



FACOR POWER LIMITED

9th

ANNUAL REPORT
2013-14

FACOR POWER LIMITED
Regd. Off. : Suite 307, Corporate One, Plot No. 5, Jasola, New Delhi - 110025

NOTICE FOR HOLDING NINTH ANNUAL GENERAL MEETING

Notice is hereby given that Ninth Annual General Meeting of the Members of the Company will be held on Friday, the 29th August, 2014 at Suite-307, Corporate One, Plot No. 5, Jasola, New Delhi - 110025 at 3:30 P.M. to transact the following business:

ORDINARY RESOLUTION:

ITEM NO. 1

ADOPTION OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements for the Financial Year ended on March 31, 2014 along with the Reports of Board of Directors and Auditors thereon have already been circulated to the Members. The Members may consider and if thought fit may pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that the audited financial statements of the Company as at 31st March, 2014 along with the Reports of the Board of Directors and Auditors thereon submitted to this Meeting be and hereby approved and adopted."

ITEM NO. 2

RE-APPOINTMENT OF MR. N. D. SARAF, RETIRING BY ROTATION, AS DIRECTOR ON THE BOARD OF THE COMPANY

The Members are hereby informed that as per the requirement under section 152 of the Companies Act, 2013 Mr. N. D. Saraf retire by rotation and being eligible has offered himself for re-appointment.

The Members may consider and if thought fit may pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Mr. N. D. Saraf be and hereby re-elected and re-appointed as a Director of the Company".



ITEM NO. 3

RE-APPOINTMENT OF MR. V. K. SOOD, RETIRING BY ROTATION, AS DIRECTOR ON THE BOARD OF THE COMPANY

The Members are hereby informed that as per the requirement under section 152 of the Companies Act, 2013 Mr. V. K. Sood retire by rotation and being eligible has offered himself for re-appointment.

The Members may consider and if thought fit may pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Mr. V. K. Sood be and hereby re-elected and re-appointed as a Director of the Company".

ITEM NO. 4

RE-APPOINTMENT OF MR. ANURAG SARAF, RETIRING BY ROTATION, AS DIRECTOR ON THE BOARD OF THE COMPANY

The Members are hereby informed that as per the requirement under section 152 of the Companies Act, 2013 Mr. Anurag Saraf retire by rotation and being eligible has offered himself for re-appointment.

The Members may consider and if thought fit may pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Mr. Anurag Saraf be and hereby re-elected and re-appointed as a Director of the Company".

ITEM NO. 5

APPOINTMENT OF STATUTORY AUDITOR

The Members are hereby informed that the company's statutory auditors M/s S. S. Kothari Metha & Co., Chartered Accountants, New Delhi, retire at the conclusion of this 9th Annual General Meeting and being eligible, have expressed their willingness for re-appointment and confirmed that the proposed re-appointment, if made, will be in accordance with the provisions of the Section 139 of the Companies Act, 2013.

The Members may consider and if thought fit may pass, with or without modification, the following resolution as an Ordinary Resolution:

9

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 1956, M/s S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as the Board of Directors may fix in that behalf in consultation with the said Auditors."

SPECIAL RESOLUTION:

ITEM NO. 6

APPOINTMENT/RE-APPOINTMENT OF EXECUTIVE DIRECTORS

The members are informed that as per Section 203 of the Companies Act, 2013 there is a requirement for appointment of Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole Time Director.

The Members are further informed that Mr. Vineet Saraf and Mr. Yogesh Saraf were appointed as Executive Directors of the Company w.e.f. from 1st August, 2011 for a period of three years (i.e. up to 31st July 2014). Being eligible, they have offered themselves for re-appointment.

Accordingly the names of Mr. Vineet Saraf and Mr. Yogesh Saraf were proposed to re-appoint them as Executive Directors of the Company for a further period of 3 years.

The members are further informed that Remuneration cum Nomination Committee meeting and Board meeting are scheduled to be held on 14th August 2014 for recommending the names and fixing the remuneration of Directors to be appointed as Executive Directors.

The Members may consider and if thought fit may pass, with or without modification, the following resolution as Special Resolution subject to the recommendation of Nomination cum Remuneration committee and approval in the Board:

"RESOLVED THAT, Mr. Vineet Saraf and Mr. Yogesh Saraf be appointed as Executive Directors of the Company at a remuneration proposed by the Remuneration Committee for a period of three years w.e.f from 1st August 2014.

RESOLVED FURTHER THAT, Mr. Vineet Saraf, Mr. Yogesh Saraf, Directors of the Company and Mr. Raju Thapar, Company Secretary, be and are hereby severally authorized to file forms, letters, undertaking, returns and such other documents including a certified copy of this resolution and take such further actions as maybe required to give effect to this resolution".

7

By Order of the Board
For Facor Power Limited



RAJU THAPAR
COMPANY SECRETARY

Date: 4th August, 2014

Place: New Delhi

NOTE:

1. A member entitled to attend and vote is also entitled to appoint a proxy to attend and vote instead of himself. The proxy need not to be a member of the Company. In order to be effective, the proxies complete in all respect must be received at the Registered office of the Company not later than 48 hours before the meeting.
2. In the case of Corporate Member, it is requested to send a certified copy of the Board Resolution authorizing the representative to attend and vote on its behalf at the meeting.
3. The relevant records and documents connected with the businesses set out in the Notice are available for inspection at the Registered Office of the Company between 12.00 Noon and 3.00 P.M. on all working days up to the date of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Explanatory statement with respect to Resolution proposed at Serial No. 6 of the Notice

The members are informed that as per Section 203 of the Companies Act, 2013 there is a requirement for appointment of Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole Time Director.

The members are further informed that Mr. Vineet Saraf and Mr. Yogesh Saraf were appointed as Executive Directors of the Company w.e.f. from 1st August, 2011 for a period of three years (i.e. up to 31st July 2014) at an annual remuneration of Rs. 18.00 lacs to each Director. Being eligible, they have offered themselves for re-appointment.

