (D) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 25th July, 2014.
 - (E) Mr. Pradeep S. Chenna., Company Secretaries, (Membership No. FCS 6265 and C. P. No.7138) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - (F) The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - (G) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website www.facorsteel.com within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.
12. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

Registered Office:

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

By ORDER OF THE BOARD

Amit G. Pandey
General Manager (Legal) &
Company Secretary

Dated : 6th August, 2014

ANNEXURE TO THE NOTICE

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

Item No. 4

Mr. Anand S. Kapre joined the Board of Directors of the Company on 20th July, 2004. He is a non-executive independent director of the Company and is considered as an Independent Director under clause 49 of the Listing Agreement. He is aged about 66 years and is an Engineering Graduate from IIT Madras and a Law Graduate from Mumbai University. He has over 30 years

of experience, as a highly placed Executive with one of the leading Financial Institutions, in various functions like project and corporate lending, rehabilitation finance and risk management besides few years experience in various industrial companies. Mr. A. S. Kapre also holds the position of Chairman of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship & Share Transfer Committee constituted by the Board of Directors of the Company.

As per the provisions of Section 149 of the Companies Act, 2013 which has come into force w. e. f. 1st April, 2014, an Independent Director shall hold office for a term up to 5 consecutive years on the Board of a company and is not liable to retire by rotation. Mr. Anand S. Kapre has given declaration to the Board that he meets the criteria of Independence as provided under Section 149(6) of the Act. The matter regarding appointment of Mr. Anand S. Kapre as Independent Director was placed before the Nomination and Remuneration Committee, which commends his appointment as an Independent Director from 11th September, 2014 to 10th September, 2019.

In opinion of the Board, Mr. Anand S. Kapre fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Director and he is independent of the management. In Compliance with the provisions of Section 149 read with Schedule V of the Act, the appointment of Mr. Anand S. Kapre as Independent Director is now being placed before the Members in General Meeting for their approval.

Copy of the Draft letter of appointment of Mr. Anand S. Kapre would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP, except Mr. Anand S. Kapre are interested or concerned in the Resolution concerning his appointment proposed in Item No. 4 of the Notice.

Item No. 5

Mr. Mohandas S. Adige joined the Board of Directors of the Company on 7th November, 2011. He is a non-executive Independent Director of the Company and is considered as an Independent Director under clause 49 of the Listing Agreement.

Mr. Mohandas S. Adige is a Metallurgical Engineering Graduate (1967) from Banaras Hindu University. He underwent special training at Firth Brown Ltd. and its associate companies in Sheffield, UK for over a year and also attended a course in Iron & Steel Technology (part of M. Met) at the Sheffield University (1972/73). He has Diplomas in Operations, & Financial Management from the Jamnalal Institute of Management Studies Bombay University. He was the Deputy Managing Director of Mahindra Ugine Steel Co. Ltd.(MUSCO) for two years and retired as the Managing Director of Nagpur Power &

Industries Ltd. (earlier Khandelwal Ferroalloys) in 2006. Mr. Mohandas S. Adige is member of Audit Committee and Nomination and Remuneration Committee constituted by the Board of Directors of the Company.

As per the provisions of Section 149 of the Companies Act, 2013 which has come into force w. e. f. 1st April, 2014, an Independent Director shall hold office for a term up to 5 consecutive years on the Board of a company and is not liable to retire by rotation. Mr. Mohandas S. Adige has given declaration to the Board that he meets the criteria of Independence as provided under Section 149(6) of the Act. The matter regarding appointment of Mr. Mohan S. Adige as Independent Director was placed before the Nomination and Remuneration Committee, which commends his appointment as an Independent Director from 11th September, 2014 to 10th September, 2019.

In opinion of the Board, Mr. Mohandas S. Adige fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Director and he is independent of the management. In Compliance with the provisions of Section 149 read with Schedule V of the Act, the appointment of Mr. Mohandas S. Adige as Independent Director is now being placed before the Members in General Meeting for their approval.

Copy of the Draft letter of appointment of Mr. Mohandas S. Adige would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

None of the of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP, except Mr. Mohandas S. Adige are interested or concerned in the Resolution concerning his appointment proposed in Item No. 5 of the Notice.

Item No. 6

Mr. Mahendra B. Thaker joined the Board of Directors of the Company on 20th July, 2004. He is a non-executive Independent Director of the Company and is considered as an Independent Director under clause 49 of the Listing Agreement.

Mr. Mahendra B. Thaker, aged about 76 years is a commerce graduate having more than 50 years of business experience in manganese mining. He is member of Audit Committee, Stakeholders Relationship and Share Transfer Committee and Nomination and Remuneration Committee constituted by the Board of Directors of the Company.

As per the provisions of Section 149 of the Companies Act, 2013 which has come into force w. e. f. 1st April, 2014, an Independent Director shall hold office for a term up to 5 consecutive years on the Board of a company and is not liable to retire by rotation. Mr. Mahendra B. Thaker has given declaration to the Board that he meets the criteria of Independence as provided under Section 149(6) of the Act. The matter regarding appointment of Mr. Mahendra B. Thaker as

Independent Director was placed before the Nomination and Remuneration Committee, which commends his appointment as an Independent Director from 11th September, 2014 to 10th September, 2019.

In opinion of the Board, Mr. Mahendra B. Thaker fulfils the conditions specified in the Act and the Rules made there under for appointment as Independent Director and he is independent of the management. In Compliance with the provisions of Section 149 read with Schedule V of the Act, the appointment of Mr. Mahendra B. Thaker as Independent Director is now being placed before the Members in General Meeting for their approval.

Copy of the Draft letter of appointment of Mr. Mahendra B. Thaker would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP, except Mr. Mahendra B. Thaker are interested or concerned in the Resolution concerning his appointment proposed in Item No. 6 of the Notice.

Item No. 7

In accordance with the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, the Board of Directors of the Company appointed Mr. Kesharao A. Pardhi as an Additional Director of the Company with effect from April 18, 2014. In terms of the provisions of Section 161(1) of the Act, Mr. Kesharao A. Pardhi would hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Kesharao A. Pardhi for the office of Director of the Company. Mr. Kesharao A. Pardhi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Mr. Kesharao A. Pardhi is an Ex-Member of the Parliament and is a graduate from Mumbai Hindi University (Sahitya Sudhakar). He has sound experience of Business Administration. As per the provisions of Section 149 of the Companies Act, 2013 which has come into force w. e. f. 1st April, 2014, an Independent Director shall hold office for a term up to 5 consecutive years on the Board of a company and is not liable to retire by rotation. Mr. Kesharao A. Pardhi has given declaration to the Board that he meets the criteria of Independence as provided under Section 149(6) of the Act.

The matter regarding appointment of Mr. Kesharao A. Pardhi as Independent Director was placed before the Nomination and Remuneration Committee, which commends his appointment as an Independent Director from 11th September, 2014 to 10th September, 2019. In the opinion of the Board, Mr. Kesharao

A. Pardhi fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Kesharao A. Pardhi is independent of the management. Brief resume of Mr. Kesharao A. Pardhi, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report. Keeping in view his vast expertise and knowledge in business administration, it will be in the interest of the Company that Mr. Kesharao A. Pardhi is appointed as an Independent Director. Copy of the draft letter for appointment of Mr. Kesharao A. Pardhi as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company. This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Save and except Mr. Kesharao A. Pardhi and his relatives, to the extent of their shareholding interest, if any, in the Company, 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 set out at Item No. 7 of the Notice. The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

Item No. 8

The Board of Directors of the Company (the 'Board'), at its meeting held on 15th July, 2014 has, subject to the approval of members, re-appointed Mr. Vinod V. Saraf as Managing Director, for a period of 5 (five) years from the expiry of his present term, which expired on 31st July, 2014, at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board. Mr. Vinod V. Saraf is a promoter director and has very rich experience in industry and is acquainted with thorough knowledge of business. It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Mr. Vinod V. Saraf as Managing Director in terms of the applicable provisions of the Act. Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Vinod V. Saraf which are as per Section 196 and 197 read with Schedule V of the Companies Act, 2013 are as follows:

1) Details of Salary to be paid to Managing Director are as follows:

- a. Basic Salary ₹ 100,000/- per month in the scale of Rs 75,000 – 5,000 – 1,00,000/-
- b. Perquisites and Allowances:

In addition to the aforesaid salary, the Managing Director shall also be eligible to the perquisites and allowances as given hereunder;

The perquisites and allowances payable to the Managing Director 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 actual for self and his family, leave travel concession at actual for self and his family, club fees, medical insurance and such other perquisites within the amount specified above. The said perquisites and allowances 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, perquisites and allowances shall be evaluated at actuals. However, 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 term "Family" means the spouse, the dependent children and the dependent parents of the Managing Director.

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

The remuneration payable to the Managing Director by way of salary, dearness allowance, perquisites and any other allowances shall not however exceed the ceiling limit of ₹ 18,00,000/- per annum.

The Board of Directors or any Committee thereof is entitled to determine and revise the salary and perquisites and allowances payable to the Managing Director of the Company at any time, such that the overall remuneration payable shall not exceed the aggregate limit of ₹ 18,00,000/- per annum 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, the company has no profits or its profits are inadequate, then also he 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 such approvals including approval of the Central Government, if any, required.

II) Other Conditions:

- 1) For all other terms and conditions not specifically spelt out above, the Rules and Order of the Company shall apply.
- 2) The Managing Director, hold office as such, subject to the provisions of Section 164 of the Companies Act, 2013

The Explanatory Statement together with the accompanying Notice should be treated as an abstract of the terms of the Agreement of concern or interest under Section 190 of the Companies Act, 2013.

The Resolution at Item No. 8 is recommended for approval of the Members in the best interest of the Company. The appointment has been made under Schedule V in Part II in Section II (A) (i) of the Companies Act, 2013.

None of the Director or Key Managerial Personnel of the Company or their relatives in the Management is in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 9 & 10

At the 1st Annual General Meeting of the Company held on .23rd October, 2004 and subsequently in the 5th Annual General Meeting held on 17th September, 2008, the Members had, by way of Ordinary Resolutions and in pursuance of the provisions of Section 293(1)(d) and 293(1)(a) respectively of the Companies Act, 1956, approved of:

- (i) borrowing monies on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of Rs. 300 crore at any point of time;

and
- (ii) creation of a mortgage or charge for the said borrowings, as security by way of mortgage / hypothecation on the Company's assets in favour of lending agencies and trustees for the amounts borrowed i.e. upto ₹ 300 crore, including interest, charges, etc. payable thereon.

Under Section 180 of the Act, the above powers of the Board are required to be exercised only with the consent of the company by a Special Resolution.

The Ministry of Corporate Affairs ("MCA") has vide its General Circular No 4/2014 dated March 25, 2014 clarified

that the Ordinary Resolutions passed under Sections 293(1)(a) and 293(1)(d) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act until September 11, 2014.

The approval of the Members for the said borrowings and creation of a mortgage or charge for the said borrowing is therefore now being sought, by way of a Special Resolutions, pursuant to Section 180(1)(c) and 180(1)(a) of the Act respectively.

The Directors commend the Resolutions at Item Nos. 9 and 10 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item Nos. 9 and 10.

Item No. 11

Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 provides that where an Industrial Company has become a Sick Industrial Company, the Board of Directors of the Company, shall, within 60 days from the date of finalization of the duly audited accounts of the Company for the financial year as at the end of which the company has become Sick Industrial Company, make a reference to the Board for Industrial and Financial Reconstruction (BIFR) for determination of measures which shall be adopted with respect to the Company.

