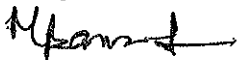


FACOR POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	Figures as at March 31, 2017	Amount (in ₹) Figures as at March 31, 2016
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	2,410,600,000	2,410,600,000
(b) Reserve and surplus	2	<u>(3,210,083,076)</u>	<u>(2,351,617,342)</u>
		<u>(799,483,076)</u>	<u>58,982,658</u>
(2) Non-current liabilities			
(a) Long-term borrowings	3	1,019,898	4,413,273,944
(b) Other long term liabilities	4	-	-
(c) Long-term provisions	5	<u>6,995,465</u>	<u>4,874,799</u>
		<u>8,015,363</u>	<u>4,418,148,743</u>
(3) Current liabilities			
(a) Short-term borrowings	6	140,265,787	203,148,174
(b) Current maturity of long term borrowings	8	-	464,522,938
(c) Trade payables	7	130,087,984	128,248,647
(d) Other current liabilities	8	7,230,712,473	1,467,789,276
(e) Short-term provisions	9	<u>307,333</u>	<u>193,412</u>
		<u>7,501,373,577</u>	<u>2,263,902,447</u>
TOTAL		<u><u>6,709,905,864</u></u>	<u><u>6,741,033,848</u></u>
II. ASSETS			
Non-current assets			
(1) (a) Fixed assets			
(i) Tangible assets	10	5,281,284,898	5,383,848,503
(ii) Capital work-in-progress	11	945,749,721	989,788,921
(b) Non-current investments	12	40,000	40,000
(c) Long-term loans and advances	13	19,323,132	19,435,433
(d) Other non-current assets	14	<u>14,620,456</u>	<u>14,620,456</u>
		<u>6,261,018,207</u>	<u>6,407,733,313</u>
(2) Current assets			
(a) Current investments		-	-
(b) Inventories	15	50,246,010	93,215,515
(c) Trade receivables	16	179,447,614	147,958,549
(d) Cash and cash equivalents	17	29,653,096	19,662,026
(e) Short-term loans and advances	18	184,510,196	67,183,117
(f) Other current assets	19	<u>5,030,741</u>	<u>5,281,328</u>
		<u>448,887,657</u>	<u>333,300,535</u>
TOTAL		<u><u>6,709,905,864</u></u>	<u><u>6,741,033,848</u></u>
Significant Accounting Policies	26		

Accompanying notes to the financial statements are integral part of the financial statements

As per our report of even date attached,
For **S. S. KOTHARI MEHTA & Co.**
Chartered Accountants
Firm Registration No. 000756N




NEERAJ BANSAL
Partner
Membership No 095960

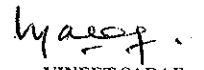
Place : New Delhi
Date: 12th May, 2017




YOGESH SARAF
Whole-time Director


RAJU THAPAR
General Manager (Finance & Accounts) and
Company Secretary

For and on behalf of the Board,


VINEET SARAF
Whole-time Director


O. P. BANKA
Chief Financial Officer

FACOR POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	Amount (in ₹)	
		For the Year 2016-17	For the Year 2015-16
I. Revenue from operations	20	1,225,859,294	1,299,471,526
II. Other income	21	2,422,851	2,837,518
III. Total revenue (I+II)		1,228,282,145	1,302,309,044
IV. Expenses			
Cost of materials consumed	22	745,573,574	763,693,586
Purchases of stock-in-trade		-	-
Changes in inventories of finished goods		-	-
Work-in-progress and stock-in-trade		-	-
Employee benefits expenses	23	58,894,942	51,839,416
Finance costs	24	955,885,113	724,538,083
Depreciation and amortization expenses		172,093,679	169,874,612
Other expenses	25	154,300,571	151,275,847
Total expenses		2,086,747,879	1,861,221,544
V. Profit/(loss) before exceptional and extraordinary items and tax (III-IV)		(858,465,734)	(558,912,500)
VI. Exceptional items		-	-
VII. Profit/(loss) before extraordinary items and tax (V-VI)		(858,465,734)	(558,912,500)
VIII. Extraordinary items		-	-
IX. Profit/(loss) before tax (VII-VIII)		(858,465,734)	(558,912,500)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit (Loss) for the period from continuing operations (IX-X)		(858,465,734)	(558,912,500)
XII. Profit (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit (Loss) from discontinuing operations (after tax)(XII-XIII)		-	-
XV. Profit (Loss) for the period (XI+XIV)		(858,465,734)	(558,912,500)
XVI. Earning per equity share of ₹10/- each			
(1) Basic		(3.73)	(2.43)
(2) Diluted		(3.73)	(2.43)

Significant accounting policies

26

Accompanying notes to the financial statements are integral part of the financial statements

As per our report of even date attached,
For S. S. KOTHARI MEHTA & Co.
Chartered Accountants
Firm Registration No. 000756N

NEERAJ BANSAL
Partner
Membership No. 095960

Place : New Delhi
Date: 12th May, 2017



YOGESH SARAF
Whole-time Director

RAJU THAPAR
General Manager (Finance & Accounts) and
Company Secretary

For and on behalf of the Board,

VINEET SARAF
Whole-time Director

O. P. BANKA
Chief Financial Officer

FACOR POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Figures for the year 2016-17	Amount (in `) Figures for the year 2015-16
(A) Cash flow from Operating activities:-		
Profit before tax	(858,465,734)	(558,912,499)
<i>Adjustment for:-</i>		
Depreciation	172,093,679	169,874,612
Loss on sale of fixed assets	81,146	-
Interest paid	955,885,113	724,538,083
Interest received	(2,410,409)	(2,743,912)
Operating profit before working capital changes	267,183,795	332,756,284
<i>Adjustment For:</i>		
(Increase)/decrease in inventory	42,969,505	66,303,449
(Increase)/decrease in trade receivables	(31,489,066)	(115,530,650)
(Increase)/decrease in loans & advances	(117,327,079)	(51,170,535)
(Increase)/decrease in other current assets	250,587	(53,909)
Increase/(decrease) in other non-current assets	-	-
(Increase)/decrease in long-term loans & advances	(419,750)	143,206
Increase/(decrease) in sundry creditors	1,839,337	(76,333,640)
Increase/(decrease) in long-term provisions	2,120,666	136,744
Increase/(decrease) in other liabilities & Provisions	5,763,037,118	914,170,900
Cash generated from operation	5,660,981,318	737,665,565
Tax paid	-	-
Net cash flow/(used) from operating activities (A)	5,928,165,113	1,070,421,849
(B) Cash flow from investing activities :		
Purchase of fixed assets including CWIP	(25,572,020)	(56,482,156)
(Increase)/decrease in bank deposits held as margin money	(11,911,104)	1,586,108
(Increase)/decrease in capital advances	532,051	4,785,208
Interest received	2,410,409	2,743,912
Net cash used in investing activities (B)	(34,540,664)	(47,366,928)
(C) Cash flow from financing activities :		
Proceeds from issuance of shares	-	-
Re-classification adjustment for long-term borrowings	(4,876,776,984)	(191,834,519)
Re-payment of short-term borrowings	(62,882,387)	(8,578,029)
Interest	(955,885,113)	(822,140,091)
Net cash flow from financing activities (C)	(5,895,544,484)	(1,022,552,639)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(1,920,035)	502,281
Cash and cash equivalent at the beginning of the period	2,743,868	2,241,587
Cash and cash equivalent at the end of the period	823,833	2,743,868

Note:

- (i) The above cash flow statement has been prepared under the indirect method, as set out in the AS - 3, "Cash Flow Statement".
(ii) The previous year figures are regrouped, rearranged or reclassified to conform with the current year classification.