Accordingly the names of Mr. Vineet Saraf and Mr. Yogesh Saraf were proposed to re-appoint them as Executive Directors of the Company for a further period of 3 years.

The members are further informed that Remuneration cum Nomination Committee meeting and Board meeting are scheduled to be held on 14th August 2014 for recommending the names and fixing the remuneration of Directors to be appointed as Executive Directors.

Accordingly members are recommended to pass the Resolution given in item no. 6 as Special Resolution subject to the recommendation of Nomination cum Remuneration committee and approval in the Board.

Mr. Vineet Saraf & Mr. Yogesh Saraf both have financial interest in this item.

The Company is engaged in generation of power. The commercial production was started from 1st October 2011. The Company has incurred losses of Rs. 47.59 Crores from operations during the year 2013-14. There are no foreign investments or collaborations in the Company.

Both the Directors had started their career with Ferro Alloys Corporation Limited (FACOR) over 30 years ago. They are instrumental in setting-up and overseeing the operations of FACOR's Charge Chrome plant (capacity of 65,000 tpa). They have worked in different fields and capacities at FACOR. They are also managing operations (i.e. day-to-day activity) of the Company since beginning.

2

The Company is operating at an average load of 35 MW. Though there is a linkage arrangement from Mahanadi Coalfields Limited but the allocation is only at 50% resulting in purchases from E-Auction/Washeries and imported coal at higher cost. Also coal procurement was by Road only till November 2013. The finance cost and depreciation were higher due to capitalization of second set of Turbine & Boiler and other common facilities. This has led to net loss of Rs. 47.59 Crores.

As the Railway Siding has already been operational since December 2013, the Company expects much better performance in the next year post commissioning of the third Boiler and sale tie- up of surplus power.

By Order of the Board

For Facor Power Limited



A handwritten signature in blue ink, appearing to read "Raju Thapar".

**RAJU THAPAR
COMPANY SECRETARY**

Date: 4th August, 2014

Place: New Delhi

FACOR POWER LIMITED
Suite-307, Corporate One, Plot. No. 5, Jasola, New Delhi-110025
PROXY FORM

I / We
of in the District of
being a Member / Members of Facor Power Limited hereby appoint
.....
of in the District of
or failing him
of in the District of
or failing him
of in the District of
as my / our proxy to vote for me / us and on my / our behalf at the Ninth Annual General Meeting of the Company to be held at Suite-307, Corporate One, Plot No. 5, Jasola, New Delhi-110025, on **Friday, the 29th August 2014 at 3.30 P. M.** and at any adjournment thereof.

Signed this day of 2014

Ledger Folio Nos / Client ID No.....

Rs. 1/-
Revenue
Stamp

No. of Shares held

Shareholder's Signature

NOTES

- [a] If a member is unable to attend the Meeting, he may sign this form and send it to the Secretary, Facor Power Limited, Suite-307, Corporate One, Plot No. 5, Jasola, New Delhi-110025.
- [b] This form should be signed across the stamp as per the specimen signature registered with the Company.

2

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 9th Annual Report together with the audited statement of accounts for the financial year ended on March 31, 2014.

FINANCIAL HIGHLIGHTS:

The Company is setting up 100 MW coal based thermal Power Project in Bhadrak district of Orissa. The first phase (Turbine-1 of 50 MW capacity and Boiler-1) of the Project was successfully synchronized on July 08, 2011. The second phase of the Project (Turbine-2 of 50 MW and Boiler-2) has been synchronized on March 11, 2014. The erection of 3rd Boiler is under progress & is expected to be commissioned by August 2014.

Though the current available capacity is 76 MW but Plant is running at an average load of about 35 MW which is being primarily consumed by Promoter Company M/s Ferro Alloys Corporation Limited (FACOR). The Generation level would go up once the Company starts sharing power to other parties on Group Captive Basis for which negotiations are at an advanced stage. The Company is also in the process of getting necessary permission to share power with M/s Facor Alloys Limited (FAL) through Open Access Route for their Garividi Plant which has power requirement of about 30 MW. The Company already has Power Purchase Agreement (PPA) in place with FAL for 30 MW.

The financial indicators for the year under review in comparison to the previous year are as under:

Particulars	Amount in Rs./lacs	
	2013-14	2012-13
Total Revenue	12,464.41	9,258.28
Less: Cost of material consumed	9,299.40	7,943.72
Other Costs	1,802.35	1,111.18
Profit/(loss) before Interest, Depreciation and Tax	1,362.66	203.38
Less: Finance cost	4,185.93	3,227.09
Depreciation	1,936.18	1,625.98
Profit/(loss) before Tax	(4,759.45)	(4,649.69)
Less: Tax expense	Nil	Nil
Profit/(loss) after Tax carried to Balance Sheet	(4,759.45)	(4,649.69)

During the period under review there was much better stability in the Plant Operations with higher efficiencies. There has been an increase in the total revenue by 35% over the previous year. The Auxiliary consumption and specific coal consumption have also improved in comparison to previous year. Though there is a linkage arrangement from Mahanadi Coalfields Limited but the allocation is only at 50% resulting in purchases from E-Auction/Washeries and imported coal at higher cost. But the coal transportation cost has reduced with the start of Railway Siding in November 2013. All these factors have resulted in higher EBIDTA of Rs.

1,362.66 lacs as compared to Rs. 203.38 lacs during the previous year. The finance cost and depreciation were higher than previous year due to capitalization of second set of Turbine & Boiler, Railway Siding etc. during the year. This has resulted in an increase in Net loss to Rs. 4,759.45 lacs as compared to Rs. 4,649.69 lacs during previous year. The Company expects much better performance in the next year post commissioning of the third Boiler and sale tie-up of surplus power.

During the year the Company has also incurred an expenditure of Rs. 6,533.62 lacs towards implementation of the Project making the total expenditure incurred till 31st March 2014 of Rs. 67,962.60 lacs (including capital advances etc.).

The Company has drawn Rs. 46,704.00 lacs from M/s Rural Electrification Corporation Limited till 31st March 2014 and Promoter have also inducted Rs. 20,710.00 lacs as the equity contribution.