The loss of the company for the financial year ended 31st March, 2014 have resulted in erosion of entire Net Worth of company and the company has accordingly made a reference to Board for Industrial and Financial Reconstruction (BIFR).

The main reasons for the loss are as under.

- 1) The commercial vehicle / automobile sector was one of the main clients of the Company. The increased interest rate affected the sales and the sector started looking for various sops and incentives from the Government to keep the momentum of production and sales. The recession in these sectors led to lower off take in the domestic segment. As a result domestic sales of alloy steel were affected resulting into underutilization of the production capacity of the company. The company post restructuring of its debt under CDR had envisaged that it will be able to develop new grades which are required for critical end applications and which can substitute imports giving better margins to the company. Although the company was successful in developing new grades during the year, however, the subdued market conditions and demand that prevailed during the entire financial year, did not allow the company to achieve the desired levels of sales as it had initially budgeted and anticipated. This significantly affected the working of the company.
- 2) Competition increased from large players with forward integration and own power plant, production through blast furnace. These players with economy of scale were able to sell their product at lower prices affecting Electric Arc Furnace producers like your company. With the gradual decline in demand for alloys steel due to slowdown in commercial vehicle segment, large players in order to utilize their capacity reduced their prices further, making it unviable for small companies to compete in general alloy steel grades. The prevailing market conditions made re-entry of your company in the market, post lifting of lockout and restructuring under CDR, extremely difficult.
- 3) In anticipation of the stiff competition from large manufacturers of alloys steel, your company had envisaged forward integration into Forged round bars business and accordingly commissioned 2000MT open die forging press in the year 2009 with an installed capacity of 12000MT per annum. The press capacity till date could not be completely utilized due to various external and internal reasons. There was sudden drop in the demand initially when the press was commissioned due to global meltdown and further many products relating to forging needed prior inspection and certification/ approvals from the end users especially oil and gas industry, this took longer period of time than anticipated by the company. As a result the forged unit could operate only at around 23% of its installed capacity making the operations of the unit very expensive. At the time of CDR the company has anticipated that slowly but gradually the Forged shop of the company will be able to make better utilization of its capacity. However, the weak market conditions which prevailed through out the year did not allow the company to improve the capacity utilization of its forged plant.
- 4) The power tariff in the state of Maharashtra is amongst the highest in the country. Over the last few years there has been significant and sudden increase in the power tariff in the state of Maharashtra, which has adversely affected the cost of production of your company making it difficult for the company to compete with steel manufacturers who enjoy lower power tariff rates in other states. The Company anticipating the increase in power costs had tied up with Wardha Power Company Limited (WPCL) for captive power purchase at Rs.2.75 per unit in 2008. Unfortunately due to non allocation of coal mines by Government of India, the project commenced operations after considerable delay on March, 2012 with purchase of coal from open market. Your company had renegotiated the power arrangement with WPCL to meet partial power requirement at a discounted rate of 14% over the MSEDCL tariff rate to safeguards its margins in future. However, under utilization of the plant's capacity during the year under review did not allow the

company to take advantage of the reduced power tariff as was anticipated at the time of restructuring of the debt under CDR.

- 5) The company Export of steel products to certain countries got affected due to imposition of anti dumping duty. Further continued recession in Europe and America post 2008 global meltdown made it difficult to increase exports sales. Post CDR Company had anticipated that it would be able to increase its sales in export market; however, company could only marginally improve its export sales then what was anticipated due to overall low demand of steel product in the international market.
- 6) On account of the uncertainty and delayed payments, the suppliers were not willing to provide credit for fear of default. This in turn resulted in customer orders getting delayed and even getting cancelled. Due to delay in completion of order, shipments were not lifted thus reducing into operational loss in the current year.

Your Directors recommend the Resolution set out at item no. 11 of the Notice for approval of the Members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 11 of the Notice

All documents referred to in the resolution are open for inspection at the Registered Office of the Company on all

working days except Saturdays, Sundays and Holidays between 11:00 A.M. to 1:00 P.M. upto the date of this Annual General Meeting.

Item No. 12

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.12 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 12 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 12 of the Notice for approval by the shareholders.

Registered Office:

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

By ORDER OF THE BOARD

Amit G. Pandey
General Manager (Legal) &
Company Secretary

Dated : 6th August, 2014

DIRECTORS' REPORT TO THE MEMBERS

The Directors submit the **ELEVENTH ANNUAL REPORT** on the business and operations of the Company and the Audited Statements of Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

	For the year ended 31-3-2014 (₹ in Lacs)	For the Previous year ended 31-3-2013 (₹ in Lacs)
Gross Profit / (Loss)	(2267.52)	(2417.90)
Depreciation / Amortization	537.29	548.56
Adjustments relating to earlier years	0.00	0.00
	<u>(2804.81)</u>	<u>(2966.46)</u>
Provision / (Credit) for MAT/FBT/DEF. TAX/WT	0.00	(465.60)
Profit/ (Loss) after tax for the year	<u>(2804.81)</u>	<u>(2500.86)</u>

OVERALL PERFORMANCE:

The company's performance during the financial year 2013-14 was severely impacted by lower utilization of its steel plant's production capacity due to subdued demand for alloy, stainless and specialty steel in the market. The steel plant of the company remained closed for significant part of the year under review. The company had declared consensus lock-out in its steel plant in January, 2013 owing to lack of financial resources and lower demand in the market for its products. This lockout was lifted by the company after the Bankers approved the CDR package in the month of August, 2013. However, even after the sanction of CDR package, the company could not carry out smooth operations in its steel plant due to continued recessionary trend that prevailed through out the financial year in the market. The lower sales realization and under utilization of the plant capacity resulted into heavy cash losses for the company. The liquidity of the company has dried up and the company is finding it extremely difficult to service its debt till revival of the market.

During the year under review, your company reported total income of ₹ 6636.74 Lacs as against ₹ 24876.38 Lacs of previous year. After making a provision of ₹ 813.89 Lacs towards interest and ₹ 537.29 Lacs towards depreciation, the current financial year closed with a net loss of ₹ 2804.81 Lacs as against net loss of ₹ 2500.86 Lacs last year.

DIVIDEND:

In the absence of profit, your directors are unable to declare any dividend for the year 2013-2014.

REFERENCE TO B.I.F.R.:

The net worth of the company in the last financial year i.e. 2012-13 had eroded more than 50% of the peak net worth of the company in the immediate preceding four financial years. Accordingly, the company in terms with the provision of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) had reported the erosion of net worth beyond 50% to the members in the 10th AGM of the Company and thereafter with their approval the erosion of net worth beyond 50% was reported to the Board for Industrial and Financial Reconstruction (BIFR). However, the continued losses posted by the company during the financial year 2013-14 have resulted into complete erosion of net worth of the company and has made it a Sick Industrial Company. In view of this, the Board of Directors in their meeting held on 15th July, 2014 decided to form an opinion on sickness and immediately make reference to Board for Industrial and Financial Reconstruction (BIFR) and accordingly the necessary filing in this respect was done by the company in the office of BIFR on 21st July, 2014

The main reasons for losses are as follows:

- The commercial vehicle / automobile sector was one of the main clients of the Company. The increased interest rate affected the sales and the sector started looking for various sops and incentives from the Government to keep the momentum of production and sales. The recession in these sectors led to lower off take in the domestic segment. As a result domestic sales of alloy steel were affected resulting into underutilization of the production capacity of the company. The company post restructuring of its debt under CDR had envisaged that it will be able to develop new grades which are required for critical end applications and which can substitute imports giving better margins to the company. Although the company was successful in developing new grades during the year, however, the subdued market conditions and demand that prevailed during the entire financial year, did not allow the company to achieve the desired levels of sales as it had initially budgeted and anticipated. This significantly affected the working of the company.
- Competition increased from large players with forward integration and own power plant, production through blast furnace. These players with economy of scale were able to sell their product at lower prices affecting Electric Arc Furnace producers like your company. With the gradual decline in demand for alloys steel due to slowdown in commercial vehicle segment, large players in order to utilize their capacity reduced their prices further, making it unviable for small companies to compete in general alloy steel grades. The prevailing market conditions made re-entry of your company in the market, post lifting of lockout and restructuring under CDR, extremely difficult.

- In anticipation of the stiff competition from large manufacturers of alloys steel, your company had envisaged forward integration into Forged round bars business and accordingly commissioned 2000MT open die forging press in the year 2009 with an installed capacity of 12000MT per annum. The press capacity till date could not be completely utilized due to various external and internal reasons. There was sudden drop in the demand initially when the press was commissioned due to global meltdown and further many products relating to forging needed prior inspection and certification/ approvals from the end users especially oil and gas industry, this took longer period of time than anticipated by the company. As a result the forged unit could operate only at around 23% of its installed capacity making the operations of the unit very expensive. At the time of CDR the company has anticipated that slowly but gradually the Forged shop of the company will be able to make better utilization of its capacity. However, the weak market conditions which prevailed through out the year did not allow the company to improve the capacity utilization of its forged plant.
- The power tariff in the state of Maharashtra is amongst the highest in the country. Over the last few years there has been significant and sudden increase in the power tariff in the state of Maharashtra, which has adversely affected the cost of production of your company making it difficult for the company to compete with steel manufacturers who enjoy lower power tariff rates in other states. The Company anticipating the increase in power costs had tied up with Wardha Power Company Limited (WPCL) for captive power purchase at ₹ 2.75 per unit in 2008. Unfortunately due to non allocation of coal mines by Government of India, the project commenced operations after considerable delay on March, 2012 with purchase of coal from open market. Your company had renegotiated the power arrangement with WPCL to meet partial power requirement at a discounted rate of 14% over the MSEDCL tariff rate to safeguards its margins in future. However, under utilization of the plant's capacity during the year under review did not allow the company to take advantage of the reduced power tariff as was anticipated at the time of restructuring of the debt under CDR.
- The company Export of steel products to certain countries got affected due to imposition of anti dumping duty. Further continued recession in Europe and America post 2008 global meltdown made it difficult to increase exports sales. Post CDR Company had anticipated that it would be able to increase its sales in export market; however, company could only marginally improve its export sales then what was anticipated due to overall low demand of steel product in the international market.
- On account of the uncertainty and delayed payments, the suppliers were not willing to provide credit for fear of default. This in turn resulted in customer orders getting delayed and even getting cancelled. Due to delay in completion of order, shipments were not lifted thus reducing into operational loss in the current year.

CAPITAL STRUCTURE:

Authorised Capital of the Company is ₹ 60,00,00,000/- and there was no change in the authorised capital of the company during the year under review.

Paid up capital of the company is ₹ 53,43,23,679/- comprising of 20,65,23,679 equity shares of ₹ 1/- each and 32,78,000 5% Redeemable Cumulative Preference Shares of ₹ 100/- each. During the year under review there was no change in the paid up capital of the company.

DEPOSITS:

Your company has not accepted any fixed deposits under Section 58A of the Companies Act, 1956 during the year.