As per our report of even date attached,
For **S. S. KOTHARI MEHTA & Co.**
Chartered Accountants
Firm Registration No. 000756N

NEERAJ BANSAL
Partner
Membership No. 095960

Place : New Delhi
Date: 12th May' 2017.



For and on behalf of the Board,

YOGESH SARAF
Whole-time Director

RAJU THAPAR
General Manager (Finance & Accounts) and
Company Secretary

VINEET SARAF
Whole-time Director

O. P. BANKA
Chief Financial Officer

Particulars	Amount (in ₹)	
	Figures as at March 31, 2017	Figures as at March 31, 2016
NOTE NO. 1 : SHARE CAPITAL		
Authorised share capital		
235,000,000 Equity shares (Previous Year 235,000,000 shares) @ ₹ 10/share	2,350,000,000	2,350,000,000
1,500,000 Preference shares (Previous Year 1,500,000 shares) @ ₹ 100/share	150,000,000	150,000,000
	<u>2,500,000,000</u>	<u>2,500,000,000</u>
Share capital issued, subscribed and fully paid		
230,060,000 Equity shares (Previous Year 230,060,000 shares) @ ₹ 10/share	2,300,600,000	2,300,600,000
1,100,000 Preference shares (Previous Year 1,100,000 shares) @ ₹ 100/share	110,000,000	110,000,000
	<u>2,410,600,000</u>	<u>2,410,600,000</u>

A. Reconciliation of number of shares

	Preference		Equity	
(i) Authorised share capital				
Outstanding at the beginning	1,500,000	235,000,000	1,500,000	235,000,000
Add: Issued during the year	-	-	-	-
Less: Deduction during the year	-	-	-	-
Outstanding at the end of the reporting period	1,500,000	235,000,000	1,500,000	235,000,000
(ii) Share capital issued, subscribed and fully paid				
Outstanding at the beginning	1,100,000	230,060,000	1,100,000	230,060,000
Add: Issued during the year	-	-	-	-
Less: Deduction during the year	-	-	-	-
Outstanding at the end of the reporting period	1,100,000	230,060,000	1,100,000	230,060,000

B. Rights, preferences and restrictions attached to shares

(i) Equity shares have a par value of ₹10 per share. Each Shareholder is eligible for one vote per share held. The company declares dividends in Indian rupees. In case the dividend is proposed by the Board of Directors it is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive in proportion to their shareholding, the assets of the Company remaining after distribution of preferential amount.

(ii) Preference shares are 15% cumulative having a par value of ₹100 per share having voting rights on any resolution which directly affects the rights attach to them and any resolution for winding up of the Company or for the repayment or reduction of its equity or preference share capital and all other matters as prescribed in Section 47 of the Companies Act, 2013. Preference share holders would get priority with respect to payment of dividend or capital vis-à-vis equity share holders. In the event of liquidation, the preference shareholders are eligible to receive in proportion to their shareholding, the assets of the Company remaining after distribution of preferential amount.

C. Shares held by the holding Company

	%	No. of Shares	%	No. of Shares
Equity	86.09	198,059,930	86.09	198,059,930
Preference	100.00	1,100,000	100.00	1,100,000

D. Shareholders holding more than 5% Shares

	%	No. of Shares	%	No. of Shares
Ferro Alloys Corporation Limited (Equity Shares)	86.09	198,059,930	86.09	198,059,930
Facor Alloys Limited (Equity Shares)	8.69	20,000,000	8.69	20,000,000
Ferro Alloys Corporation Limited (Preference Shares)	100.00	1,100,000	100.00	1,100,000

Other notes as prescribed under Schedule III regarding bonus shares, shares allotted for consideration other than cash, shares bought back, calls unpaid etc. are not applicable.

NOTE NO. 2 : RESERVES & SURPLUS**Surplus (Deficit) in statement of profit & loss**

As per last financial statement	(2,351,617,342)	(1,792,704,842)
Less: Depreciation adjustment	-	-
Add: Addition during the year	(858,465,734)	(558,912,500)
Net Surplus (Deficit) in the statement of profit & loss	<u>(3,210,083,076)</u>	<u>(2,351,617,342)</u>

NOTE NO. 3 : LONG-TERM BORROWINGS**Secured long term borrowings:**

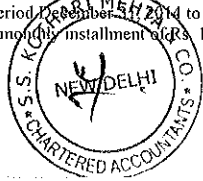
a) Term loan		
Rural electrification corporation limited	-	4,877,490,853
b) Long-term maturity of finance lease obligation		
Vehicle loan from Banks	1,456,559	497,128
c) Current maturity of long term borrowings	<u>(436,661)</u>	<u>(464,714,037)</u>
	<u>1,019,898</u>	<u>4,413,273,944</u>

Note:

- A. i) Loan from Rural Electrification Corporation limited (REC) is secured by first charge on all present & future immovable properties, moveable fixed assets including lease hold land, project assets, book debts, commission receivables, intangibles, goodwill, uncalled capital, Trust & Retention Account. It is further secured by first charge on all insurance contracts / insurance proceeds including the insurance contracts related to the project within a period of six months from the date of initial disbursement and contractors guarantee, performance bond & letter of credit. Pledge of 91.30% (previous year 91.30%) fully paid up share capital of the project as collateral security and corporate guarantee by Ferro Alloys Corporation Ltd. and personal guarantee of two Promoter Directors.
- ii) Vehicle loan from Banks is secured against hypothecation of specified vehicle of the Company.

B. Terms of re-payment of loan(s), rate of interest and default in re-payment of loan(s) & interest thereon (also refer Note no. 27(14)):

- i) Term loan from REC is re-payable in 44 equal quarterly installments of ₹116,130,735/- each starting from December 31, 2015. No Installment has been paid till 31st March 2017. REC has declared Term loan account as Non Performing Assets (NPA) and has recalled total outstanding Term loan which has been re-classified as short-term loan. Total amount due as on 31st March 2017 is ₹ 5,109,752,323/- (previous year ₹ 232,261,470/-). Rate of interest on the said loan varies from 12.25% to 14.00% per annum. Interest of ₹ 1,84,86,75,957/- due on term loan is outstanding for the period December 31, 2014 to March 31, 2017 (previous year ₹ 940,239,216/- for the period December 31, 2014 to March 31, 2016).
- ii) Vehicle loan is re-payable in equated monthly installment of (Rs. 19,403/- & Rs. 27,083/-).