DIVIDEND:

Since the Company has incurred losses during the year under review, the Directors do not recommend any dividend for the year.

PROGRESS OF THE POWER PROJECT:

As already mentioned, the first phase (Turbine-1 of 50 MW capacity and Boiler-1) of the Project was successfully synchronized on July 08, 2011. The second phase of the Project (Turbine-2 of 50 MW and Boiler-2) has been synchronized on March 11, 2014. The erection of 3rd Boiler is under progress & expected to be commissioned by August 2014. The present available capacity of the Project is at 76 MW. Once the 3rd Boiler is commissioned the same would be at 100 MW. The Company has all necessary Insurance policies, required for the Project, in place.

The Coal linkage for the Phase-II of the Project is pending at Coal Ministry. A formal meeting of Linkage Coal Committee is awaited wherein the Company's case would be considered for approval. Alternatively, Company has signed FSA with M/s K.R.Enterprises, M/s Global Dwimudra and M/s PT AL Amoudi for sourcing of coal for Phase-II of the Project.

CAPITAL:

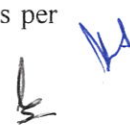
During the year under review, Company has issued 2,49,75,631 Equity shares @ Rs 10/- each to M/s Ferro Alloys Corporation Limited at par by way of preferential allotment.

HUMAN RESOURCES:

Your Company strongly believes in the power of people and has always recognized and motivated the employees of the Company. The Company has highly motivated and target oriented team of professionals.

PARTICULARS OF EMPLOYEES:

During the period under review there were no employees receiving remuneration of or in excess of Rs. 60,00,000/- per annum or Rs. 5,00,000/- per month requiring disclosure as per



the provisions of Sections 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 as amended.

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

A. Conservation of Energy:

The statement containing the information as per section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 with regard to conversation of energy in form A is not provided since the same is not applicable to the Company.

B. Technology Absorption:

The Company is in the process of setting up its Power Plant based on the latest technology hence, particulars relating to technology absorption are not required to be disclosed separately.

C. Foreign Exchange Earnings and outgo:

Foreign exchange earned	Nil
Foreign exchange used	Rs. 13.12 lacs

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the requirements under section 217 (2AA) of the Companies Act 1956, with respect to Director's Responsibility Statement, your Directors hereby confirm the following:-

1. In preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the annual accounts on a going concern basis.

COMMENTS ON OBSERVATIONS IN AUDITOR'S REPORT:

The Statutory Auditors of the Company in their Report have made the following observations for which explanations are being provided:

- i. Non creation of liquid assets required under section 58A of the Companies Act 1956.
- ii. Default in re-payment of dues to Banks/Financial Institution.
- iii. Utilization of short-term funds for long-term investment/application.



Explanations:

- i. The Company is required to create a liquid asset equivalent to 15% of deposits (i.e. Rs. 70.00 lacs) due for maturity during the financial year 2014-15 under section 58A of the Companies Act, 1956 by 30th April 2014 but due to cash flow mismatches the same has not been created.
- ii. Default in re-payment of dues of Rs. 3,155.96 lacs to Rural Electrification Corporation Limited (REC) as on Balance Sheet date was on account of cash flow mismatches which have resulted on account of revenues on a lower generation of about 35 MW and expenses for full 100 MW capacity. The Promoters are in the process of arranging funds to pay this outstanding interest.
- iii. During the year, there has been utilization of short-tem funds for long-term investment/application mainly due to losses incurred which has been considered long term utilization of funds. The position would be rectified with the induction of further equity.

DIRECTORS:

As required under Section 256 of the Companies Act, 1956 Mr. N. D. Saraf, V. K. Sood and Mr. Anurag Saraf retire by rotation and being eligible have offered themselves for re-appointment.

AUDITORS:

The Company's statutory auditors M/s S.S.Kothari Metha & Co., Chartered Accountants, New Delhi, retire at the conclusion of the ensuing 9th Annual General Meeting and being eligible, have expressed their willingness for re-appointment. They have submitted a certificate as required under Section 139 of the Companies Act 2013.

ACKNOWLEDGEMENT:


Your Directors acknowledge and appreciate the co-operation received from various Government Authorities/Boards etc.

Your Directors also convey their gratitude to the Shareholders, Rural Electrification Corporation Limited and Central Bank of India for the confidence shown in the Company. The Directors also appreciate the contribution of various Contractors, Suppliers and Consultants who have been instrumental in the progress of implementation of the Power Project of the Company.

Your Directors place on record their sincere appreciation for the efforts, contribution and co-operation put in by all the employees and the Statutory Auditors of the Company.

On behalf of the Board of Directors

Date: 19-05-2014
Place: New Delhi


YOGESH SARAF
Executive Director


VINEET SARAF
Executive Director

**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, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and Notes to the Financial Statements comprising of 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 (read with clarification issued wide General Circular No.15/2013 dated 13.09.2013, for applicability of Section 133 of Companies Act, 2013 in regard to applicability of existing Accounting Standards notified under Companies Act-1956 till the time Accounting Standards are prescribed by Central Government in consultation & recommendation of National Financial Reporting Authority). This responsibility includes the design, implementation, and maintenance of internal controls 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 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 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and 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 said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:



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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms 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 (read with clarification issued wide General Circular No.15/2013 dated 13.09.2013, for applicability of Section 133 of Companies Act, 2013 in regard to applicability of existing Accounting Standards notified under Companies Act-1956 till the time Accounting Standards are prescribed by Central Government in consultation & recommendation of National Financial Reporting Authority);
 - 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 S. S. KOTHARI MEHTA & CO
Chartered Accountants
Firm Registration No:-000756N



Neeraj Bansal
Partner
Membership No. 095960



Place: New Delhi

Date: 19.05.2014

Annexure

Re: 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 all the fixed assets have been physically verified by the management with a program of yearly verification. 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 company has not disposed off any of its fixed assets during the year.
- ii. (a) The inventories of the Company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

(b)In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories, except goods in transit ,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, no discrepancy has been noticed on verification between the physical stocks and the book records.
- iii. (a) The company has not granted any loan, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the companies act, 1956. Accordingly, clauses 4(iii) (b) to (d) of the order are not applicable.