COST AUDITOR:

The Board of Directors on recommendation of the Audit Committee have re-appointed Mr. Shridhar K. Phatak, a Practicing Cost Accountant, as Cost Auditor of the company for the financial year 2014-15 to carry out cost audit of the company's Mini Steel Plant situated at Nagpur. Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rule, 2014 provides that appointment and remunerations of the Cost Auditor, as recommended by Audit Committee and approved by the Board of Directors, should be ratified by the shareholders. Accordingly, the appointment and remuneration of Mr. Shridhar K. Phatak as Cost Auditor of the Company has been recommended by the Board for ratification by members in the ensuing Annual General Meeting. The Cost Audit Report for the financial year ended 31st March, 2014 shall be filed with the Central Government on or before 27th September, 2014 and the Cost Audit Report for the year ended 31st March, 2013 was duly filed with the Central Government on 27th September, 2013.

DIRECTORS:

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Kesharao Pardhi was appointed as an Additional Director, designated as an Independent Director on Board of the Company w.e.f 18th April, 2014 and he shall hold office until the ensuing Annual General Meeting. The Company has received requisite notice from a member proposing Mr. Kesharao Pardhi for appointment as an Independent Director.

Mr. N.D. Saraf tendered his resignation from the executive post of Whole time Director w.e.f. 29th May, 2013 and his resignation was duly approved by the Board of Directors in their meeting

held on 29th May, 2013. Mr. N. D. Saraf however, continues to remain a Director and Chairman on the Board of the Company.

On 10th of July, 2013 Mr. Achintya Karati was appointed as an Additional Independent Director on Board of the Company, however due to personal reasons Mr. Karati subsequently stepped down and tendered his resignation from Directorship of the company w.e.f 30th October, 2013. Mr. Rajkamal Rao, an Independent Director and Mr. Arye Berest a Non-Independent Director on Board of the Company also tendered their resignation w.e.f 14th July, 2014 and 30th July, 2014 respectively due to personal reasons.

Pursuant to Section 149 of the Companies Act, 2013, the Board at its meeting held on 6th August, 2014 on recommendation of the Nomination and Remuneration Committee have decided to propose appointment of Mr. A. S. Kapre, Mr. M. S. Adige, Mr. M. B. Thaker and Mr. Keshao Rao Pardhi as Independent Directors of the Company for consideration of the members in the ensuing Annual General Meeting. The Independent Directors, if appointed, shall not be liable to retire by rotation for a period of five years from the date of the ensuing Annual General Meeting. These Directors have given the declarations to the Board that they meet the criteria of independence as provided under Section 149(6) of the said Act and also confirmed that they will abide by the provisions as mentioned in Schedule IV of the Companies Act, 2013. Accordingly, the Board has recommended the resolution for approval of the shareholders/members in the ensuing Annual General Meeting for the above appointments.

The term of Mr. Vinod Saraf as Managing Director of the Company expired on 30th July, 2014 and the Board of Directors on recommendation of the Nomination and Remuneration Committee have re-appointed Mr. Vinod Saraf as Managing Director of the Company for a further period of 5 year w.e.f. 1st August, 2014. The resolution proposing appointment of Mr. Vinod Saraf as Managing Director of the Company has been recommended for approval of the shareholder in the ensuing Annual General Meeting.

Mr. N. D. Saraf, Director, retires by rotation and being eligible, has offered himself for re-appointment. The Board recommends the same for your approval.

The Company has formulated a Code of Conduct for all members of the Board and Senior Management Personnel. All concerned Board members / executives have affirmed compliance with the said Code.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of Companies Act, 1956, your Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.

- ii) They have, in selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonably and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the loss of the Company for the year ended on that date;
- iii) Proper and sufficient care has been taken for the 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 fraud and other irregularities;
- iv) Annual accounts have been prepared on a going concern basis.

AUDITORS AND AUDITOR'S REPORT:

M/s Salve & Company, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from M/s Salve & Company to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint M/s Salve & Company as Statutory Auditors of the Company from the conclusion of the forthcoming Annual General Meeting till the conclusion of the 14th AGM to be held in the year 2017, subject to ratification of their appointment at the subsequent AGMs.

The Notes on Financial Statements referred to in the Auditor's Report are self explanatory and do not call for any further comments.

LISTING AT STOCK EXCHANGE:

The Equity Shares of the company continues to be listed on Bombay Stock Exchange Limited and the Annual Listing Fees for the financial year 2014-15 have been paid to the Stock Exchange well within the stipulated time.

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

The statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked Annexure 'A' which forms part of this Report.

INDUSTRIAL RELATIONS:

The Overall Industrial Relations in the Company during the entire financial year remained cordial. Post restructuring of the debt

- d. Expenditure on Research & Development. : R & D expenditure have not been accounted for separately.
- e. Technology absorption, adaptation and innovation : D2 grade.
- i) Efforts, in brief, made towards Technology absorption, adaptation and innovation. : ESR quality billets produced from outside and all other house experiments/trials conducted to achieve properties & desired results of above grades.
- ii) Benefits derived as a result of above efforts. : Product Mix will get further broadened due to inclusion of these products.
- iii) Information regarding technology imported during the last five years. : None

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- 1) Activities relating to exports initiatives taken to increase exports, development of new exports markets for products and services and export plans. : The Company has made all efforts to achieve continuous export business growth. With the sound reputation that is gradually being built in international markets, the company hopes to improve export business performance regularly in the coming years. Products as per the requirements of the international markets have been developed.

2) Total Foreign Exchange used and earned (2013-2014):	(Rs.in Lacs)
i) CIF value of imports.....	23.55
Expenditure in Foreign Currency.....	61.70
ii) Foreign Exchange earned.....	1911.83

On behalf of Board of Directors,

M.D.Saraf
Vice-Chairman & Managing Director

Vinod Saraf
Managing Director

Nagpur

Dated: 6th August, 2014

FORM 'A'

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

PARTICULARS	STEEL	
	Current Year 2013-2014	Previous Year 2012-2013
A. POWER AND FUEL CONSUMPTION:		
1. ELECTRICITY		
a) Purchased		
Units (KWH in lacs).....	140.92	285.22
Total Amount (₹ in Lacs).....	1120.71	1937.20
Average rate per unit (₹).....	7.95	6.79
b) Own generation		
i) Through Diesel Generator		
Units (KWH).....	—	—
Units per ltr. of diesel oil.....	—	—
Cost/unit (₹).....	—	—
ii) Through Steam Turbine/Generator		
Units.....	—	—
Units per ltr. of fuel oil/gas.....	—	—
Cost/unit (₹).....	—	—
2. Coal (specify quality)	—	—
3. Furnace Oil		
Quantity (K.Liter).....	775.44	2000.06
Total cost (Rs.in Lacs).....	363.16	839.04
Average Rate (₹/K.Liters).....	46832.62	41950.58
4. Others/Internal Generation	—	—
B. CONSUMPTION PER UNIT OF PRODUCTION:		
ELECTRICITY (KWH per tonne)		
Rolled & Forged Products.....	1793.000	1383.000
FURNACE OIL (K.Liter per tonne)		
Rolled & Forged Products.....	0.101	0.096
Coal (Specify quality).....	—	—
Others (Specify).....	—	—

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE, DEVELOPMENT AND OTHER RELATED MATTERS

The market continues to be on a downward trend due to negative growth in Automobile Industries, which is a major consumer of Alloy Steels Producers. The Industry continues to operate at 50% level. The cumulative production and sales figure as per SIAM is given as under:-

Category	Production		Domestic Sales	
	April-March		April-March	
Segment	2012-13	2013-14	2012-13	2013-14
Passenger Vehicles	2662520	2508665	2,665,015	2,503,685
Commercial Vehicles	280,677	221,626	268,689	200,627
Three Wheelers	839,748	830,120	538,290	479,634
Two wheelers	15,744,156	16,879,891	13,797,185	14,805,481
Grand Total of All Categories	19527101	20440302	17,793,701	18,421,538

The weak demand position has already eroded profits of mostly alloy steel producers during the financial year 2013-14. There are slight signs of improvement seen in the capital equipment industry, but major decision by the Government has been postponed due to Loksabha Elections and hence impact will be known in second quarter of 2014-15. The absolute mandate given to NDA lead government by the electorates has provided prospects of a stable government at the Centre and this raises hopes that the market will recover in the second half of the year and steel Industry will also be able to recover from recessionary trend and move towards growth.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

FINANCIAL PERFORMANCE: (₹ in lacs)

	2013-2014	2012-2013
Total Income	6636.74	24876.38
EBIDT	(1453.63)	(1416.96)
interest	813.89	1000.94
depreciation	529.29	548.56
adjustments relating to earlier years	15.06	22.16

	2013-2014	2012-2013
PBT	(2804.81)	(2966.46)
MAT/FBT/DEFERRED/WEALTH TAX	—	(465.60)
PAT	(2804.81)	(2500.86)
EPS	(1.36)	(1.21)

The subdued market conditions, particularly in the automobile industry deeply affected the working of the company during the financial year 2013-14. The Company had declared lock-out in its plant in the month of January 2013 and the same continued till August, 2013. During the lock-out the company had approached Corporate Debt Restructuring Cell for restructuring of its debt and the scheme got approved in April, 2013. However, the company could resume operations only from August 2013 as it lacked adequate resources to commence production. However, even thereafter the production of the company suffered because of continued recessionary trend that prevailed in the market. The production could not reach the expected and desired level as anticipated and as a result the company had to end the financial year 2013-14 with a net loss of Rs.2804.81 Lacs. The turnover of the company for the financial year 2013-14 was only Rs.7172.32 Lacs as against last year's turnover of Rs.27184.12 Lacs.

OPERATIONAL PERFORMANCE:

(₹ In Lacs)

YEAR	STEEL MELTING SHOP PRODUCTION (GROSS)(M.T.)	ROLLING MILL SHOP PRODUCTION (GROSS)(M.T.)	FORGE SHOP PRODUCTION (GROSS) (M.T.)	TOTAL SALE	
				Quantity	value (₹ in lacs)
2013-2014	8394	6729**	945	6208	6512.08*
2012-2013	21768	19600**	1173	22915	24605.96*

* includes value of by-product sale

**Includes Conversion Job Work

OPPORTUNITIES, THREATS, RISKS AND CONCERN:

The Electric Arc Furnace Industry like your company continuous to be under the threat of availability of cheaper steel from Blast Furnace Route manufacturers, hence the survival of the Electric Arc Furnace Industry will be based on the sales to non automobile sector like Open Die Forging, Engineering, Power Sector, Tools Steel Industry and Stainless Steel Industries which cater to Oil & Gas, Turbine Blade and other Special Engineering Sector. In order to survive competition the major thrust has to be on Exports for which company has already formulated a plan for improving the Export from current level of 300-350 Tons per month to a level of 600-650 Tons per month. The raw material prices continue to be fluctuating which is major concern to Alloy & Special Steel Industry apart from increase in Oil and Power tariff. This has affected the bottom line since such increases cannot be passed on to customers under the existing demand/supply situation. The continued losses posted by the company have eroded almost the entire net worth of the company and this remains a major cause of concern for the company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Considering the size and nature of its business your company has an adequate internal control system. The Internal Audit of the Company is carried out by an independent agency which submits its report to the Audit Committee which reviews and submits its finding to the Board of Directors on quarterly basis. The Company has an adequate system of internal control implemented by the management towards achieving efficiency in operations, optimum utilization of resources, and effective monitoring thereof and in compliance with all applicable regulations. Since, the company is presently under CDR all its receipts and expenditures are also continuously audited by

Concurrent Auditors nominated by the consortium banks. Your company also takes quarterly compliance certificates in respect of applicability of various laws from the concerned departmental heads and executives and the same is placed before the Board of Directors for its observation, review and suggestions if any.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS:

Your company has been fortunate to have extremely cordial relations with workers and staff through out the financial year 2013-14 inspite of company witnessing one of its toughest period in recent times. The employees of the company showed immense maturity and support towards the financial health of the company and granted their full support for consensus lock-out of the mini steel plant of the company situated at Nagpur. In spite of the plant being shut during the first quarter of the financial year 2013-14 the company could manage to smoothly arrange for adequate staff and workers when the operations were restarted and lock-out lifted in the month of August, 2013. The alacrity and the concern shown by executives and staff in ensuring proper upkeep of plant and machinery during lock-out period and keeping the same in good condition through the lock-out period is commendable and needs special mention.

CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the Company's projections and estimates are forward looking statements and progressive within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied, depending upon economic conditions, Government policies and other incidental factors.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company is committed towards good corporate governance practices and recognizes that good corporate governance is a continuous exercise. Your Company aims at achieving transparency, accountability, equity and ethics in all facets of its operations and in all interaction with its stakeholders. Your Company believes that all its operations and actions must result in enhancement of overall shareholder value over a sustained period of time without compromising in any way compliance with laws and regulations.

The new Companies Act, 2013 and revised clause 49 of the Listing Agreement has significantly enhanced compliance levels for the listed companies to ensure better corporate governance. Your company has already initiated steps to ensure that all necessary compliances are carried out in accordance with the provisions of the new companies act, 2013 to ensure better corporate governance in the company.

2. BOARD OF DIRECTORS:

The Company has a non-executive Chairman and the composition of the Board of Directors of the company complies with the norms as set out by the Listing Agreement and has been strictly adhered to at all times. As on 31 March, 2014, the Company had an optimum ratio of independent and non-independent Directors in its Board as required by the listing agreement.

The composition of the Directors as on 31st March 2014 is as follows:-

Name of the Particulars	Category	No. of Board Meetings Attended	Whether Last AGM Attended	No. of Outside Directorship held Public Companies	Outside Committee Position held	
					Member	Chairman
Mr. N. D. Saraf, Chairman	Executive*	Nil	No	2	-	-
Mr. M. D. Saraf, Vice Chairman & Managing Director	Executive*	5	Yes	4	-	-
Mr. Vinod Saraf, Managing Director	Executive*	1	No	4	-	-
Mr. Anurag Saraf	Non-Executive*	4	Yes	4	-	-
Mr. A.S. Kapre	Non-Executive Independent	5	Yes	3	3	3
Mr. M.B. Thaker	Non-Executive Independent	5	Yes	1	3	-
Mr. Arye Berest #	Non-Executive Non-Independent	Nil	No	2	-	-
Mr. Achintya Karati@	Non-Executive Independent	1	No	6	-	-
Mr. Mohandas S. Adige	Non-Executive Independent	4	Yes	7	7	-
Mr. Rajkamal C. Rao #	Non-Executive Independent	3	Yes	Nil	-	-

* Represent Promoters

@ Ceased to be Additional director w. e. f. 30.10.2013

Ceased to be Director w.e.f 30.07.2014 due to resignation

Ceased to be Director w.e.f 14.07.2014 due to resignation

None of the Director on the Board is a member of more than 10 Committees or a Chairman of more than 5 Committees across all Companies in which he is a Director. The necessary declarations regarding Committee position held have been made by the Directors.

Board Meetings and Procedures:

The matters to be discussed at the Board Meeting are included in the Agenda in consultation with the Chairman of the Company. The Managing Director briefs the Board at every Meeting on the overall performance of the Company followed by presentation by Senior Executives of the Company. All the major decisions of the company are reviewed by the Board of Directors, such as capital expenditures, investments, budgets of the company, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances if any, review of major legal issues, adoption of quarterly/ half yearly/ annual financial results, minutes of Audit Committee, Remuneration Committee, Shareholders/ Investors Grievance Committee, etc.

Conduct of Board Meetings:

The Board generally meets once in each quarter. Additional Board Meetings are convened as and when necessitated by giving appropriate notice. During the financial year 2013-2014 the Board met 5 times on 29th May' 2013, 10th July, 2013, 9th August' 2013, 12th November' 2013 and 14th February, '2014 to deliberate on various matters.

Code of Conduct:

The Company has framed a Code of Conduct in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2003. All intimation/ communication as required by the Code are received within the time prescribed. The Code of Conduct is also uploaded in the company's website: www.facorsteel.com

All the Board members and senior management have affirmed compliance to the Code.

3. COMMITTEES OF THE BOARD

A. Audit Committee:

Composition, Meetings and Attendance:

The Audit Committee is composed of four members' viz. Mr. A. S. Kapre, Mr. M. B. Thaker, Mr. Mohandas S. Adige, and Mr. Anurag Saraf. Except Mr. Anurag Saraf, who is a Promoter Director of the Company, rest all members of the Audit Committee are Independent Directors. Mr. A. S. Kapre, independent director is the Chairman of the Committee.

The Committee's terms of reference, authority and powers are in conformity with the requirements of the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956.

The Committee acts as a vital link between the Management, Statutory and Internal Auditors and the Board of Directors. The financial results of the Company are scrutinized by the Committee before being recommended to the Board for its adoption. Similarly, other matters required to be placed in conformity with the provisions of the Listing Agreement are placed at regular intervals to ensure that the highest level of transparency in the conduct of business is maintained.

There were five (5) meetings held of Audit Committee during the financial year 2013-2014 on 29th May, 2013, 10th July, 2013, 9th August, 2013, 12th November, 2013 and 14th February, 2014 and the attendance of members was as under:

Name of the Directors	Category	No. of meetings held during the tenure		Whether attended last AGM
		Held	Attended	
Mr. A.S. Kapre, Chairman	Independent	5	5	Yes
Mr. M.B. Thaker, Member	Independent	5	5	Yes
Mr. M. S. Adige, Member	Independent	5	4	Yes
Mr. Anurag Saraf , Member	Non Executive	5	4	Yes

B. Remuneration Committee:

Remuneration Committee of the Board decides on issues and matters concerning the remuneration package being paid to the Executive Directors. To ensure transparency and avoid conflict of interest the Committee comprises of all the Non-Executive Directors with the Chairman being an Independent Director.

The Remuneration Committee is composed of Mr. A. S. Kapre, Mr. M. B. Thaker and Mr. Mohandas S. Adige. All the members of Remuneration Committee are Independent Directors. Mr. A. S. Kapre, Independent Director is the Chairman of Remuneration Committee.

There were no issues requiring attention of the Remuneration Committee during the year 2013-2014 and hence, there was no meeting of the committee members held for the year. Mr. A. S. Kapre, Chairman, Mr. M. B. Thaker and Mr. Mohandas S. Adige, Members of the Remuneration Committee attended the Annual General Meeting of the Company held on 10th of July, 2013.

The Executive Directors are paid remuneration in accordance with the provisions of Schedule XIII to the Companies Act, 1956 and the Non-Executive Directors are paid sitting fee fixed by the Board for attending meetings of the Board and Committees thereof. In view of distressed financial position of the company, the executive directors have decided to forgo their entire salary and perquisites during the year and hence during the year there was no amount paid towards their salary.

The Non-Executive Directors are paid remuneration by way of sitting fee only for each meeting attended by them. Further, no significant material transactions have been made to the Non-Executive Directors vis-à-vis your Company.

During the financial year 2013-2014, they were paid sitting fee/remuneration as under:

Name of Directors	Sitting Fee Paid	No. of Equity Shares of Re. 1/- each held
Mr. A.S. Kapre	₹ 27,500/-*	-
Mr. M.B. Thaker	₹ 27,500/-*	2647
Mr. Mohan S Adige	₹ 20,000/-*	-
Mr. Rajkamal Rao	₹ 7,500/-	-
Mr. Achintya Karati	₹ 2,500/-	-
Total	₹ 85,000/-	

* Includes sitting fee paid for attending Committee Meetings.
 Note: (i) There are no stock options and severance fees.
 (ii) No Notice Period is specified for Director's Resignation / Termination.

C. SHARE HOLDERS / INVESTORS' GRIEVANCE COMMITTEE:

The Shareholders' Grievance Committee accounts for the redressal of investors' grievances and complaints concerning transfer/ transmission of shares, non receipt of dividend/ Annual Report, duplicate share certificates and various other complaints. The Committee consists of three members all of whom are independent directors.

The Shareholders' Grievance Committee is headed by Mr. A. S. Kapre, an Independent Director. The other members of the Committee are Mr. M. B. Thaker and Mr. Anurag Saraf. The Committee endeavors and ensures that the complaints received are settled within a reasonable time period to the satisfaction of the aggrieved investor/ shareholder.

The composition of the Committee is as under:-

Name of Director	Position	No. of Meetings held	No. of meetings attended
Mr. A.S. Kapre,	Chairman	1	1
Mr. Anurag Saraf	Member	1	0
Mr. M.B. Thaker	Member	1	1

Status of Investors' complaints received and resolved during the year 2013-14 is as under:-

Investors complaints received	Resolved	Not solved to the satisfaction of Shareholders	No. of pending complaints
9	9	Nil	Nil

Mr. Amit G. Pandey, General Manager (Legal) & Company Secretary, acts as the Secretary to all the Committee mentioned above and is also designated as the Compliance Officer of the Company.

4. GENERAL BODY MEETINGS

The Annual General Meeting of the Company in the last three years has been held as under:-

AGM Held	Venue	Day, date & time	Whether Resolution passed in the last AGM	
			Special Resolution	Through Postal Ballot
8 th AGM	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur - 440028	Thursday, 15th September, 2011 at 12.30 p.m.	Yes	No
9 th AGM	-DO-	Monday, 24th September, 2012 at 12.30 p.m.	Yes	No
10 th AGM	-DO-	Wednesday, 10th July, 2013 at 12.30 p.m.	Yes	No

5. DISCLOSURES

i) Related Party Transaction:

The Company has not entered into any transaction of material nature, with its Promoters, Directors or the Management, their Shareholders or Relatives etc., that may have potential conflict with the interest of the Company at large. All related party transactions, if any, are negotiated on arms length basis and are intended to further the interest of the Company.

ii) Compliance by the Company:

The Company has complied with the requirement of the Stock Exchange, SEBI and other statutory authorities on all matters in the last three years. There were no instances of non-compliance and no penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or by any statutory authorities on any matter related to capital markets or related thereto during the last three years.

iii) SEBI Code of Conduct:

Pursuant to the requirement of SEBI [Prohibition of Insider Trading] Regulations, 1992 as amended, the Company has adopted a code of conduct for prevention of Insider Trading [The Code]. The code is applicable to all Directors and such designated employees who are expected to have access to unpublished price sensitive information relating to the Company as defined in the Code. Compliance required under the Code in respect to various intimations and disclosures to be made both, internally and with stipulated authorities are strictly adhered to at all times. Mr. Amit G. Pandey, General Manager (Legal) & Company Secretary, has been appointed as the Compliance Officer for monitoring adherence to the Regulations.

iv) Whistle Blower Policy:

The Company has not adopted the Whistle Blower Policy. However, no instances of fraud or other irregularities have been observed, which need to be reported to the Board/Audit Committee.

v) The Company has complied with all the mandatory recommendation under Clause 49 of the Listing Agreement. The Company has not adopted the non-mandatory provisions of the said clause except formation of Remuneration Committee.

vi) Constituents of "Group" as defined in erstwhile MRTP Act, 1969 for the purpose of erstwhile SEBI (SAST) Regulations, 1997.