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FACOR POWER LIMITED

Notes to the Financial Statement

Particulars	Amount (in ₹)	
	Figures as at March 31, 2017	Figures as at March 31, 2016
NOTE NO. 4 : OTHER LONG-TERM LIABILITIES		
a) Trade payable	-	-
b) Others	-	-
NOTE NO. 5 : LONG-TERM PROVISIONS		
Provision for employee benefits:		
i) Provision for leave encashment	2,862,623	2,049,839
ii) Provision for gratuity	4,132,842	2,824,960
	<u>6,995,465</u>	<u>4,874,799</u>
NOTE NO. 6 : SHORT-TERM BORROWINGS		
a) Secured borrowings		
Cash credit loan from bank and repayable on demand	90,265,787	153,148,174
b) Unsecured borrowings		
Loan from related party (Facor alloys limited)	50,000,000	50,000,000
	<u>140,265,787</u>	<u>203,148,174</u>

Note:

- A. Cash credit facility from Central Bank of India is secured against the pari-passu first charge on all the assets, present & future, of the Company, corporate guarantee of Ferro Alloys Corporation Limited and personal guarantee of two Promoter Directors.
- B. Terms of re-payment of loan(s), rate of interest and default in re-payment of loan(s) & interest thereon:
- (i) The rate of interest on cash credit loan varies between 12.50% to 13.45% per annum. The loan is re-payable on demand.
- (ii) The rate of interest on loan from related party is 12.50%. The repayment of the same was due during the financial year 2016-17.

NOTE NO. 7 : TRADE PAYABLES

a) MSME creditors		
b) Others		
i) Creditors for purchases	98,648,327	61,255,943
ii) Creditors for expenses	31,439,657	66,992,704
	<u>130,087,984</u>	<u>128,248,647</u>

Based on the information available with the Company, no balances are due to Micro & Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2017. Further, during the year no interest has been paid or payable under the terms of the said act.

NOTE NO. 8 : OTHER CURRENT LIABILITIES

a) Current maturity of long-term debts		
Term Loan From Rural Electrification Corporation Limited	-	464,522,938
Vehicle loan	436,661	191,099
b) Interest accrued but not due		
	1,152,848	769,139
c) Interest accrued and due [Refer note no. 3(B)(i)]		
	1,848,675,957	940,239,216
d) Others		
i) Term Loan From Rural Electrification Corporation Limited -Due [Refer note no. 3(B)(i)]	5,109,752,323	232,261,470
ii) Retention money	74,079,316	105,909,064
iii) Statutory dues (PF, TDS, Electricity duty etc.)	91,740,542	62,944,770
iv) Payable to suppliers for capital goods	91,960,685	107,696,797
v) Payable to others	7,501,757	12,578,156
vi) Payable to employees	5,412,384	4,933,468
vii) Security receipt from trainees	-	266,097
	<u>7,230,712,473</u>	<u>1,932,312,214</u>

NOTE NO. 9 : SHORT-TERM PROVISIONS

Provision for employee benefits:		
i) Provision for leave encashment	130,901	116,033
ii) Provision for gratuity	176,432	77,379
	<u>307,333</u>	<u>193,412</u>



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FACOR POWER LIMITED
Notes to the Financial Statement

NOTE NO. 10 : TANGIBLE ASSETS

Figures as at March 31, 2017
(Amount in ₹)

PARTICULARS	GROSS CARRYING VALUE			DEPRECIATION / AMORTISATION				NET CARRYING VALUE		
	Figures as at April 01, 2016	Additions during the year	Disposals/ Adjustments during the year	Figures as at March 31, 2017	Figures as at April 01, 2016	For the year	Adjustment through opening Retained Earnings	Disposals/ Adjustments during the year	Figures as at March 31, 2017	Figures as at April 01, 2016
Land Freehold	66,894,112	-	-	66,894,112	-	-	-	-	66,894,112	66,894,112
Land Leasehold	11,816,440	-	-	11,816,440	509,237	113,242	-	622,479	11,193,961	11,307,203
Factory Building	882,894,192	6,803,370	-	889,697,562	115,948,031	27,862,139	-	143,810,170	745,887,392	766,946,161
Other Building	7,012,830	-	-	7,012,830	609,075	227,662	-	836,737	6,176,093	6,403,755
Roads	62,148,041	-	-	62,148,041	11,924,968	6,030,534	-	17,955,502	44,192,539	50,223,073
Plant & Machinery	4,833,560,990	59,378,311	427,990	4,892,511,311	598,012,414	115,796,923	153,043	713,656,294	4,178,855,017	4,235,548,576
Railway Siding	269,121,365	-	-	269,121,365	39,623,155	18,474,280	-	58,097,435	211,023,930	229,498,210
Lab Equipment	1,285,962	-	289,118	996,844	459,818	110,725	74,024	496,519	500,325	826,144
Electrical Installation	5,252,327	953,359	51,490	6,154,196	981,137	526,278	32,115	1,475,300	4,678,896	4,271,190
Office Equipment	2,165,787	435,706	456,080	2,145,413	996,559	418,180	422,459	992,280	1,153,133	1,169,228
Computers	3,494,019	397,285	129,707	3,761,597	2,668,683	433,874	123,222	2,979,335	782,262	825,336
Furniture & Fixture	4,647,745	79,772	220,323	4,507,194	2,052,599	385,015	202,268	2,235,346	2,271,848	2,595,146
Vehicle	12,186,771	2,315,994	416,385	14,086,380	4,846,402	1,714,827	150,239	6,410,990	7,675,390	7,340,369
Total	6,162,480,581	70,363,797	1,991,093	6,230,853,285	778,632,078	172,093,679	-	1,157,370	5,281,284,898	5,383,848,503
Previous Year	5,128,084,004	35,902,495	1,505,918	6,162,480,581	610,001,087	169,874,612	-	1,243,621	5,383,848,503	5,518,082,917

Acquisition through business combination is not applicable as no such transaction occurred during the year and in the corresponding previous financial year. Also there was no impairment/revaluation of assets during the last 5 years.



Handwritten initials/signature: S.S. K

FACOR POWER LIMITED
Notes to the financial statement

NOTE NO. 11 : CAPITAL WORK IN PROGRESS

Particulars	Amount (in ₹)		
	Figures as at March 31, 2017	During the year	Figures as at March 31, 2016 (net of amount capitalized)
A. Assets under construction	565,382,167	(52,021,204)	617,403,370
Total (A)	565,382,167	(52,021,204)	617,403,370
B. Expenditure pending allocation;			
Employee cost:			
- Salary and other cost	32,117,482	7,408,388	24,709,094
- Contribution to provident and other funds	3,707,411	953,797	2,753,614
Rent	662,230	-	662,230
Travelling & conveyance expenses	2,113,039	2,800	2,110,239
Technical consultancy charges	8,831,228	-	8,831,228
Legal and professional expenses	862,980	-	862,980
Business promotion expenses	104,658	-	104,658
Communication expenses	356,206	-	356,206
Staff recruitment & development expenses	643,909	-	643,909
Advertisement expenses	34,567	-	34,567
Fee and taxes	3,400,580	-	3,400,580
Repair & maintenance -office	2,655,070	-	2,655,070
Repair & maintenance-plant & machinery	575,652	-	575,652
Vehicle running & maintenance expenses	288,214	-	288,214
Auditor's remuneration	26,395	-	26,395
Miscellaneous expenses	(201,202)	-	(201,202)
Fringe benefit tax	6,761	-	6,761
Interest & other financial charges	303,561,552	-	303,561,552
Bank charges and commission	415,016	-	415,016
Power & fuel expenses for construction	12,252,026	-	12,252,026
Depreciation	378,205	-	378,205
Freight & cartage expenses	99,828	-	99,828
Difference in foreign exchange	10,618	-	10,618
Stores & spares	1,108,805	-	1,108,805
Commission and brokerage	844,451	-	844,451
Dewatering charges	443,196	-	443,196
Temporary construction	47,600	-	47,600
Corporate social responsibility	839,368	-	839,368
Insurance	2,146,689	-	2,146,689
Net expenses during trial run	5,037,000	-	5,037,000
Electricity duty on auxiliary consumption	879,211	-	879,211
	384,248,745	8,364,985	375,883,760
Add: Construction material at site	373,033	(382,982)	756,015
Less: Interest income on deposits and others	4,254,224	-	4,254,224
Total (B)	380,367,554	7,982,003	372,385,551
Total (A+B)	945,749,721	(44,039,201)	989,788,921
Net Balance of CWIP	945,749,721		989,788,921