(b)The Company has taken unsecured loans from companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and year- end balance is ₹ 1,290.00 lacs and ₹ 523.88 lacs respectively.

(c)In our opinion the rate of interest and other terms & conditions on which these loans have been taken are not prime facie prejudicial to the interest of the Company.

(d)The Company is regular in payment of interest and there is no overdue amount in respect of these loans
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of



goods and services. Further, on the basis of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of a continuing failure to correct major weaknesses in the aforesaid internal control system..

- v. (a) According to the information and explanations given to us, we are of the opinion that all the particulars of contracts or arrangements that need to be entered in the register maintained under section 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 into the register in pursuance to section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices
- vi. The Company has accepted deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) rules, 1975. In our opinion and according to information and explanation given to us, the provisions of section 58A, section 58AA or any other relevant provisions of the Act and Rules laid thereunder have been complied by the Company in respect of the fixed deposits accepted from the public, *except that the Company has not maintained liquid assets of 15% of the amount of deposits maturing during the financial years ending on March 31, 2014 & March 31, 2015. Moreover as required under the above mentioned rules, the Company has not issued advertisement for deposits accepted/renewed during the current year.*
- vii. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government of India for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- ix. (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, cess and other material statutory dues as applicable with the appropriate authorities and no dues are outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, particulars of dues of income tax, sales tax, custom duty, wealth tax, excise duty, service tax and cess, which have not been deposited on account of any dispute are as follows:-



S. No.	Name of Statute	Nature of Dues	Amount (in lacs.)	Period to which the amount relate	Forum where dispute is pending
1	Income Tax Act, 1961	SCN for wrong treatment of interest income.	21.86	2009-10	Income Tax Appellate Tribunal (Delhi)
2	Income Tax Act, 1961	Demand against wrong treatment of interest income.	7.97	2011-12	CIT (A) New Delhi

x. *The accumulated losses of the Company are not less than fifty percent of its net worth and also it has incurred cash losses during the current financial year as well as in immediately preceding financial year.*

xi. In our opinion and according to the information & explanation given to us, the Company has defaulted in repayment of dues to banks/financial institution as per details given below:-

Nature of Dues	Amount Due	Due Date	Payment Date	Amount Paid
Interest on Term Loan	123,440,971	30-Dec-12	26-Jun-13	123,440,971
	121,555,115	30-Mar-13	26-Jun-13	94,486,489
			30-Jun-13	27,068,626
	158,588,228	30-Dec-13	12-Feb-14	2,108,193
	156,006,068	30-Mar-14	-	-
Penal interest on non-payment of interest	4,477,832	30-Mar-13	26-Jun-13	4,477,832
	4,394,708	25-Jun-13	26-Jun-13	4,394,708
	45,855	29-Jun-13	30-Jun-13	45,855
	2,891,807	11-Feb-14	12-Feb-14	2,891,807
	3,117,375	30-Mar-14	-	-
Penal interest on non-submission of rating report	148,670	11-Nov-13	12-Nov-13	148,670
Penal interest on limit overdrawn	35,590	1-Apr-2013 to 31-Mar-2014	1-Apr-2013 to 31-Mar-2014	35,590

xii. In our opinion and according to the information & explanation given to us the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Hence, the provisions of clause 4(xiii) of the order are not applicable to the company.



- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments..
- xv. As per the information and explanations given to us, the Company has not given corporate guarantee /bonds to other companies for loans taken by others from banks or financial institutions.
- xvi. On the basis of records made available and according to information and explanations given to us the Company has applied its term loan for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, *the short term funds have been utilized for long term investment/ application to the extent of ₹3,497.95 lacs as at 31st March 2014, and ₹4,210.31 lacs as at 31st March, 2013*
- xviii. According to the information and explanation given to us the Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, in our opinion the price at which shares have been issued, is not prejudicial to the interest of the company (refer note no. 27(3) of the notes to accounts).
- xix. According to the information and explanation given to us during the year the company has not issued any debentures.
- xx. During the year the Company has not raised any money through public issue.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view and on the basis of the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit for the year ended 31st March, 2014.

For S. S. KOTHARI MEHTA & CO

Chartered Accountants

Firm Registration No:-000756N



Neeraj Bansal

Partner

Membership No. 095960

Place: New Delhi

Date: 19.05.2014



FACOR POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	Amount (in ₹)	
		Figures as at March 31, 2014	Figures as at March 31, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	2,07,10,00,000	1,82,12,43,690
(b) Reserve and Surplus	2	<u>(1,20,49,08,276)</u>	<u>(72,89,63,627)</u>
		<u>86,60,91,724</u>	<u>1,09,22,80,063</u>
(2) Non-current liabilities			
(a) Long-term borrowings	3	4,24,58,18,182	3,49,43,18,182
(b) Other Long term liabilities	4	4,13,82,608	5,69,89,570
(C) Long-term provisions	5	<u>29,67,720</u>	<u>28,96,845</u>
		<u>4,29,01,68,510</u>	<u>3,55,42,04,597</u>
(3) Current liabilities			
(a) Short-term borrowings	6	25,10,45,807	40,36,87,026
(b) Current Maturity of Long Term Borrowings	8	42,45,81,818	25,57,26,126
(C) Trade payables	7	21,84,12,671	21,35,69,374
(d) Other current liabilities	8	59,38,59,365	60,50,48,901
(e) Short-term provisions	9	<u>3,65,675</u>	<u>2,49,588</u>
		<u>1,48,82,65,336</u>	<u>1,47,82,81,015</u>
TOTAL		<u><u>6,64,45,25,570</u></u>	<u><u>6,12,47,65,675</u></u>
II. ASSETS			
Non-current assets			
(1) (a) Fixed assets			
(i) Tangible assets	10	5,65,40,71,332	3,34,09,42,259
(ii) Capital work-in-progress	11	69,99,09,157	2,48,19,11,797
(b) Non-current investments	12	40,000	40,000
(c) Long-term loans and advances	13	1,98,39,438	9,17,01,813
(d) Other non-current assets	14	<u>1,43,48,760</u>	<u>1,41,32,554</u>
		<u>6,38,82,08,687</u>	<u>5,92,87,28,423</u>
(2) Current assets			
(a) Current investments		-	-
(b) Inventories	15	14,28,73,033	9,90,03,444
(c) Trade receivables	16	4,98,97,639	2,62,35,785
(d) Cash and cash equivalents	17	2,36,65,458	2,15,00,991
(e) Short-term loans and advances	18	3,37,29,568	4,34,57,851
(f) Other current assets	19	<u>61,51,185</u>	<u>58,39,181</u>
		<u>25,63,16,883</u>	<u>19,60,37,252</u>
TOTAL		<u><u>6,64,45,25,570</u></u>	<u><u>6,12,47,65,675</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: 19-05-2014