Person constituting group within the definition of "Group" as defined in the erstwhile Monopolies Restrictive Trade Practices Act, 1969, for the purpose of regulation 3(l)(e) of the erstwhile Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, include the following:

I Promoters:

1. Mrs. Mohinidevi Saraf
2. Mrs. Bimladevi Saraf
3. Mr. Narayandas Saraf
4. Mr. R.K. Saraf
5. Mr. Murlidhar Saraf

II Relatives of above Five Promoters as defined under Companies Act, 1956

III Group/Associated Entities:

- | | |
|--|-----------------------------------|
| 1. Ferro Alloys Corporation Limited | 30. Imagetec Ltd. |
| 2. Facor Alloys Limited | 31. Globalscale Investments Ltd. |
| 3. Rai Bahadur Shree Ram And Company Pvt. Ltd. | 32. Tusta Trading Company Inc. |
| 4. Shree Ram Durga Prasad Ores Pvt. Ltd. | 33. UMT International Ltd. |
| 5. Saraf Bandhu Pvt. Ltd. | 34. Cornell Corporation SA. |
| 6. Facor Power Ltd. | 35. FACOR Employees Welfare Trust |
| 7. Facor Realty and Infrastructure Ltd. | 36. FAL Employees Welfare Trust |
| 8. GDP Infrastructure Pvt. Ltd. | 37. Best Minerals Ltd. |

- | | |
|---|--|
| 9. Vidharba Iron & Steel Corpn. Ltd. | 38. ARKA Resources Pvt. Ltd. |
| 10. Shreeram Shipping Services Pvt. Ltd. | 39. YMR Enterprise Pvt. Ltd. |
| 11. Suchitra Investments and Leasing Ltd. | 40. V& G Commercial Pvt. Ltd. |
| 12. Dass Papers Pvt. Ltd. | 41. ARK Mercantile Private Ltd. |
| 13. Premier Commercial Corporation | 42. Vanita Enterprises Private Ltd. |
| 14. Geedee Sales Services | 43. NDS Minerals Private Ltd. |
| 15. Godawaridevi Saraf and Sons | 44. Raghavendra Sarkar Ventures Pvt. Ltd. |
| 16. Facor Energy India Ltd. | 45. Mezeron Enterprises Pvt. Ltd. |
| 17. Facor Electric Limited | 46. Vakrangee Press Ltd. |
| 18. Facor Solar Limited | 47. Pioneer Facor IT Infradevelopers Pvt. Ltd. |
| 19. FAL Power Ventures Pvt. Ltd. | 48. Facor Energy Ltd. |
| 20. Deepee Sales Corporation | 49. Facor Minerals Pte Ltd., Singapore |
| 21. Investar Ltd. | 50. Facor Minerals (Netherlands) B.V. |
| 22. Super Vision Ltd. | 51. Facor Turkrom Mining (Netherlands) B. V. |
| 23. Precisetec Ltd. | 52. Cati Mandencilik Ithalat Ve Ihracat Anonim Sirketi |
| 24. Teracota Consultancy Services Ltd. | 53. Asim Minerals Pvt. Ltd. |
| 25. GDP Holdings Pvt. Ltd. | 54. Trusta Resources S.L. |
| 26. DP Infrastructure Holdings Pvt. Ltd. | 55. Boula Platinum Mining Pvt. Ltd. |
| 27. Aone Technet Pvt. Ltd. | 56. SRX Global Pvt. Ltd. |
| 28. Bankey Bihari Footwears Pvt. Ltd. | 57. Divyajyoti Builders Pvt. Ltd. |
| 29. Bitalfosystem Pvt. Ltd. | 58. Embark Infosystems Pvt. Ltd. |

6. MEANS OF COMMUNICATION

The financial results, important announcements, declarations are communicated to the Shareholders by means of advertisements in leading national dailies. The quarterly results of the company are published in all India editions of Financial Express and Sakal, Maharashtra Times, Times of India local Marathi language newspaper in Nagpur where the registered office of the company is situated.

The Company also posts the vital information such as financial results, shareholding pattern, important information, declarations etc. on its website at www.facorsteel.com which is updated at regular intervals.

The official news releases, as and when required, are being released to the Stock Exchange. Further, the same are posted at the website of the Company from time to time.

7. GENERAL SHAREHOLDERS INFORMATION

Date	Time	Venue
11 th September, 2014	2.30 p.m.	46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur 440 028 Maharashtra State

Particulars of Directors proposed to be appointed / re-appointed in the forthcoming Annual General Meeting as required under Clause 49 IV(G) (i) of the Listing Agreement:-

Name of Director	Date of Birth	Date of Appointment	Experience in specific functional areas	Qualifications on	List of Other Public Limited Companies in which Directorship held as on 31-3-2014	Chairman/ Member of the committee of Board of other public Limited Companies on which he was a Director as on 31-3-2014	No. of Shares held
Mr. N. D. Saraf	09.08.1938	28.04.2006	Rich experience in various aspects of business operations	1 st year B.com	1) Facor Power Limited 2) Gannon Dunkerley & Co. Ltd.	Nil	1907465
Mr. Kesharao Pardhi	21-08-1929	18-04-2014	Rich experience in business management	Graduate Mumbai Hindi University (Sahitya Sudharak)	Ferro Alloys Corporation Ltd. Facor Alloys Ltd.	Nil	Nil
Mr. A. S. Kapre	1-05-1949	20-07-2004	Over 38 years experience mainly in Project & Corporate lending, Rehabilitation Finance and Risk Management	B. Tech., LLB	Ferro Alloys Corporation Ltd. Facor Alloys Ltd. Facor Power Ltd.	Audit Committee (Chairman), Share Transfer & Shareholders/ Grievances Committee (Chairman), Remuneration Committee (Chairman) & Audit Committee (Member)	Nil
Mr. M. S. Adige	7-11-1944	07-11-2011	40 years of cross functional experience in the metal industry with particular exposure to the Alloy Steel Industry including techno-commercial areas of project management/ technology transfer/ exports	B E (Met.), Part of M. Met from Sheffield University Dip. in Operations & Financial Management	Nagpur Power & Industries Ltd. Birla Cotsyn Ltd. Birla Precision Technologies Ltd. Birla Shloka Edutech Ltd. Melstar Information Technologies Ltd. Birla Pacific Medspa Ltd. Artefact Projects Ltd. Birla Energy Infra Ltd.	Audit Committee (Chairman and other five Cos. Member), Shareholders' Grievances Committee (Chairman) & Remuneration Committee (Member)	Nil

Name of Director	Date of Birth	Date of Appointment	Experience in specific functional areas	Qualifications on	List of Other Public Limited Companies in which Directorship held as on 31-3-2014	Chairman/ Member of the committee of Board of other public Limited Companies on which he was a Director as on 31-3-2014	No. of Shares held
Mr. M. B. Thaker	13-12-1938	20-07-2004	Over 50 years business experience in Manganese Mining	B. Com.	Ferro Alloys Corporation Ltd.	Audit Committee (Member), Share Transfer & Shareholders/ Grievances Committee (Member) & Remuneration Committee (Member)	2647

Financial Year ending : 31st March, 2014

Date of Book Closure : 8th September, 2014 to 11th September, 2014(both days inclusive)

Dividend payment date : Not applicable since no dividend is recommended by the Board

Listing Details:

Name of Stock Exchange	Stock Code	ISIN No.
Bombay Stock Exchange Limited	532657	INE829G01011

Market Price Data:

Month	Bombay Stock Exchange (Rupees)		BSE Sensex	
	High	Low	High	Low
April'2013	0.89	0.61	19622.68	18144.22
May'2013	0.88	0.62	20443.62	19451.26
June'2013	0.74	0.45	19860.19	18467.16
July'2013	0.71	0.45	20351.06	19126.82
August'2013	0.69	0.45	19569.20	17448.71
September'2013	0.70	0.49	20739.69	18166.17
October'2013	0.79	0.64	21205.44	19264.72
November'2013	0.78	0.61	21293.88	20137.67
December'2013	0.71	0.52	21483.74	20568.70
January'2014	0.92	0.59	21409.66	20343.78
February'2014	0.75	0.52	21140.51	19963.12
March'2014	0.60	0.51	22467.21	20920.98

Registrar & Transfer Agents (RTA) : Link Intime India Pvt. Limited.
C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup (W),
Mumbai – 400 078

Share Transfer System : Transfer of shares in physical form are normally processed within a period of 15 days from the date of lodgment with the approval of the Share Transfer Committee of the Board of Directors subject to the documents being valid and complete in all respects.

Distribution of Shareholding as on 31st March:

No. of equity shares held	2013-2014			2012-2013		
	No. of shareholders	No. of shares held	% of issued equity share Capital	No. of shareholders	No. of shares held	% of issued equity share capital
Upto 500	41026	3904880	1.89	41794	4053266	1.96
501 to 1000	5762	5406083	2.62	6014	5638726	2.73
1001 to 2000	3097	5335569	2.58	3233	5562979	2.69
2001 to 3000	1242	3372796	1.63	1262	3425428	1.66
3001 to 4000	548	2045763	0.99	571	2134634	1.03
4001 to 5000	879	4310716	2.09	906	4435703	2.15
5001 to 10000	1011	7976553	3.86	1020	8063022	3.91
10001 to above	949	174171319	84.34	914	173209921	83.87
Total	54514	206523679	100.00	55714	206523679	100.00

Dematerialization of shares and liquidity as on 31st March:

No. of equity share held	2013-2014			2012-2013		
	No. of shareholders	No. of shares held	% of issued equity share capital	No. of shareholders	No. of shares held	% of issued equity share capital
Physical Mode	21925	372805	0.18	22040	374645	0.18
Electronic Mode	32589	206150874	99.82	33674	206149034	99.82
Total:	54514	206523679	100.00	55714	206523679	100.00

Shareholding pattern as on 31st March :

Category	2013-2014		2012-2013	
	No. of shares held	Percentage of Shares held	No. of shares held	Percentage of Shares held
Promoters, their relatives, associates etc. and persons acting in concert.	136677098	66.18	136677098	66.18
Financial Institutions/Banks	19438	0.01	19438	0.01
State Government Company / State Financial Corporation	0	0.00	0	0.00
Mutual Funds/ UTI	2869	0.00	2869	0.00
Insurance Companies	4110	0.00	4110	0.00
Bodies Corporate	5508063	2.67	6760406	3.27
Others	64312101	31.14	63059758	30.54
Total:	206523679	100.00	206523679	100.00

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

Plant Locations:

The mini steel plant of the company is located at 46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur – 440028 (Maharashtra)
Telephone No.: 07104 – 235701 – 08, Fax No.: 07104 – 235709, email: info@facorsteel.com.

Address for Correspondence:**For matters relating to Company's Shares**

Link Intime India Pvt. Ltd,
C-13 Pannalal Silk Mills Compound,
LBS Road, Bhandup (W),
MUMBAI – 400 078
Tel.No.: +91-22-25946970
Fax No.:+91-22-25946969
E-mail : rnt.helpdesk@linkintime.co.in

For other matters**Registered Office:**

Facor Steels Ltd.
46 A&B, MIDC Industrial Estate,
Hingna Road, Nagpur – 440 028
Tel.No. : +91-07104-235701 - 708
Fax.No.: +91-07104-235709
E-mail : info@facorsteel.com

Useful Information for Shareholders**a) Unclaimed shares:**

Reference of the shareholders is invited to clause 5All in the Listing Agreement which provides that Company shall transfer all these unclaimed shares into one Folio in the name of "Unclaimed Suspense Account" and these shares can be dematerialized and kept with one of the Depository Participants and all corporate benefits in terms of securities accruing on such shares viz. Bonus shares, Split etc. shall also be credited to such Unclaimed Suspense Account.