Detail of Capital Work in Progress as at March 31, 2017

Particulars	Amount (₹)
Boiler-3	565,382,167
Construction material at Site	373,033
Expenditure pending allocation	379,994,521
Total	945,749,721



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FACOR POWER LIMITED

Notes to the Financial Statement

Particulars	Figures as at March 31, 2017	Amount (in ₹) Figures as at March 31, 2016
NOTE NO. 12 : NON-CURRENT INVESTMENT		
a) Un-quoted non-trade investment		
Investment in government securities	40,000	40,000
	40,000	40,000
Aggregate book value of the unquoted investment	40,000	40,000
Aggregate provision for diminution in the value of investment	Nil	Nil

The above investment of ₹40,000/- (Previous year ₹40,000/-) has been made in National Saving Certificates, valued at cost, and the same have been pledged with the mining officer, Bhadrak, Orissa.

NOTE NO. 13 : LONG-TERM LOANS AND ADVANCES

Unsecured, considered good:

i) Capital advances	686,748	1,218,799
ii) Security deposits	17,589,938	18,154,351
iii) Prepaid expenses	1,046,446	62,283
	19,323,132	19,435,433

NOTE NO. 14 : OTHER NON-CURRENT ASSETS

Un-amortized expenditure	14,620,456	14,620,456
	14,620,456	14,620,456

NOTE NO. 15 : INVENTORIES

a) Raw material:

i) Coal at site	11,134,859	71,335,517
ii) Coal in transit	14,640,014	9,947,806

b) Consumables:

i) Chemicals	403,566	454,078
ii) High speed diesel	218,337	129,125
iii) Stores & spares/consumables	18,502,779	11,348,989
iii) Stores & spares in transit	5,346,455	-
	50,246,010	93,215,515

NOTE NO. 16 : TRADE RECEIVABLES

Unsecured considered good:

a) Outstanding for period exceeding six months from the due date

b) Others

i) From holding company	160,886,055	132,994,600
ii) Others	18,561,559	14,963,949
	179,447,614	147,958,549



FACOR POWER LIMITED

Notes to the Financial Statement

Particulars	Amount (in ₹)	
	Figures as at March 31, 2017	Figures as at March 31, 2016
NOTE NO. 17 : CASH AND BANK BALANCES		
a) Cash & cash equivalents:		
i) Balance in current accounts	592,013	2,368,900
ii) Bank deposits (having original maturity period upto 3 months)	-	-
iii) Cash on hand	231,821	374,968
b) Other bank balances:		
i) Bank deposits (held as margin money/security deposit)	28,789,262	16,878,158
ii) Bank deposits (held as margin money/security deposit and having maturity period more than 12 months)	40,000	40,000
	<u>29,653,096</u>	<u>19,662,026</u>
<p>Other Bank deposits of ₹ 5,406,000/- (Previous year ₹ 5,406,000/-) have been deposited with Executive Engineer, Salandi Canal Division, Bhadrak as advance water charges to be adjusted against water charges payable by the Company in case of default. Other Bank deposits of ₹ 23,383,262 (Previous year ₹ 11,472,158/-) represent as margin money for Bank Guarantees & Letter of Credits issued by Banks on behalf of the Company. The balance amount of deposit of ₹ 40,000/- (Previous Year ₹40,000/-) has been deposited with Mining Department, Orissa.</p>		
NOTE NO. 18 : SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good:		
i) Advance for purchase of goods	174,119,026	56,910,749
ii) Advance for expenses	3,499,992	2,671,649
iii) Prepaid expenses	3,685,651	3,784,045
iv) Other advances	455,500	593,500
v) Security deposits	850,000	1,134,500
vi) Taxes paid (tax deposit at source)	1,748,027	1,783,674
vii) Advance to staff	152,000	305,000
Unsecured, considered doubtful:		
Advance for expenses		6,055,554
Less: Provision		(6,055,554)
	<u>184,510,196</u>	<u>67,183,117</u>
NOTE NO. 19 : OTHER CURRENT ASSETS		
i) Interest accrued on fixed deposits	1,375,627	1,626,214
ii) Unamortized expenses	3,655,114	3,655,114
	<u>5,030,741</u>	<u>5,281,328</u>
NOTE NO. 20 : REVENUE FROM OPERATIONS		
i) Sale of power	1,223,649,265	1,298,616,939
ii) Other operating revenue	2,210,029	854,587
	<u>1,225,859,294</u>	<u>1,299,471,526</u>
NOTE NO. 21 : OTHER INCOME		
i) Profit on sale of fixed assets	-	76,408
ii) Interest on fixed deposit/ margin money deposit	2,410,409	2,743,912
iii) Sundry balances written back	-	17,198
iv) Interest on income tax refund	12,442	-
	<u>2,422,851</u>	<u>2,837,518</u>