For and on behalf of the Board,

YOGESH SARAF
Executive Director

VINEET SARAF
Executive Director

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

FACOR POWER LIMITED
PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED AT MARCH 31, 2014

Particulars	Note No.	Amount (in ₹)	
		For the Year 2013-14	For the Year 2012-13
I. Revenue from operations	20	1,24,31,85,586	92,43,58,144
II. Other Income	21	32,55,338	14,69,529
III. Total Revenue (I+II)		1,24,64,40,924	92,58,27,673
IV. Expenses			
Cost of materials consumed	22	92,99,39,510	79,43,71,646
Purchases of stock-in-trade		-	-
Changes in inventories of finished goods		-	-
Work-in-progress and Stock-in-Trade		-	-
Employee benefits expenses	23	5,00,18,343	3,77,84,020
Finance Costs	24	41,85,92,774	32,27,08,764
Depreciation and amortization expenses		19,36,18,335	16,25,97,693
Other expenses	25	13,02,16,611	7,33,34,113
Total Expenses		1,72,23,85,573	1,39,07,96,236
V. Profit/(loss) before exceptional and extraordinary items and tax (III-IV)		(47,59,44,649)	(46,49,68,563)
VI. Exceptional items		-	-
VII. Profit/(loss) before extraordinary items and tax (V-VI)		(47,59,44,649)	(46,49,68,563)
VIII. Extraordinary items		-	-
IX. Profit/(loss) before tax (VII-VIII)		(47,59,44,649)	(46,49,68,563)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit (Loss) for the period from continuing operations (IX-X)		(47,59,44,649)	(46,49,68,563)
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)		(47,59,44,649)	(46,49,68,563)
XVI. Earning per equity share of ₹ 10/- each			
(1) Basic		(2.41)	(2.70)
(2) Diluted		(2.41)	(2.70)

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: 19-05-2014



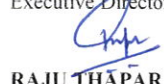
For and on behalf of the Board,



YOGESH SARAF
Executive Director



VINEET SARAF
Executive Director



RAJU THAPAR

General Manager (Finance & Accounts) and
Company Secretary

FACOR POWER LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED ON MARCH 31, 2014.

	Figures for the year 2013-14	Amount (in ₹) Figures for the Year 2012-13
(A) Cash flow from Operating activities:-		
Profit before tax	(47,59,44,649)	(46,49,68,563)
<i>Adjustment for:-</i>		
Depreciation	19,36,18,335	16,25,97,693
Loss on sale of fixed assets	6,95,240	-
Interest paid	41,85,92,774	32,27,08,764
Interest received	(24,82,896)	(9,89,529)
Operating profit before working capital changes	13,44,78,804	1,93,48,365
<i>Adjustment For:</i>		
Inventory	(4,38,69,589)	(6,79,31,028)
Trade receivables	(2,36,61,854)	1,76,06,040
Loans & Advances	97,28,283	2,30,33,161
Other Current assets	(3,12,004)	(13,47,155)
Other non-current assets	(2,16,206)	(26,91,600)
Long-term loans & advances	7,64,132	(10,68,702)
Sundry Creditors	48,43,297	15,43,25,269
Long-term provisions	70,875	11,00,267
Other liabilities & Provisions	(1,10,73,451)	31,05,45,474
Cash Generated from Operation	(6,37,26,517)	43,35,71,726
Tax Paid	-	-
Net Cash Flow/(used) from operating activities (A)	7,07,52,287	45,29,20,091
(B) Cash Flow from investing activities :		
Purchase of fixed assets including CWIP	(94,52,59,568)	(87,21,19,924)
Non-current investments	-	-
Bank deposits held as margin money	1,94,167	(1,30,23,350)
Capital Advances	7,10,98,242	13,93,12,280
Interest received	33,86,271	76,06,130
Net cash used in investing activities (B)	(87,05,80,888)	(73,82,24,864)
(C) Cash flow from financing activities :		
Proceeds from issuance of shares	24,97,56,310	19,25,00,000
Proceeds from term borrowings (Net)	90,47,48,730	5,47,93,804
Short-term borrowings	(15,26,41,218)	39,99,49,017
Interest paid	(19,96,76,588)	(53,51,48,908)
Net Cash flow from financing activities (C)	80,21,87,234	11,20,93,913
Net increase in cash and cash equivalents (A+B+C)	23,58,633	(17,32,10,859)
Cash and cash equivalent at the beginning of the period	6,51,642	17,38,62,501
Cash and cash equivalent at the end of the period	30,10,275	6,51,642

Note:

(i) The above cash flow statement has been prepared under the indirect method, as set out in the AS - 3, "Cash Flow Statement" prescribed under the Companies Act 1956