The Company, therefore, requests the shareholders holding shares in physical form to take stock of their shareholding in the Company and in case not in possession of share certificates of the aforesaid companies, may, quoting reference to their folio no., current postal address (with pin code) and e-mail address, if any, please write to Registrar & Share Transfer Agent of the Company at the address mentioned hereinabove for receiving the custody of share certificates.

b) Registration of Email Addresses:

The Company strongly advocates for the 'Green Initiative in Corporate Governance' of the Ministry of Corporate Affairs, whereby Companies are permitted to send Notices / documents including Annual Report comprising Balance Sheet, Profit & Loss Account, 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, Members are requested to support this green initiative by registering/ updating their email addresses to:

- a) The Registrars and Share Transfer Agents, M/s. Link Intime India Pvt. Ltd., Mumbai in respect of shares in physical form; and
- b) Their Depository Participants in respect of shares in electronic form
so that upon registration of the email address, the Company could send notices and other documents, in electronic form, to such shareholders

DECLARATION

As provided in clause 49 of the Listing Agreement with the Stock Exchange, it is hereby declared that all the Board Members and Senior Management personnel of the Company have affirmed the Compliance with the Code of Conduct for the year ended 31st March, 2014.

Place : Nagpur

Date : 06.08.2014

M.D. Saraf

Vice-Chairman & Managing Director

AUDITOR'S CERTIFICATE

To the Members of
FACOR STEELS LIMITED

We have examined the compliance of conditions of Corporate Governance by Facor Steels Limited, for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us for the review by the Company.

Based on such a review, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreements.

On the basis of the records maintained by the Company and furnished to us and the information and explanations given to us by the Company, we state that there were no investor grievances pending against the Company for a period exceeding one month.

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



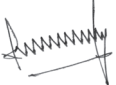

For Salve & Co.
Chartered Accountants,
(Regn. No. 109003W)

Place : Nagpur
Date : 22nd May, 2014

C. A. S.D. Paranjpe
Partner
Membership No. 41472

FORM A

**FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED
WITH THE STOCK EXCHANGES**

1. Name of the Company:	FACOR STEELS LIMITED
2. Annual financial statements for the year ended	31 st March, 2014
3. Type of Audit observation	<p>Un-qualified / Matter of Emphasis : Without qualifying our opinion, we draw our attention to Note 1 (b) of the financial statement. The company's operating results has been materially affected due to various factors and as on 31st March, 2014 the company's accumulated losses has fully eroded the net worth of the company. The appropriateness of the going concern assumption is dependent on the company's ability to establish consistent profitable operations as well as raising adequate finance to meet its short term and long term obligations. Based on the mitigation factors discussed in the said note, management believes going concern assumption is appropriate and no adjustment have been made in the financial statement for the year ended 31st March, 2014.</p>
4. Frequency of observation	<p>The accumulated losses of the company exceeded 50% of the net worth in the previous financial year 2012-13 and it was immediately reported under matter of emphasis in that year. The accumulated losses, however has fully eroded the net worth of the company for the first time in the financial year 2013-14 and the same in being reported for the first time. The appropriateness of going concern assumption is being reported in matter of emphasis for the first time in this financial year 2013-14.</p>
5. To be signed by-	
• CEO/Managing Director	
• Chief Finance Officer	
• Auditor of the Company	
• Audit Committee Chairman	

Auditor's Report on Abridged Financial Statements

To the Members of Facor Steels Limited

Report on the abridged financial statements

1. The accompanying abridged financial statements of Facor Steels Limited (the "Company") comprise the abridged Balance Sheet as at March 31, 2014, the abridged Statement of Profit and Loss and abridged Cash Flow Statement for the year then ended together with the related notes, which we have signed under reference to this report.
2. These abridged financial statements are derived from the statutory audited financial statements of the Company for the year ended March 31, 2014 prepared by the Company's Management in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (the "Act"), covered by our attached report dated May 22, 2014 to the Members of the Company pursuant to section 227 of the Act, in which we have expressed an unqualified audit opinion. Those financial statements and the abridged financial statements do not reflect the effects of events that have occurred subsequent to the date of our report on those financial statements.
3. The abridged financial statements do not contain all the disclosures required by the Accounting Standards referred to in sub-section (3C) of section 211 of the Act and Schedule VI to the Act, applied in the preparation and presentation of the audited financial statements of the Company. Reading the abridged financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

Management's Responsibility for the Abridged Financial Statements

4. The Company's Management is responsible for the preparation of the abridged financial statements in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 read with Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2012 (the "Rules") which are derived from the audited financial statements for the year ended March 31, 2014 prepared in accordance with Accounting Standards referred to in sub-section (3C) of section 211 of the Act and Schedule VI to the Act. The Company's Management (including Directors) are ultimately responsible for the designing, implementing and maintaining internal control relevant to the preparation and presentation of the abridged financial statements that are consistent with the audited financial statements and are free from material misstatement, whether due to fraud or error; and also includes appropriate interpretation and application of the relevant provisions of the Rules and the Act.
5. The Company's Management (including Directors) are also responsible for ensuring that the Company complies with the requirements of the Rules.

Auditors' Responsibility

6. Our responsibility is to express an opinion on the abridged financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, 'Engagements to Report on Summary Financial Statements', issued by the Institute of Chartered Accountants of India.

Opinion

7. In our opinion, the accompanying abridged financial statements, are consistent, in all material respects, with the audited statutory financial statements of the Company as at and for the year ended March 31, 2014 prepared in accordance with Schedule VI to the Act, covered by our attached report dated May 22, 2014 to the Members of the Company pursuant to section 227 of the Act, in accordance with the Rules.

Emphasis of Matter

8. Without qualifying our opinion, we draw our attention to Note 3 (a) of the financial statement. The company's operating results has been materially affected due to various factors and as on 31st March, 2014 the company's accumulated losses has fully eroded the net worth of the company. The appropriateness of the going concern assumption is dependent on the company's ability to establish consistent profitable operations as well as raising adequate finance to meet its short term and long term obligations. Based on the mitigation factors discussed in the said note, management believes going concern assumption is appropriate and no adjustment have been made in the financial statement for the year ended 31st March, 2014

For Salve & Co.
Chartered Accountants,
(Regn. No. 109003W)

C. A. S.D. Paranjpe
Partner

Membership No. 41472

Place : Nagpur
Date : 22nd May, 2014

Independent Auditor's Report

To the Members of Facor Steels Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Facor Steels Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw our attention to Note 1 (b) of the financial statement. The company's operating results has been materially affected due to various factors and as on 31st March, 2014 the company's accumulated losses has fully eroded the net worth of the company. The appropriateness of the going concern assumption is dependent on the company's ability to establish consistent profitable operations as well as raising adequate finance to meet its short term and long term obligations. Based on the mitigation factors discussed in the said note, management believes going concern assumption is appropriate and no adjustment have been made in the financial statement for the year ended 31st March, 2014.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
 - e. on the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Salve & Co.
Chartered Accountants,
(Regn. No. 109003W)

C. A. S.D. Paranjpe
Partner
Membership No. 41472

Place : Nagpur
Date : 22nd May, 2014

Annexure to the Auditor's Report:

The Annexure referred to in our report to the members of Facor Steels Limited ('the Company') for the year ended 31st March, 2014.

We report that:

- i)
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) All the fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
 - c) The Company has not disposed off any major part of fixed assets during the year.
- ii)
 - a) Physical verification of inventory has been conducted at reasonable intervals by the Management.
 - b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory and no material discrepancies were noticed by the Management on physical verification.
- iii) 1)
 - (a) The Company has not granted any loans, secured or unsecured, to the Companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, and therefore Clauses (iii) (b), (iii) (c) and (iii) (d) of the said Order are not applicable.

- (e) The Company has taken unsecured loans from three companies covered in the Register maintained under Section 301 of the Act. The maximum amount involved and the year end balance (including interest) of such loan aggregate to ₹ 918.62 lacs and ₹ 918.62 lacs respectively.
 - (f) In our opinion, the rate of interest and other terms and conditions of such loans are not prima-facie prejudicial to the interest of the Company.
 - (g) In respect of the aforesaid loan, the interest payable is ₹ 3.37 lacs.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) a) According to the information and explanations given to us, based on the disclosure of interest made by the directors of the Company, transactions that need to be entered into register in pursuance of Sections 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any fixed deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies (Acceptance of Deposit) Rules 1975.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) (a) 1) According to the records examined by us, the Company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, with the appropriate authorities. No amounts are outstanding for transfer to the Investors Education and Protection Fund under Section 205C of the Companies Act, 1956.
- 2) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2014 for a period of more than 6 months from the date they became payable.
- (b) On the basis of our examination of the documents and records, there are no dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty and Cess which have not been deposited on account of any dispute except the following:

Nature of dues	₹ /Lacs	Forum where the dispute is pending	Period to which the amount related (various years covering the period)
Excise Duty	30.67	Hon'ble High court Mumbai.	Jan' 96 to Feb' 2000
Excise Duty	185.41	To be filed before Hon'ble High court Mumbai.	Sep' 01 to Nov' 03

- x) The accumulated losses at the end of the financial year are more than 50% of its net worth and company has incurred cash losses during the current and also in the immediate preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, and keeping in view the Master Restructuring Agreement executed on 30th March, 2013 there is no default in repayment of the dues of Financial Institutions, Bankers or Debenture holders.

- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company and, therefore, Clauses 4(xiii)(a), (xiii) (b), (xiii) (c) and (xiii) (d) of the said Order are not applicable.
- xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company.
- xvi) Based on information and explanation given to us by the Management Term loans were applied for the purpose for which the loans were obtained.
- xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion, the funds raised on short term basis have not been used for long term investment.
- xviii) During the year covered by our audit report, the Company has not issued any secured debentures
- xix) The Company has not raised any money by public issues during the year.
- xx) According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Salve & Co.
Chartered Accountants,
(Regn. No. 109003W)

C. A. S.D. Paranjpe
Partner
Membership No. 41472

Place : Nagpur
Date : 22nd May, 2014

ABRIDGED BALANCE SHEET AS AT 31ST MARCH, 2014

(Statement containing salient features of Balance Sheet as per Section 219(1)(b)(iv) of Companies Act, 1956)

Particulars	(₹ in lacs)	
	As at 31 st March, 2014	As at 31 st March, 2013
I Equity and Liabilities		
(1) Shareholders' funds		
(a) Share Capital		
(i) Equity	2,065.24	2,065.24
(ii) Preference	3,278.00	3,278.00
	<u>5,343.24</u>	<u>5,343.24</u>
(b) Reserves and Surplus		
(i) Capital Reserve	269.15	269.15
(ii) Loss in the Statement of Profit and Loss	(7,552.62)	(4,747.81)
	<u>(7,283.47)</u>	<u>(4,478.66)</u>
(2) Non-Current Liabilities		
(a) Long-term borrowings	6,740.56	5,222.93
(b) Deferred tax liabilities (Net)	-	-
(c) Long-term provisions	34.60	21.86
	<u>6,775.16</u>	<u>5,244.79</u>
(3) Current liabilities		
(a) Short-term borrowings	3,096.56	3,193.35
(b) Trade Payables	4,661.28	2,540.32
(c) Other Current liabilities	797.27	226.73
	<u>8,555.11</u>	<u>5,960.40</u>
Total of (1) to (3)	<u><u>13,390.04</u></u>	<u><u>12,069.77</u></u>
II Assets		
(4) Non-current assets		
(a) Fixed Assets		
Tangible (Original cost less depreciation)	5,038.68	5,168.55
Intangible (Original cost less depreciation)	15.90	170.40
Capital Work-in-Progress	9.88	-
	<u>5,064.46</u>	<u>5,338.95</u>
(b) Non-current investments (Unquoted)		
(a) Others	440.00	440.00
(c) Long-term loans and advances	149.46	86.43
	<u>5,653.92</u>	<u>5,865.38</u>
(5) Current assets		
(a) Inventories	4,554.19	3,133.26
(b) Trade Receivables	1,243.97	1,089.29
(c) Cash and Cash equivalents	617.49	889.90
(d) Short-term loans and advances	1,237.11	918.93
(e) Other current assets	83.36	173.01
	<u>7,736.12</u>	<u>6,204.39</u>
Total of (4) to (5)	<u><u>13,390.04</u></u>	<u><u>12,069.77</u></u>

The notes are an integral part of these abridged financial statements

 Note: Complete Balance Sheet, Statement of Profit and Loss, Other Statements and notes thereto prepared as per the requirements of Schedule VI to the Companies Act, 1956 are available at the Company's website at www.facorsteel.com

Compiled from the Audited financial statements of the Company referred to in our report of even date.