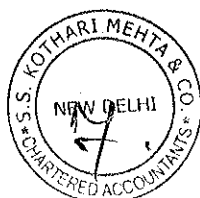


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FACOR POWER LIMITED

Notes to the Financial Statement

Particulars	Amount (in ₹)	
	Figures for the Year 2016-17	Figures for the year 2015-16
NOTE NO. 22 : COST OF MATERIAL CONSUMED		
a) Coal consumed:		
Opening inventory	81,283,323	152,868,676
Purchase during the year	473,443,600	450,981,391
Add: Incidental expenses	210,684,497	235,369,277
Less: Closing Stock	<u>25,774,873</u>	<u>81,283,323</u>
	739,636,547	757,936,021
b) High speed diesel	3,780,517	3,849,854
c) Chemicals	<u>2,156,510</u>	<u>1,907,711</u>
	<u>745,573,574</u>	<u>763,693,586</u>
NOTE NO. 23 : EMPLOYEE BENEFITS EXPENSES		
Salaries & wages	55,790,353	48,687,292
Contribution to provident and other funds	2,714,216	2,391,558
Staff welfare expenses	<u>390,373</u>	<u>760,566</u>
	<u>58,894,942</u>	<u>51,839,416</u>
NOTE NO. 24 : FINANCE COSTS		
a) Interest cost	954,422,249	723,230,868
b) Other borrowing cost	<u>1,462,864</u>	<u>1,307,215</u>
	<u>955,885,113</u>	<u>724,538,083</u>
NOTE NO. 25 : OTHER EXPENSES		
Other operating expenses	24,605,052	22,982,943
Coal feeding expenses	13,425,728	11,714,263
Water treatment expenses	1,857,078	1,881,456
Ash disposal expenses	13,029,080	11,256,430
Stores & spares	16,175,916	12,680,729
Insurance	2,106,543	2,479,912
Water charges	12,135,956	12,819,004
Repair & maintenance-machinery	3,924,710	5,192,067
Repair & maintenance-buildings	2,483,592	507,028
Repair & maintenance-office	2,644,522	2,422,321
Loss on sale of fixed assets	81,146	
Fixed assets written off	567,577	
Audit expenses		
i) Statutory audit fee	460,000	458,000
ii) Tax audit	57,750	57,250
iii) Certificates/ other services	-	11,450
iv) Reimbursement of expenses	1,426	23,288
Rent	1,930,600	1,913,408
Guest house expenditure	10,078,437	9,817,859
Legal & professional	6,120,716	11,454,570
Electricity duty on auxiliary consumption	10,358,221	8,540,596
Rates & taxes	2,507,405	2,918,935
Travelling/conveyance expenses	8,963,631	11,334,692
Miscellaneous expenses	<u>20,785,485</u>	<u>20,809,646</u>
	<u>154,300,571</u>	<u>151,275,847</u>



NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2017 AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

Note no. 26

A. General Information:

Facor Power Ltd. has set up a 100 MW (2*50MW) Thermal Power Plant at Bhadrak, Orissa at a total project cost of ₹ 747,55.00 lacs. The Project was appraised by Rural Electrification Corporation Ltd. (REC) who had sanctioned a term loan of ₹ 51,790.00 lacs and is the sole lender. The balance of ₹ 22,965.00 lacs is equity contribution. The COD of the Project was declared in March 2015.

B. Significant Accounting Policies:

i. Accounting Conventions

The financial statements have been prepared in accordance with the historical cost convention, accounting standards issued vide Companies (Accounting Standard), Rules 2016, as prescribed under section 133 of the Companies Act 2013 read with rule 7 of Companies (Accounts) Rules, 2014.

ii. Use of Estimates

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

iii. Revenue Recognition

Revenue received by the company from sale of energy or by use of company's assets by others is recognized as per the Accounting Standard-9 "Revenue Recognition".

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iv. Inventory

The Company has adopted first-in first-out (FIFO) cost formula for valuation of inventories and the same has been valued at cost or net realisable value whichever is lower except scrap which is valued at net realisable value.

v. (A) Fixed Assets (Tangible)

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the cost of acquisition / purchase price inclusive of duties, taxes, incidental expenses, erection/commissioning expenses, interest etc. up to the date the asset is ready for its intended use. Credit of duty, if availed, is adjusted in the acquisition cost of the respective fixed assets.

(B) Capital Work in Progress (Tangible)

All Project related expenditures viz. Civil work, machinery under erection, pre-operative expenditure i.e., the expenditure indirectly related to the project and incidental to setting up project facilities, borrowing cost incurred prior to the date of commencement of commercial operation, and trial run expenditure are shown under Capital Work-in-Progress.



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vi. **Depreciation on Tangible Assets and Amortisation.**

Depreciation on fixed assets is applied on straight-line basis as per the useful life and manner specified in the Schedule II of the Companies Act, 2013. Lease-hold land is being renewable and is considered in the nature of perpetual lease and hence considered other than operating lease and classified accordingly.

Depreciation on fixed assets costing up to ₹ 5000/- is provided @100% over a period of one year.

vii. **Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which such asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Profit & Loss Statement. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

viii. **Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. All monetary assets and liabilities remaining unsettled at the year-end are translated using the year end rates. Any income or expenses on account of exchange difference either on settlement or on translation is recognized and is reflected separately in the Profit & Loss Statement. Non-monetary items are carried at cost.

ix. **Borrowing cost**

Borrowing cost that is attributable to the acquisition or construction of a qualifying asset is capitalized as part of the cost of such assets. A qualifying asset is one that technically or commercially takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

Interest expenses on delay beyond normal delay of Project due to constraint in liquidity is being charged to statement of profit & loss.

x. **Employee Benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with AS -15 (Revised-2005), 'Employee Benefits'.

Defined Benefit Plan (Unfunded)

Gratuity and long-term compensated absences are provided for based on actuarial valuation carried out at the close of each year. The actuarial valuation is done by an Independent Actuary as per projected unit credit method.

Defined Contribution Plan

The Company's contribution to Employees Provident Fund and Family Pension Fund are deposited with the Regional Provident Fund Commissioner and is charged to Profit & Loss Statement every year on due basis.

xi. **Cash Flow Statement**



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Cash Flows are reported using the indirect method, whereby a profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, financing and investing activities of the company is segregated.

xii. Accounting for Leases

Leases where the lessor effectively retains substantially all risks and benefits of ownership over the leased term (i.e. not fulfilling any of the conditions mentioned in A.S -19 "Accounting for Lease" to become financial lease) are classified as operating leases. Operating lease payments are recognised as expenses on a straight line basis over the lease term and transferred to profit & loss statement or capital work in progress as the case may be.

xiii. Taxes on income

Current Tax

Provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provision of Income Tax Act, 1961.

Deferred Tax

Deferred tax is recognized, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income and accounting income computed for the current accounting year and reversal of earlier years' timing differences.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carry forward losses which are recognized to the extent that there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

xiv. Segment Reporting

Since the Company operates in single business segment "Generation of Power" at single location hence no segment reporting is required in accordance with Accounting Standard 17 "Segment Reporting".

xv. Earnings per Share

Basic earnings per is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

xvi. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes to accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

xvii. Unamortized expenditure (to extent not written off or adjusted)

Preliminary expenditures have been shown under the head unamortized expenditure, which will be written off over a period of five years starting from the year in which Company operates/ready to operate at full capacity of 100 MW.



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NOTE NO. 27

1. Contingent Liabilities and Commitments (to the extent not provided for)

(Amount in ₹)

Particulars		As at March 31, 2017	As at March 31, 2016
A) Contingent Liabilities			
(i)	Outstanding amount of Bank Guarantees	6,56,54,247	5,69,14,637
(ii)	Dividend on Cumulative Preference Shares	3,80,17,808	2,15,17,808
B) Commitments			
(i)	Letter of Credit	1,75,01,330	1,37,330
(ii)	Estimated amount of unexecuted Capital Contracts	Nil	2,65,01,590

In respect of (A)(i) above, the cash flow (if any) would generally occur during the validity period of the respective guarantees.

2. In the opinion of the management, the value of realization of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provisions for all known liabilities have been made.

3. **Employee Benefits**

(A) Defined Contribution Plans

The Company has recognized the following amounts in the capital work in progress (CWIP) or Statement of Profit and Loss for the year ended on March 31, 2017, under the Defined Contribution Plans.