(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: 19-05-2014



For and on behalf of the Board,



YOGESH SARAF

Executive Director



VINEET SARAF

Executive Director



RAJU THAPAR

General Manager (Finance & Accounts) and
Company Secretary

Particulars	Amount (in ₹)	
	Figures as at March 31, 2014	Figures as at March 31, 2013
NOTE NO. 1 : SHARE CAPITAL		
Authorised Share Capital		
23,50,00,000 Equity Shares (Previous Year 23,50,00,000 Shares) @ ₹ 10/Share	2,35,00,00,000	2,35,00,00,000
15,00,00,000 Preference Shares (Previous Year 15,00,00,000 Shares) @ ₹ 100/Share	15,00,00,000	15,00,00,000
	<u>2,50,00,00,000</u>	<u>2,50,00,00,000</u>
Share Capital issued, subscribed and fully paid		
20,71,00,000 Equity Shares (Previous Year 18,21,24,369 Shares) @ ₹ 10/Share	2,07,10,00,000	1,82,12,43,690
	<u>2,07,10,00,000</u>	<u>1,82,12,43,690</u>

A. Reconciliation of Number of Shares

(i) Authorised Share Capital

Outstanding at the Beginning	23,50,00,000	18,50,00,000
Add: Issued During the Year	-	5,00,00,000
Less: Deduction During the Year	-	-
Outstanding at the End of the Reporting Period	23,50,00,000	23,50,00,000

(ii) Share capital issued, subscribed and fully paid

Outstanding at the Beginning	18,21,24,369	16,28,74,369
Add: Issued During the Year	2,49,75,631	1,92,50,000
Less: Deduction During the Year	-	-
Outstanding at the End of the Reporting Period	20,71,00,000	18,21,24,369

B. Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having 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.

C. Shares held by the holding Company

	%	No. of Shares	%	No. of Shares
Ferro Alloys Corporation Limited	86.00	17,80,99,930	84.08	15,31,24,299

Ferro Alloys Corporation Limited is also a joint holder of 70 Shares (Previous year 70 Shares) with 7 individuals holding 10 shares each.

D. Shareholders holding more than 5% Shares

	%	No. of Shares	%	No. of Shares
Ferro Alloys Corporation Limited	86.00	17,80,99,930	84.08	15,31,24,299
Facor Alloys Limited	9.66	2,00,00,000	10.98	2,00,00,000

Other notes as prescribed under Revised Schedule VI 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	(72,89,63,627)	(26,39,95,064)
Add: Addition During the Year	(47,59,44,649)	(46,49,68,563)
Less: Transfer During the Year	-	-
Net Surplus (Deficit) in the Statement of Profit & Loss	<u>(1,20,49,08,276)</u>	<u>(72,89,63,627)</u>

NOTE NO. 3 : LONG-TERM BORROWINGS

Secured Long Term Borrowings:

a) Term Loan

Rural Electrification Corporation Limited	4,67,04,00,000	3,75,00,00,000
---	----------------	----------------

b) Long-term maturity of finance lease obligation

Vehicle Loan from Banks	-	44,308
-------------------------	---	--------

c) Current Maturity of Long Term Borrowings

	<u>(42,45,81,818)</u>	<u>(25,57,26,126)</u>
	<u>4,24,58,18,182</u>	<u>3,49,43,18,182</u>

Note:

- A. (i) Loan from Rural Electrification Corporation Limited (REC) is secured by first charge on all present & future immovable properties except leasehold lands, moveable fixed assets including project assets, book debts, commission receivables, intangibles, goodwill, uncalled capital. 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 76% (previous year 51%) 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 vehicles of the company

B. Terms of re-payment of loan(s), rate of Interest and default in re-payment of loan(s) & Interest thereon:

(i) Term loan from REC is re-payable in 44 equal quarterly installments of ₹106,145,455/- each starting from June 30, 2014. Rate of interest on the said loan varies from 12.25% to 14.00% per annum. Interest of ₹ 31,55,96,482/- due on term loan is outstanding for the period September 30, 2013 to March 30, 2014 (previous year ₹ 24,49,72,058/- for the period September 30, 2012 to March 30, 2013).



FACOR POWER LIMITED

Notes to the Financial Statement

Particulars	Amount (in ₹)	
	Figures as at March 31, 2014	Figures as at March 31, 2013
NOTE NO. 4 : OTHER LONG-TERM LIABILITIES		
a) Trade Payable	-	-
b) Others		
(i) Security Receipt from Trainees	-	21,96,597
(ii) Retention Money	4,13,82,608	5,47,92,973
	<u>4,13,82,608</u>	<u>5,69,89,570</u>
NOTE NO. 5 : LONG-TERM PROVISIONS		
Provision for employee benefits:		
i) Provision for Leave Encashment	13,47,642	15,47,821
ii) Provision for Gratuity	16,20,078	13,49,024
	<u>29,67,720</u>	<u>28,96,845</u>
NOTE NO. 6 : SHORT-TERM BORROWINGS		
a) Secured Borrowings		
Cash Credit Loan from Bank and Repayable on Demand	15,20,07,108	15,27,37,026
b) Unsecured Borrowings		
(i) Loan from Related Party (Facor Alloys Limited)	5,23,88,699	12,90,00,000
(ii) Deposits	4,66,50,000	12,19,50,000
	<u>25,10,45,807</u>	<u>40,36,87,026</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 13.50% to 14.75% per annum. The loan is re-payable on demand.
- (ii) The rate of interest on loan from related party is at 14.00% and on deposits at 12.00% per annum. The repayment of these loans is due during the financial year 2014-15.