As per our report of even date attached,

For SALVE & CO.

 Chartered Accountants
(Regn.No.109003W)

C.A. S.D. PARANJPE

 Partner
Membership No. 41472

 Nagpur, 22nd May, 2014

AMIT G. PANDEY

 General Manager (Legal)
& Company Secretary

 Nagpur, 22nd May, 2014

For and on behalf of the Board

M.D. SARAF

Vice Chairman & Managing Director

VINOD SARAF

Managing Director

ABRIDGED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Statement containing salient features of Statement of Profit and Loss as per Section 219(1)(b)(iv) of Companies Act, 1956)

(₹ in lacs)

Particulars	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
Income		
Revenue from Operations		
Sale of Prodcuts manufactured	7,172.32	27,184.12
Income from services provided	33.03	52.38
	<u>7,205.35</u>	<u>27,236.50</u>
Less: Excise duty	660.24	2,578.16
	6,545.11	24,658.34
Add: Export Incentives	47.50	167.50
Net Revenue from Operations	6,592.61	24,825.84
Other Income	44.13	50.54
Total Income	<u>6,636.74</u>	<u>24,876.38</u>
Expenditure		
Cost of Materials Consumed	4,947.32	14,074.00
Changes in Inventories of Finished Goods and Stock-in-Progress	(1,372.80)	4,106.44
Employee benefits expense	1,086.53	1,555.71
Finance costs	813.89	1,000.94
Depreciation and amortisation Expense	537.29	548.56
Power and Fuel	1,483.88	2,776.24
Other expenses	1,945.44	3,780.95
Total Expenditure	<u>9,441.55</u>	<u>27,842.84</u>
Profit/(Loss) before tax	(2,804.81)	(2,966.46)
Tax Expenses		
Current tax	-	-
Deferred tax	-	(465.60)
	-	<u>(465.60)</u>
Profit/(Loss) for the year	(2,804.81)	(2,500.86)
Earning per equity share: (face value of ₹ 1/- each)		
Basic and Diluted (in ₹)	(1.36)	(1.21)

The notes are an integral part of the abridged financial statements

Compiled from the Audited financial statements of the Company referred to in our report of even date.

As per our report of even date attached,

For SALVE & CO.

Chartered Accountants
(Regn.No.109003W)

C.A. S.D. PARANJPE
Partner
Membership No. 41472
Nagpur, 22nd May, 2014

AMIT G. PANDEY
General Manager (Legal)
& Company Secretary
Nagpur, 22nd May, 2014

For and on behalf of the Board

M.D. SARAF
Vice Chairman & Managing Director

VINOD SARAF
Managing Director

ABRIDGED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in lacs)

Particulars	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
Cash flows (used)/from operating activities	(814.60)	(1,021.27)
Cash flows used in investing activities	(216.28)	(81.66)
Cash flows (used) /from Financing Activities	561.78	1,622.16
Net Increase/(Decrease) in cash and cash equivalents	(469.10)	519.23
Opening Balance of cash and cash equivalents		
- Cash in hand	4.33	10.74
- Balance in current account	136.94	131.30
- Balance in Margin Money Accounts	520.00	-
Closing Balance of cash and cash equivalents		
- Cash in hand	2.11	4.33
- Balance in current account	190.06	136.94
- Balance in fixed deposit	-	520.00

The notes are integral part of these Abridged financial statements
Compiled from the Audited financial statements of the Company referred to in our report of even date.

As per our report of even date attached,

For SALVE & CO.

Chartered Accountants
(Regn.No.109003W)

C.A. S.D. PARANJPE

Partner
Membership No. 41472

Nagpur, 22nd May, 2014

AMIT G. PANDEY

General Manager (Legal)
& Company Secretary

Nagpur, 22nd May, 2014

For and on behalf of the Board

M.D. SARAF

Vice Chairman & Managing Director

VINOD SARAF

Managing Director

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1) General Information

Facor Steels Limited ("The Company") is a Public Limited Company incorporated in India under the Companies Act, 1956. It is part of Worldwide reputed FACOR Group of Industries. The Company is listed at Bombay Stock Exchange. The Company, is one of the leading Producers of Carbon/Alloy steel/Stainless and special steel. The products are manufactured at its works in Nagpur and caters both domestic and international market. The products are meant for critical industrial application.

2) Abridged financial statement

The abridged financial statements have been prepared pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 as per notification F. No. 17/51/2012-CL-V, dated May 31, 2012 and are based on the annual financial statements for the year ended March 31, 2014 approved by the Board of Directors at their meeting held on May 22, 2014.

3) (Note 1 of notes to financial statements)

Significant Accounting Policies :

(a) Basis of Preparation of Financial Statements

The company's operating results continue to be materially affected by various factors particular poor market conditions and depression in the sale market and general economic slow down. The company is taking various steps for improving operational efficiencies - expanding its market reach and other cost control measures to improve operating results and cash flow. The company continue to explore various options to raise funds to meet their short term obligations with promoters infusion of funds in the current year to provide necessary operational funding support. Accordingly the company's financial statement have been prepared as going concern basis whereby results of assets and liabilities are expected to be realise in the normal course of business. These accounts have been prepared under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

(b) Fixed Assets :

All fixed assets are valued at cost net of recoverable taxes less depreciation. Roll-over charges on forward exchange contracts and loss or gain on conversion of foreign currency liabilities for acquisition of fixed assets are added to or deducted from the cost of fixed assets.

(c) Intangible asset :

Intangible asset acquired seperately are measured at cost less amortisation and impairment losses, if any. Intangible assets are amortised on a straight line basis over the estimated useful life.

(d) Depreciation :

Depreciation is provided on different fixed assets on the basis of 'straight line method' and 'written down value method' at rates prescribed in Schedule XIV to the Companies Act, 1956.

(e) Foreign Exchange Transactions :

(i) Transactions in foreign exchange are translated to Indian Rupees at the rate of exchange ruling on the date of transaction.

(ii) All foreign currency liabilities related to acquisition of Fixed Assets remaining unsettled at the end of the year are converted at contract rates, where covered by foreign exchange contracts and at year end rates in other cases and the difference in translation is adjusted in the carrying cost of such assets.

(iii) Other outstanding foreign currency liabilities and receivables are translated at the year end rates and the difference in translation is recognized in the Statement of Profit and Loss.

(f) Investments :

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

(g) Current Assets :

Finished Goods and Stock-in-Progress are valued at cost or net realisable value whichever is lower. Other inventories are valued at cost. All other items of current assets are stated after provisions for any diminution in value.

(h) Revenue Recognition :

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Sales comprise sale of goods and services, conversion charges, exports. Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are inclusive of excise duty but net of trade discounts and VAT. However, excise duty relating to sales is reduced from gross turnover for disclosing net turnover. Export benefits are recognised on accrual basis as per schemes specified in Foreign Trade Policy, as amended from time to time. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- (i) Employee Benefits :
 - (i) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
 - (ii) Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The gratuity expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of gratuity benefits are charged to the Statement of Profit and Loss.
- (j) Borrowing Costs :

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.
- (k) Provision for Current and deferred Tax :

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences " between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.
- (l) Contingent liabilities :

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

4) (Note 26 of notes to financial statements)

EARNING PER SHARE (BASIC AND DILUTED)

(₹ in lacs)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
(i) Net Profit/(Loss) after Tax	(2,804.81)	(2,500.86)
(ii) Weighted average number of equity shares (Nos. in lacs)	2,065.24	2,065.24
(iii) Earning per Share: (₹ per share)	(1.36)	(1.21)

5. (Note 27 of notes to financial statements)

Disclosure pursuant to Accounting Standard - 15 (Revised) "Employee Benefits" :

The company provides for Gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme, the Gratuity fund trust , administered and managed by the Life Insurance corporation of India (LIC), make payment to vested employees at retirement, death or termination of employment of an amount based on the respective employees salary and the tenure of employment.

Liability for employee benefit has been determined by an actuarial valuation in conformity with the principles set out in the accounting standard 15 (Revised) the details of which are as under.

(₹ in lacs)

Particulars	2013-14 Gratuity	2012-13 Gratuity
Amount to be Recognised in Balance sheet		
Present value of Funded Obligation	180.28	257.05
Fair value of Plan Assets	230.05	286.07
Net Liability	(49.77)	(29.02)
Amounts in Balance sheet		
Liability	-	-
Assets	49.77	29.02
Net Liability	(49.77)	(29.02)

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	2013-14 Gratuity	(₹ in lacs) 2012-13 Gratuity
Expense To Be Recognised in the Statement of Profit and Loss		
Current Service Cost	21.85	23.60
Interest on Defined Benefit Obligation	20.56	24.22
Expected Return on Plan Assets	(105.47)	(26.97)
Net Actuarial Losses/(Gains) Recognised in Year	85.01	42.32
Total,Included in "Employee benefits expense"	21.95	63.17
Reconciliation of Benefit Obligations and Plan Assets For the Period		
Change in Defined Benefit Obligation		
Opening defined Benefit Obligation	257.05	302.72
Current Service Cost	21.85	23.60
Interest Cost	20.56	24.22
Actuarial Losses/(Gains)	85.01	42.32
Benefit Paid	(204.19)	(135.81)
Closing Defined Benefit Obligation	180.28	257.05
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	286.06	285.98
Expected return on Plan Asset	105.47	26.97
Actuarial Gains/(Losses)		
Contribution by Employer	42.71	108.92
Benefit Paid	(204.19)	(135.81)
Closing Fair Value of Plan Assets	230.05	286.06
Principal Actuarial Assumptions		
Discount Rate (p.a.)	8.00%	8.00%
Salary Escalation Rate (p.a.)	5.00%	5.00%

6. (Note 28 of Notes to Financial Statements)

The slowing industrial activity and depressed market conditions had seriously affected the operations of the company. Considering the dwindling order position, the company has discussed with Workers union and reached an agreement for consensus lock out effective from Jan' 2013 and which was in force upto 8th Aug'2013. The Company restarted its operations from 9th August, 2013 after getting revised fund and non fund based limits approved and released by the individual banks. The company's application for Corporate Debt Restructure (CDR) has been approved by CDR - Empowered Group vide its Letter of Approval dated April 27, 2013. In spite of the best efforts the company continued to incur cash loss and the capacity utilisation could not be improved to avoid cash loss situation. The Company has again reached an agreement for consensus lock out with its workers union effective from 30th May'2014 and exploring various alternatives to improve the operations of the company.