(Amount in ₹)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Contribution to Provident Fund	16,00,179	19,46,108	19,45,990	18,49,149	13,69,446
Contribution to Employee's Pension Scheme 1995	14,69,660	14,79,684	11,77,173	7,73,047	7,64,888
Total	30,69,839	34,25,792	31,23,163	26,22,196	21,34,334

(B) Defined Benefits Plans (Unfunded)

(i) Change in the present value of obligation:

(Amount in ₹)

Particulars		Opening balance of present value of obligation	Interest Cost	Current Service Cost	Actuarial (Gain)/ loss	Benefits paid	Closing balance of present value of obligation
2016-17	Leave Encashment	21,65,872	1,62,440	5,56,965	6,21,307	(5,13,060)	29,93,524
	Gratuity	29,02,339	2,17,675	7,47,857	4,85,930	(44,527)	43,09,274
2015-16	Leave Encashment	24,73,712	1,97,897	5,09,813	2,19,087	(12,34,637)	21,65,872



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	Gratuity	27,15,404	2,17,232	6,13,699	(1,11,287)	(5,32,709)	29,02,339
2014-15	Leave Encashment	15,36,056	1,19,044	5,85,897	3,72,073	(1,39,358)	24,73,712
	Gratuity	17,97,339	1,39,294	6,20,884	2,72,725	(1,14,838)	27,15,404
2013-14	Leave Encashment	17,91,931	1,61,274	4,49,212	3,23,446	(11,89,807)	15,36,056
	Gratuity	13,54,502	1,21,905	5,13,445	50,892	(2,43,405)	17,97,339
2012-13	Leave Encashment	12,28,879	1,13,400	6,12,573	(42,233)	(1,20,688)	17,91,931
	Gratuity	7,46,468	70,094	440,582	97,358	-	13,54,502

(ii) Amounts recognized in Balance Sheet:

(Amount in ₹)

Particulars	2016-17		2015-16	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Closing balance of present value of obligation	29,93,524	43,09,274	21,65,872	29,02,339
Closing balance of fair value of plan assets	-	-	-	-
Liability recognized in the Balance Sheet (under the head provision)	29,93,524	43,09,274	21,65,872	29,02,339

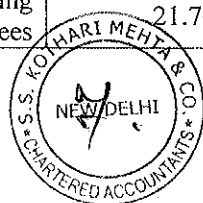
(iii) Amounts recognized in CWIP/Statement of Profit and Loss:

(Amount in ₹)

Particulars	2016-17		2015-16	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Interest Cost	1,62,440	2,17,675	1,97,897	2,17,232
Current Service Cost	5,56,965	7,47,857	5,09,813	6,13,699
Actuarial (Gain)/ Loss	6,21,307	4,85,930	2,19,087	(1,11,287)
Total Amount recognized in CWIP/Statement of Profit and Loss	13,40,712	14,51,462	9,26,797	7,19,644

(iv) For the determination of the Gratuity and Leave Encashment liability of the company, the following actuarial assumptions were used: -

Particulars	2016-17		2015-16	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Discount rate (per annum)	7.50%	7.50%	8.00%	8.00%
Rate of Increase in compensation	5.00%	5.00%	5.00%	5.00%
Expected average remaining working lives of employees	21.70	21.70	22.40	22.40



(Years)				
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4. Related Party Transactions

As per Accounting Standard 18 "Related Party" the related parties and transactions are disclosed below:

A. List of related parties & relationships, where control exists:

S. no.	Name	Relationship
1	Ferro Alloys Corporation Limited	Holding Company
2	Facor Reality and Infrastructure Limited	Fellow Subsidiary
3	Facor Energy Limited	Fellow Subsidiary

B. Other related parties & relationships with whom transactions have been taken place during the year:

i) Enterprises owned or significantly influenced by KMP and/or their Relatives:

S. no.	Name of the Organisations
1	Facor Alloys Ltd.
2	Facor Energy India Limited
3	Facor Solar Limited
4	Vineet Infin Private Limited

ii) Key Management Personnel (KMP) and their relatives

S. no.	Name	Relation
1	Mr. Vineet Saraf	Whole-time Director
2	Mr. Yogesh Saraf	Whole-time Director
3	Mrs. Sunanda Devi Saraf	Relative of KMP
4	Mr. O. P. Banka	Chief Financial Officer
5	Mr. Raju Thapar	General Manager (F&A) & Company Secretary

C. Transactions with Related Parties:-

(Amount in ₹)

	Name of Party	Nature of Transactions	2016-17	2015-16
Related parties & relationships, where control exists	Ferro Alloys Corporation Ltd.	Sale of Energy (including electricity duty)	1,24,21,14,393	1,31,77,88,808
		Lease rent paid	15,200	1,000
		Reimbursement of expenses	1,19,791	99,453
		Corporate Guarantee	Nil	(12,00,00,000)
		Closing Balance :-		
		Amount receivable	16,08,86,055	13,29,94,600
		Corporate Guarantee	5,47,90,00,000	5,47,90,00,000
Enterprises owned or significantly influenced by KMP and/or their Relatives	Facor Alloys Limited	Rent paid	19,30,600	19,13,408
		Reimbursement of expenses	5,46,184	5,26,049
		Interest paid	62,35,686	62,62,869
		Closing Balance		
		Short-term Loan	5,00,00,000	5,00,00,000
		Others	4,97,404	5,31,567



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Key Management Personnel (KMP) and their relatives	Mr. Vineet Saraf	Personal Guarantee	Nil	(12,00,00,000)
		Salary & Perquisites	7,99,795	19,26,000
		Closing Balance:-		
	Mr. Anurag Saraf	Personal Guarantee	5,47,90,00,000	5,47,90,00,000
		Personal Guarantee	Nil	(12,00,00,000)
		Closing Balance:-		
	Mr. Yogesh Saraf	Personal Guarantee	5,47,90,00,000	5,47,90,00,000
		Salary & perquisites/benefits	7,75,590	19,26,000
	Mrs. Sunanda Devi Saraf	Closing Balance	Nil	Nil
		Rent paid	9,90,000	12,00,000
	Mr. Raju Thapar	Closing Balance	Nil	Nil
		Salary & perquisites/benefits	32,00,943	29,27,292
	Closing Balance	Nil	Nil	

5. Assets taken on operating lease:

The Company has taken its corporate office and guest houses on operating lease. The tenure of these leases generally varies between 1 to 3 years. The term of lease includes term for renewal, cancellations, etc.

Minimum lease payment for cancellable lease of ₹44,60,600 (Previous year ₹44,22,198/-) are charged to CWIP/Statement of Profit and Loss during the year; clubbed under the head rent and guest house expenses; Note no. 25.

6. Earnings Per Share (EPS)

S. no.	Particulars	As at March 31, 2017	As at March 31, 2016
1	Earnings available for equity shareholders	(85,84,65,733)	(55,89,12,499)
2	Weighted average no. of Shares	23,00,60,000	23,00,60,000
3	Basic EPS	(3.73)	(2.43)
4	Diluted EPS	(3.73)	(2.43)

7. Expenditure in Foreign Currency

During the year company has incurred following expenditure in foreign currency and have been charged to CWIP/Statement of Profit and Loss.