NOTE NO. 7 : TRADE PAYABLES

a) MSME Creditors	-	-
b) Others		
i) Creditors for Purchases	18,42,40,594	20,04,81,090
ii) Creditors for Expenses	3,41,72,077	1,30,88,284
	<u>21,84,12,671</u>	<u>21,35,69,374</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, 2014. 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		
(i) Term Loan From Rural Electrification Corporation Limited	42,45,81,818	25,56,81,818
b) Current Maturity of Finance Lease Obligations of Long-Term Debts		
(i) From Banks	-	44,308
(ii) From Others	-	-
c) Interest Accrued but Not Due	30,00,554	32,95,794
d) Interest Accrued and Due [Refer Note no. 3(B)(i)]	31,55,96,482	24,49,72,058
e) Others		
(i) Retention Money	15,33,26,290	18,72,13,520
(ii) Statutory Dues (PF, TDS, Electricity duty etc.)	88,74,940	1,22,24,907
(iii) Payable to Suppliers for Capital Goods	9,64,70,589	13,49,10,287
(iv) Payable to Others	85,76,145	1,61,50,900
(v) Payable to Employees	51,81,768	62,81,435
(vi) Security Receipt from Trainees	28,32,597	-
	<u>1,01,84,41,183</u>	<u>86,07,75,027</u>

NOTE NO. 9 : SHORT-TERM PROVISIONS

Provision for Employee Benefits:		
i) Provision for Leave Encashment	1,88,414	2,44,110
ii) Provision for Gratuity	1,77,261	5,478
	<u>3,65,675</u>	<u>2,49,588</u>







FACOR POWER LIMITED
Notes to the Financial Statement

NOTE NO. 10 : TANGIBLE ASSETS

Figures as at March 31, 2014
(Amount in ₹)

PARTICULARS	GROSS CARRYING VALUE			DEPRECIATION / AMORTISATION			NET CARRYING VALUE	
	Figures as at April 01, 2013	Additions during the year	Disposals/ Adjustments during the year	Figures as at March 31, 2014	For the year	Disposals/ Adjustments during the year	Figures as at March 31, 2014	Figures as at April 01, 2013
Land Freehold	5,92,52,612	-	-	5,92,52,612	-	-	5,92,52,612	5,92,52,612
Land Leasehold	1,18,16,440	-	-	1,18,16,440	1,19,358	-	1,15,33,687	1,16,53,045
Factory Building	77,10,19,123	10,76,73,029	-	87,86,92,152	2,65,46,192	-	81,83,16,035	73,71,89,198
Office Building	62,37,026	5,75,85,423	-	6,38,22,449	2,56,479	-	6,34,22,416	60,93,472
Plant & Machinery	2,71,99,60,810	2,34,09,31,967	-	5,06,08,92,777	16,50,39,625	-	4,68,67,07,500	2,51,08,15,158
Office Equipment	43,16,177	9,77,234	-	52,93,411	1,08,318	-	34,55,096	25,86,180
Furniture & Fixture	39,94,397	3,74,995	10,80,163	32,89,229	3,81,450	2,84,923	18,52,274	26,53,969
Vehicle under Lease	1,22,88,194	-	-	1,22,88,194	11,66,913	-	95,31,712	1,06,98,625
Total	3,58,88,84,779	2,50,75,42,648	10,80,163	6,09,53,47,264	19,36,18,335	2,84,923	5,65,40,71,332	3,34,09,42,259
Previous Year	3,37,74,23,523	21,14,61,256	-	3,58,88,84,779	16,25,97,693	-	3,34,09,42,259	3,29,20,78,696

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 and a signature.

FACOR POWER LIMITED
Notes to the Financial Statement

NOTE NO. 11 : CAPITAL WORK IN PROGRESS

Particulars	Amount (in ₹)		
	Figures as at March 31, 2014	During the year	Figures as at March 31, 2013 (net of amount capitalized)*
A. Assets Under Construction	2,39,73,97,435	41,52,14,028	1,98,21,83,407
Total (A)	2,39,73,97,435	41,52,14,028	1,98,21,83,407
B. Expenditure Pending Allocation;			
Employee Cost:			
- Salary and Other Cost	4,61,69,149	1,20,59,311	3,41,09,838
- Contribution to Provident and Other Funds	30,06,246	8,11,000	21,95,246
Rent	14,12,402	2,02,650	12,09,752
Travelling & Conveyance Expenses	95,79,883	20,42,354	75,37,529
Technical Consultancy Charges	3,30,17,207	1,46,57,246	1,83,59,961
Legal and Professional Expenses	31,94,498	2,39,354	29,55,144
Business Promotion Expenses	5,23,815	2,55,265	2,68,550
Communication Expenses	15,80,606	4,03,294	11,77,312
Staff Recruitment & Development Expenses	6,43,909	-	6,43,909
Advertisement Expenses	1,73,007	6,667	1,66,340
Fee and Taxes	33,94,685	2,76,542	31,18,143
Repair & Maintenance -Office	1,75,98,262	49,34,009	1,26,64,253
Repair & Maintenance-Plant & Machinery	10,26,180	1,94,550	8,31,630
Vehicle Running & Maintenance Expenses	14,14,883	2,41,691	11,73,192
Auditor's Remuneration	1,32,109	-	1,32,109
Miscellaneous Expenses	22,10,560	57,640	21,52,920
Fringe Benefit Tax	33,842	-	33,842
Interest & Other Financial Charges	58,21,32,816	23,99,30,772	34,22,02,044
Bank Charges and Commission	20,76,530	17,491	20,59,039
Power & Fuel Expenses for construction	4,47,90,955	9,27,655	4,38,63,300
Depreciation	18,92,921	-	18,92,921
Freight & Cartage Expenses	4,99,642	1,19,443	3,80,199
Difference in Foreign Exchange	27,854	-	27,854
Stores & Spares	11,08,805	-	11,08,805
Commission and Brokerage	20,75,534	11,50,573	9,24,961
Dewatering Charges	22,18,202	-	22,18,202
Temporary Construction	2,38,240	-	2,38,240
Corporate Social Responsibility	42,01,044	-	42,01,044
Insurance	80,42,916	7,32,819	73,10,097
Trial Run Expenses			
a) Raw Material	78,26,243	-	78,26,243
b) Others	10,20,069	4,13,501	6,06,568
c) Less: Sale of Energy During Trial Run	-	-	-
Net Expenses During Trial Run	88,46,312	4,13,501	84,32,811
Electricity Duty on Auxiliary Consumption	43,02,818	2,76,154	40,26,664
	78,75,65,832	27,99,49,981	50,76,15,851
Add: Construction Material at Site	26,28,392	18,92,713	7,35,679
Less: Interest Income on Deposits and Others	95,26,515	9,03,375	86,23,140
Total (B)	78,06,67,709	28,09,39,319	49,97,28,391
Total (A+B)	3,17,80,65,144	69,61,53,347	2,48,19,11,797
Less: Amount Capitalized During the Year	2,47,81,55,987		
Net Balance of CWIP	69,99,09,157		2,48,19,11,797

* Last year Company had capitalized assets of ₹ 191,586,719/- from CWIP which has been shown on net basis.