7. (Note 29 of Notes to Financial Statements)

As per the Corporate Debt Restructure (CDR) package approved by Empowered Group of Corporate Debt Restructuring cell (CDR-EG) approval dated April 27, 2013 the amount of Recompense payable from cut off date to end of package period i.e. March 31, 2023 ₹ 852 lakhs.

8. (Note 30 of notes to financial statements)

Considering the present losses and accumulated depreciation, the company feels there is no need to provide deferred tax Assets/liability.

9. (Note 31 of notes to financial statements)

No provision for current Income-Tax is considered necessary in view of the brought forward Business loss and unabsorbed depreciation. In view of current year book loss no provision for Minimum Alternate Tax is required.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

10. (Note 32 of notes to financial statements)

The Company has entered into a Power Delivery agreement with Wardha Power Company Limited (WPCL) for procurement of power for its manufacturing activity at the term set out in the said agreement for twenty five years from the commencement of commercial operation of power plant to be declared by WPCL. As per the terms of another related agreement with WPCL, the company has invested ₹ 440 lacs (Previous year ₹ 440 lacs) shown under Non current investments (Note 11) in Equity shares of ₹ 10 each aggregating to ₹ 19458670 and 2454133 no of 0.01% redeemable class A preference shares aggregating to ₹ 24541330. Therefore said shares are/ shall be under lien with WPCL. Upon the expiry of Power Delivery agreement. Class A Equity Shares and Class A Redeemable Preference Shares will be bought back by WPCL for total consideration of ₹ 1.

11. (Note 33 of notes to financial statements)

Short term loans and advances includes ₹ 75.58 lacs (previous year ₹ 75.58) towards advance paid against supply of scrap by overseas supplier against which company has initiated action for recovery towards quality dispute.

12. (Note 34 of notes to financial statements)

M/s Madhur Engineering Pvt. Ltd. and M/s Tarini steel co. Ltd. have filed winding up petition u/s 433 and 434 of the companies Act, 1956 in the Nagpur bench of Bombay High court at Nagpur. The matter is yet to be heard before the court and company has taken all steps to suitably defend the case.

13. (Note 39 of notes to financial statements)

Segment Information :

The Management Information System of the Company identifies and monitors Steel Products 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 Steel Product. As the basic nature of these activities are governed by the same set of risk and return, these constitute and are grouped as single segment as per Accounting Standard (AS) 17 dealing with segment reporting issued by ICAI.

14. (Note 40 of notes to financial statements)

Contingent Liabilities and Commitments :

(I) Contingent Liabilities :

- (a) Estimated amount of contracts on Capital Account & other Commitments remaining to be executed and not provided for in accounts ₹ 76.75 lacs (Previous Year ₹ 15.25 lacs).
- (b) Claims against the Company not acknowledged as debts, since disputed ₹ 249.29 lacs (Previous Year ₹ 249.29 lacs). Amounts already paid under protest ₹ 33.21 lacs (Previous year ₹ 33.21 lacs) have been debited to Advance Account.

15. (Note 41 of notes to financial statements)

Related Party Disclosure:-

I List of related parties:-

A Name and nature of relationship with the related party where control exists:
Vidarbha Iron and Steel Corporation Limited (VISCO)- Associates

B Enterprise, over which key management personnel and their relatives exercise significant influence, with whom transactions have taken place during the year :

- | | |
|--|---|
| 1 Ferro Alloys Corporation Limited | 2 Facor Alloys Limited |
| 3 Rai Bahadur Shreeram And Company Private Limited | 4 Dass Papers Products. Ltd. |
| 5 Orchard consultancy Pvt. Ltd. | 6 Godavaridevi Saraf & Sons. |
| 7 S.D. Ores Pvt. Ltd. | 8 Suchitra Investment & Leasing Ltd. |
| 9 Saraf Bandhu Pvt. Ltd. | 10 Facor Power Ltd. |
| 11 GDP Infrastructure Pvt. Ltd. | 12 Queen Consultancy Services Pvt. Ltd. |
| 13 Vineet Infin Pvt. Ltd. | 14 Shreeram shipping services Pvt. Ltd. |

C Key Management Personnel :

- | | |
|------------------|-----------------------------------|
| i) N.D. Saraf | Chairman |
| ii) M.D. Saraf | Vice Chairman & Managing Director |
| iii) Vinod Saraf | Managing Director |
| iv) Anurag Saraf | Director |

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

II Transactions with Related Parties during the year ended 31-03-2014 in the ordinary course of business.

(₹ in lacs)

Particulars	With Associates		With Key Management Personnel		With Enterprise where Significant influence exists	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
i) Purchase of Goods	-	939.20			-	-
ii) Rent paid/(received)					-	1.19
iii) Lease rent	21.00	21.00				
iv) Power and Electricity charges					-	16.94
v) Finance received/(repaid)					915.25	-
vi) Directors remuneration			-	62.01		
vii) Balances outstanding at the year end						
a) Unsecured loans taken/(Given)					918.62	3.37
b) Trade Payables	131.05	93.37			162.23	164.29

16. (Note 42 of notes to financial statements)

Previous year's figures have been re-grouped wherever necessary.

As per our report of even date attached,

For SALVE & CO.

Chartered Accountants
(Regn.No.109003W)

C.A. S.D. PARANJPE

Partner
Membership No. 41472

Nagpur, 22nd May, 2014

AMIT G. PANDEY

General Manager (Legal)
& Company Secretary

Nagpur, 22nd May, 2014

For and on behalf of the Board

M.D. SARAF

Vice Chairman & Managing Director

VINOD SARAF

Managing Director

PRINCIPAL ADDRESS OF THE COMPANY

Registered Office & Works**Nagpur :**

46 A & B, MIDC Industrial Estate,

Hingna Road,

Nagpur- 440 028

[Maharashtra]

Phone : 91-7104-235701-08

Gram : FACORSTEEL

E-mail : info@facorsteel.com

Fax : 91-7104-235709

Corporate & Head Office**Tumsar :**

Shreeram Bhavan,

Tumsar - 441 912

Dist : Bhandara [Maharashtra]

Phone : 91-7183-232251, 232233,

Gram : FACOR

E-mail : facorho@facorgroup.in

Fax : 91-7183-232271

Regional Offices**Mumbai :**

Marathon Innova, IT Park,

B-wing, unit no. 403, 4th Floor,

Ganpatrao Kadam Marg, Lower

Parel, Mumbai- 400 013

Phone : 91-22-24918155,

Fax : 91-22-24918157

Gram : FACOR

E-mail : [facormumbai@facorgroup](mailto:facormumbai@facorgroup.in).in; fslmumbai@facorsteel.com**Shri Arun Mahalpurkar**

Dy. General Manager

New Delhi :

Facor House, A-45-50, Sector-16,

Noida, Dist. Gautam Buddh Nagar,

U. P.- 201 301 India

Phone : 91-120-4171000

Fax : 91-120-425 6700

Ramdaspath

E-mail: facordelhi@facorgroup.in**Shri Ishwar Das**

Manager [Administration]

Kolkata :Everest House, 17th Floor,

Block – "G", 46-C, Jawaharlal

Nehru Road, Kolkata- 700 071

Phone : 91-33-40103400

Gram : FACORAGENT

E-mail : facorkol@dataone.in**Shri Pratap Lodge**

General Manager [East Zone]

Chennai :

37F, Whites Road, 2nd Floor,

Royapettah, Chennai -600 014

Phone : 91-44-28411092-96

Gram : FACORAGENT

E-mail : facoralloys@vsnl.net

Fax : 91-44-28411097

Shri R. G. Chari

General Manager [South Zone]

Visakhapatnam :

Manganese House,

Harbour Road,

Visakhapatnam- 530 001

Phone : 91-891-2569011 / 13

Gram : FACOR

E-mail : facor@sancharnet.infacorvzg@satyam.net.infacoralloys@eth.net

Fax : 91-891-2564077

Shri K. Naresh Kumar

Dy. General Manager [Finance]

Nagpur :

Shreeram Bhavan

Ramdaspath

Nagpur 440 010

Phone : 91-712-2436920-23

Gram : FACOR

Fax : 91-712-2432295

Shri H. S. Shah

Dy. General Manager

Bhubaneswar :

GD-2/10, Chandrasekharpur

Bhubaneswar 751 023

[Odisha]

Phone : 91-674-2302881 / 882

91-674-2302481

E-mail : facorbbsr@dataone.in

Fax : 91-674-2302612

Shri M. V. Rao

Resident Manager

Pune :

Parshwanath Industrial Premises,

Orion Computer Services Building,

1st Floor, Office No.11, T-71/1A/1B,

'G' Block, Telco Road, Bhosari, MIDC,

Pune -411 026

Phone : 91-020- 30780744, 46

91-020-27126441

E-mail : fslpune@facorsteel.com

Fax : 91-020-30780743

Shri K. P. Nand Kumar

Dy. Manager [Marketing]

FACOR STEELS LIMITED

Registered Office & Works: 46 (A&B) MIDC Industrial Estate, Hingna Road, Nagpur-440028, India CIN L27100MH2004PLC146283
 Phones: +91 7104 235701, Fax: +91 7104 235709, E-Mail: info@facorsteel.com
 Website: www.facorsteel.com

PROXY FORM

Name of the member(s)	:
Registered Address	:
E-mail Id	:
Folio No./ DP ID-Client ID No.	:

I/ We, being the member(s) of shares of the above named Company, 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:

as my/ our Proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Eleventh Annual General Meeting of the Company, to be held on Thursday, the 11th September, 2014 at 2.30 p.m. at 46A&B, MIDC, Industrial Estate, Hingna Road, Nagpur-440028 and at any adjournment thereof in respect of the following resolutions:

Resolution No.	Resolutions
Ordinary Business	
1.	Adoption of Financial Statements, Directors' and Auditors' Report for the year ended 31st March, 2014
2.	Re-appointment of Mr. Narayandas Saraf, who retires by rotation
3.	Appoint Auditors and fix their remuneration
Special Business	
4.	Appointment of Mr. Anand S. Kapre as Independent Director
5.	Appointment of Mr. Mohandas S. Adige as Independent Director
6.	Appointment of Mr. Mahendra B. Thaker as Independent Director
7.	Appointment Mr. Kesharao Pardhi as Independent Director
8.	Re-appointment of Mr. Vinod Saraf as Managing Director
9.	To approve borrowing limits of the Company
10.	Creation of Charge on the assets of the Company
11.	Reference to BIFR
12.	Ratification of Cost Auditors' remuneration

Signed this.....day of2014

Signature of Shareholder:

Signature of Proxy holder:



NOTE:

- This form of Proxy, in order to be effective, should be deposited duly completed at the Registered Office of the Company, at 46 A&B, MIDC, Industrial Estate, Hingna Road, Nagpur-440028 not less than FORTY-EIGHT (48) HOURS before the commencement of the Meeting.
- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Eleventh Annual General Meeting.

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46 A & B, MIDC Industrial Estate,
Hingna Road, Nagpur - 440 028,
Maharashtra
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