S. no.	Particulars	Amount (₹)	
		2016-17	2015-16
1	Travelling expenses	-	5,26,554
2	Membership & Subscription	2,651	-
	Total	2,651	5,26,554

8. Deferred Tax Asset/Liability:

As per the Accounting Standard-22 "Accounting for Taxes on Income", no Deferred Tax Asset has been recognized in the books of account as there is no virtual certainty with convincing evidence regarding the profits in the future years as well as the fact that the Company has already planned to opt for deduction under section 80IA in near future. However, the same will be reassessed at the close of the next financial year and based on the same, deferred tax asset or liability will be recognised.

9. Value of imports calculated on C.I.F. basis

S. no.	Particulars	Amount (₹)	
		2016-17	2015-16
1	Raw Materials	16,06,37,709	16,11,82,499
2	Components and Spare parts	Nil	Nil
	Total	16,06,37,709	16,11,82,499



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10. Consumption of raw materials, spare parts and components

S. no.	Particulars	2016-17		2015-16	
		Value	%	Value	%
1	Imported	17,43,92,541	22.90	19,42,97,057	25.20
2	Indigenous	58,73,56,949	77.10	58,20,77,258	74.80
	Total	76,17,49,490	100.00	77,63,74,315	100.00

11. Balances (Debit/Credit) with certain sundry creditors (including capital advances) are subject to confirmation.

12. Remuneration to Directors

The total remuneration received by the Director(s) from the company and other group Companies is within the limits prescribed under Companies Act 2013.

(Amount in ₹)

S. no.	Particulars	2016-17	2015-16
1	Salaries	8,40,000	21,00,000
2	Perquisites & Allowances	6,34,585	15,00,000
3	Contribution to Provident Fund	100,800	2,52,000
	Total	15,75,385	38,52,000

Due to non-receipt of approval from Central Government / Rural Electrification Corporation Limited the remuneration to Directors has not been paid from August, 2016 onwards.

13. Additional Information

S. no.	Particulars	2016-17		2015-16	
		Particulars	Value (in ₹)	Particulars	Value (in ₹)
1.	Installed Capacity (MW)*	100	-	100	-
2.	Power Generated (KWH)	29,30,26,000	-	30,60,55,000	-
3.	Power Sold (KWH)	25,85,06,740	1,22,36,49,265	27,16,66,600	1,29,86,16,939
4.	Raw Material Consumed (MT)	2,62,204	73,96,36,547	2,71,878	75,79,36,021

*The actual capacity was restricted to 76 MW due to limitation of Boilers capacity.

14. (a) Due to non-payment of interest on Term Loan for the quarter ended March 2015, Rural Electrification Corporation Limited (REC) classified the Term loan Account of the Company as Non-Performing Asset as on 01.10.2015. REC has accordingly recalled the Loan and also invoked the Corporate Guarantee given by Ferro Alloys Corporation Ltd. (FACOR) and Personal Guarantees given by Mr. Vineet Saraf and Mr. Anurag Saraf, the Directors of the Company. The interest for the subsequent period & also the instalments for re-payment of principal remain unpaid.

REC issued Notice u/s 13(2) of the SARFAESI Act, 2002 for recovery of the amounts outstanding. REC has also issued possession Notice u/s 13(4) and 13(12) of the SARFAESI Act vide their letter dated 03.11.2016. The Company filed securitization Application before Lucknow DRT, who, after hearing, stayed REC proceedings under SARFAESI provisions. REC has filed an Appeal against the said order for recovery of Dues with DRAT, Delhi. REC is also parallelly filed an Application before DRT, Delhi for recovery of Dues and the matter is sub-judice. The Company is taking advice from its legal counsel in this regard.

The Company has in the meantime requested REC for composite settlement in April 2017 and a cheque of Rs. 10.00 Crores has also been submitted with REC as an upfront against outstanding loan amount as also mentioned in the Stay Order issued by DRT, Lucknow.



Handwritten signatures and initials, including 'ks', 'f my', and a downward arrow.

- (b) During the financial year 2013-14, accumulated losses of the Company exceeded 50% of the peak Net Worth of the Company in the immediately preceding four financial years. Accordingly the Company had made a reference to Board for Industrial and Financial Reconstruction (BIFR) in pursuance of Section 23(1) of Sick Industrial Companies (Special Provision) Act, (SICA) 1985.

During the current financial year 2016-17, the accumulated losses of the Company have exceeded 100% of the Net Worth of the Company. Since the BIFR established under Section 4 of the SICA has been repealed and on review of relevant provisions of Insolvency and Bankruptcy Code 2016, Management is of the view that no further reference is required to be made.

The going concern assumption has not impacted due to measures taken by the company for revival. The main issue of tie up of surplus capacity is being addressed by way of expansion of holding company, Ferro Alloys Corporation Limited, which is underway and also MOU executed with another consumer in Odisha which will ensure 100% capacity utilisation. Moreover, the company is in the process of approaching REC for a composite restructuring and settlement.

15. Detail of Specified Bank Notes (SBN) held and transacted during the period 08th November, 2016 to 30th December, 2016 as defined in the MCA notification G.S.R. 308(E) dated 31st March, 2017 provided in the table below:

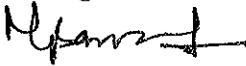
(Amount in ₹)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08-11-2016	6,27,000	1,10,924	7,37,924
(+) Permitted receipts	-	11,63,305	11,63,305
(-) Permitted payments	-	9,44,093	9,44,093
(-) Amount deposited in Banks	6,27,000	-	6,27,000
Closing cash in hand as on 30-12-2016	-	3,30,136	3,30,136

16. Previous year figures have been regrouped or reclassified to conform to current year's classification.
17. All financial figures have been rounded off to the nearest rupee.

As per our Report of even date attached,

For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Registration No. 000756N



NEERAJ BANSAL

Partner

Membership No. 095960

Place : New Delhi

Date: 12th May 2017



For and on behalf of the Board of Directors



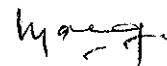
YOGESH SARAF

Whole-time Director



RAJU THAPAR

General Manager (Finance & Accounts) and Company Secretary



VINEET SARAF

Whole-time Director



O. P. BANKA

Chief Financial Officer

**Independent Auditors' Report
To The Members of Facor Power Limited**

Report On the Financial Statements

We have audited the accompanying financial statements of **Facor Power Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 the material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also



includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the Company's Directors 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 on financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2017 and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying, we draw attention to note no. 27(14)(a) & (b) of the financial statement which are as follows:

1. Note 27(14)(a): Due to non-payment of interest on Term Loan for the quarter ended March 2015, Rural Electrification Corporation Limited (REC) classified the Term loan Account of the Company as Non-Performing Asset as on 01.10.2015. REC has accordingly recalled the Loan and also invoked the Corporate Guarantee given by Ferro Alloys Corporation Ltd. (FACOR) and Personal Guarantees given by Mr. Vineet Saraf and Mr. Anurag Saraf, the Directors of the Company. The interest for the subsequent period & also the instalments for repayment of principal remain unpaid.

REC issued Notice u/s 13(2) of the SARFAESI Act, 2002 for recovery of the amounts outstanding. REC has also issued possession Notice u/s 13(4) and 13(12) of the SARFAESI Act vide their letter dated 03.11.2016. The Company filed securitization Application before Lucknow DRT, who, after hearing, stayed REC proceedings under SARFAESI provisions. REC has filed an Appeal against the said order which is pending with DRAT, Delhi. REC has also parallelly filed an Application before DRT, Delhi for recovery of Dues and the matter is sub-judice. The Company is taking advice from its legal counsel in this regard.

The Company has in the meantime requested REC for composite settlement in April 2017 and a cheque of Rs. 10.00 Crores has also been submitted with REC as an upfront against outstanding loan amount as also mentioned in the Stay issued by DRT, Lucknow.

2. Note 27(14)(b): During the financial year 2013-14, accumulated losses of the Company exceeded 50% of the peak Net Worth of the Company in the immediately preceding four financial years. Accordingly the Company had made a reference to Board for Industrial and Financial Reconstruction (BIFR) in pursuance of Section 23(1) of Sick Industrial Companies (Special Provision) Act, (SICA) 1985.

During the current financial year 2016-17, the accumulated losses of the Company have exceeded 100% of the Net Worth of the Company. Since the BIFR established under Section 4 of the SICA has been repealed and on review of relevant provisions of Insolvency and Bankruptcy Code 2016, Management is of the view that no further reference is required to be made.



The going concern assumption has not impacted due to measures taken by the company for revival. The main issue of tie up of surplus capacity is being addressed by way of expansion of holding company, Ferro Alloys Corporation Limited, which is underway and also MOU executed with another consumer in Odisha which will ensure 100% capacity utilisation. Moreover, the company is in the process of approaching REC for a composite restructuring and settlement.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143 of the Act, we give in the Annexure - A statement on the matters specified in paragraphs 3 and 4 of the Order;
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the directors as on 31 March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of Section 164(2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure – B; and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) the Company has disclosed the impact of pending litigation on its financial position in its financial statements - Refer Note 27(1) to the financial statements;



- ii) as there is not any material foreseeable losses, on long term contracts, therefore the Company has not made any provision, required under the applicable law or accounting standards;
- iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv) the company has disclosed in its financial statements – Refer Note 27(15), holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. And on the basis of information & explanation provided these are in accordance with the books of accounts maintained by the company.

For **S. S. KOTHARI MEHTA & Co.**
Chartered Accountants
Firm Registration No. 000756N



Neeraj Bansal
Partner
Membership No. 095960

Place: *New Delhi*
Date: *12.05.2017*

ANNEXURE – A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FACOR POWER LIMITED

Referred to in paragraph 1 of report on other legal and regulatory requirement's paragraph of our report on the financial statement of even date,

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us and according to the information and explanation provided to us the Company has a program to physically verify major items of fixed assets on annual basis and will cover all items once in three years, on full capitalization of the project. In our opinion, the frequency of such physical verification is reasonable having regard to the size of the Company and the nature of fixed assets. We have been explained that no material discrepancies were noticed on such verification as compared to books records.
- (c) The title deeds of immovable properties are in the name of the company based on management certified copies, as explained, the originals are with Rural Electrification Corporation Limited. During the year Rural Electrification Corporation Limited has issued notice dated 03.11.2016 under section 13(4) & 13(12) of SARFAESI Act, 2002 for the possession of mortgaged properties. Also refer note 27(14)(a) to the financial statement.
- (ii) (a) The inventories, other than in transit, has been physically verified by the management during the financial year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The Company has not given any loan, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (b) Since there are no such loans, comments on repayment of the principal amount and interest thereon and overdue amount at the yearend are not required.
- (iv) As per the information and explanation given to us and on the basis of our examination of the records, the company does not have any loans, investments, guarantees and security under Section 185 and 186 of the Companies Act, 2013.
- (v) The Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder.



- (vi) As per the requirement under section 148(1) of companies act, 2013 the Central government has not prescribed for maintenances of cost record for the company.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. Further, the following are the undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable:

Particulars	Amount Due (Rs.)	Due Date	Payment Date	Amount Paid (Rs.)
Interest on electricity duty	6,096,968	30-03-2016	-	-
	7,776,642	30-09-2016	-	-
Electricity duty	73,81,523	30-04-2016	-	-
	7,555,449	30-05-2016	-	-
	7,853,470	30-06-2016	-	-
	7,349,406	30-07-2016	-	-
	7,416,637	30-08-2016	-	-
	7,088,408	30-09-2016	-	-

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, custom duty, wealth tax, excise duty, value added tax, service tax and cess, which have not been deposited on account of any dispute.

- (viii) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has *delayed in repayment of its dues to banks/ financial institution as per details given below:-*

Particulars	Amount Due (Rs.)	Due Date	Payment Date	Amount Paid (Rs.)
	161,360,076	31-03-2015	-	-
	1,894,506	30-06-2015	-	-
	179,285,560	30-06-2015	-	-
	192,246,965	30-09-2015	-	-
	199,934,624	31-12-2015	-	-
	205,517,385	31-03-2016	-	-
	212,508,930	30-06-2016	-	-
	224,477,763	30-09-2016	-	-
	233,693,961	31-12-2016	-	-
	237,756,187	31-03-2017	-	-
Principal of Term Loan*	5,109,752,323	01-10-2015	-	-

*Due to recalling of loan.



- (ix) As per the information and explanation given to us and on the basis of our examination of the records, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans have been applied for the purpose for which they were obtained.
- (x) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the company or on the Company by its officers or employees noticed or reported during the year, nor have we been informed of such case by the management.
- (xi) As per the information and explanation given to us and on the basis of our examination of the records, the managerial remuneration has not been paid from August, 2016 onwards due to non-receipt of approval from Central Government/Rural Electrification Corporation Limited – Refer Note 27(12) to the financial statements.
- (xii) The company is not Nidhi Company, therefore this clause is not applicable to the company.
- (xiii) As per the information and explanation given to us and on the basis of our examination of the records, the company has transacted with the related parties which are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the financial statements – Refer Note 27(4)(c) to the financial statements.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) As per the information and explanations given to us and on the basis of our examination of the records, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore this clause is not applicable to the company.

For **S. S. KOTHARI MEHTA & Co.**
Chartered Accountants
Firm Registration No. 000756N



A handwritten signature in black ink, appearing to read "Neeraj Bansal".

Neeraj Bansal
Partner
Membership No. 095960

Place: *New Delhi*
Date: *12.05.2017*

ANNEXURE – B TO THE INDEPENDENT AUDITORS REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FACOR POWER LIMITED

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

We have audited the internal financial controls over financial reporting of **Facor Power Limited** ("the Company") as at March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, based on summarised observations on Internal Financial Control Report along with annexures, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were generally operating effectively as at March 31, 2017, based on "the internal control over financial reporting system & procedures established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **S. S. KOTHARI MEHTA & Co.**
Chartered Accountants
Firm Registration No. 000756N



Neeraj Bansal
Partner

Place: *New Delhi*
Date: *12.05.2017*

Membership No. 095960