Detail of Capital Work in Progress as at March 31, 2014

Particulars	Amount (₹)
Electrical Installation	5,72,61,929
Boiler-3	47,80,05,769
Construction material at Site	26,28,392
Expenditure pending allocation	16,20,13,067
Total	69,99,09,157



9

FACOR POWER LIMITED

Notes to the Financial Statement

Particulars	Amount (in ₹)	
	Figures as at March 31, 2014	Figures as at March 31, 2013
NOTE NO. 12 : NON-CURRENT INVESTMENT		
a) Un-quoted non-trade investment		
Investment in Government Securities	40,000	40,000
	<u>40,000</u>	<u>40,000</u>
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	10,03,722	7,21,01,965
ii) Security Deposits	1,80,29,111	1,87,37,122
iii) Prepaid Expenses	8,06,605	8,62,726
	<u>1,98,39,438</u>	<u>9,17,01,813</u>

NOTE NO. 14 : OTHER NON-CURRENT ASSETS

Un-amortized expenditure	1,43,48,760	1,41,32,554
	<u>1,43,48,760</u>	<u>1,41,32,554</u>

NOTE NO. 15 : INVENTORIES

a) Raw Material:

i) Coal at site	5,62,90,111	1,43,63,693
ii) Coal in transit	7,87,39,192	7,73,23,366

b) Consumables:

i) Chemicals	6,51,890	10,52,300
ii) High Speed Diesel	6,07,555	5,25,761
iii) Stores & Spares/Consumables	65,84,285	57,38,324
	<u>14,28,73,033</u>	<u>9,90,03,444</u>

NOTE NO. 16 : TRADE RECEIVABLES

Unsecured Considered good:

a) Outstanding for period exceeding six months from the due date	7,91,285	-
b) Others		
i) From Holding Company	4,65,90,035	2,42,23,505
ii) Others	25,16,319	20,12,280
	<u>4,98,97,639</u>	<u>2,62,35,785</u>



g

W

L

FACOR POWER LIMITED

Notes to the Financial Statement

Particulars	Amount (in ₹)	
	Figures as at March 31, 2014	Figures as at March 31, 2013
NOTE NO. 17 : CASH AND BANK BALANCES		
a) Cash & Cash Equivalents:		
i) Balance in Current Accounts with scheduled Banks	27,87,087	4,88,214
ii) Bank Deposits (having original maturity period upto 3 months)	-	-
iii) Cash on hand	2,23,188	1,63,427
b) Other Bank balances:		
i) Bank Deposits (held as margin money/security deposit)	2,06,15,183	2,08,09,350
ii) Bank Deposits (held as margin money/security deposit and having maturity period more than 12 months)	40,000	40,000
	2,36,65,458	2,15,00,991
<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 ₹ 15,209,183 (Previous year ₹ 15,373,350/-) represent as margin money for Bank Guarantees and 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	2,35,12,221	2,81,29,311
ii) Advance for Expenses	25,34,100	1,12,12,610
iii) Prepaid Expenses	49,77,117	22,80,913
iv) Other Advances	5,59,735	5,63,085
v) Security Deposits	9,57,190	1,85,204
vi) Taxes Paid (Tax Deposit At Source)	11,89,205	10,08,380
vii) Advance to Staff	-	78,348
Unsecured, considered doubtful:		
Advance for Expenses	60,55,554	-
Less: Provision	(60,55,554)	-
	3,37,29,568	4,34,57,851
NOTE NO. 19 : OTHER CURRENT ASSETS		
(i) Interest Accrued on Fixed Deposits	25,63,995	23,06,042
(ii) Unamortized Expenses	35,87,190	35,33,139
	61,51,185	58,39,181
NOTE NO. 20 : REVENUE FROM OPERATIONS		
(i) Sale of Power	1,24,29,24,574	92,24,54,857
(ii) Other Operating Revenue	2,61,012	19,03,287
	1,24,31,85,586	92,43,58,144
NOTE NO. 21 : OTHER INCOME		
i) Rental Income	80,000	4,80,000
ii) Interest on Fixed Deposit/ Margin Money Deposit	24,82,896	9,89,529
iii) Sundry balances written back	6,92,442	-
	32,55,338	14,69,529



9

K

b

FACOR POWER LIMITED

Notes to the Financial Statement

Particulars	Amount (in ₹)	
	Figures for the Year 2013-14	Figures for the year 2012-13
NOTE NO. 22 : COST OF MATERIAL CONSUMED		
a) Coal Consumed:		
Opening inventory	9,16,87,059	3,06,18,398
Purchase during the year	70,67,44,963	56,59,11,191
Add: Incidental expenses	26,03,52,789	28,43,24,441
Less: Closing Stock	13,50,29,303	9,16,87,059
	<u>92,37,55,508</u>	<u>78,91,66,971</u>
b) High Speed Diesel	30,94,578	28,54,541
c) Chemicals	30,89,424	23,50,134
	<u>92,99,39,510</u>	<u>79,43,71,646</u>
NOTE NO. 23 : EMPLOYEE BENEFITS EXPENSES		
Salaries & Wages	4,68,48,898	3,52,58,929
Contribution to Provident and Other Funds	24,72,991	21,27,382
Staff Welfare Expenses	6,96,454	3,97,709
	<u>5,00,18,343</u>	<u>3,77,84,020</u>
NOTE NO. 24 : FINANCE COSTS		
a) Interest Cost	41,79,30,319	32,23,84,327
b) Other Borrowing Cost	6,62,455	3,24,437
	<u>41,85,92,774</u>	<u>32,27,08,764</u>
NOTE NO. 25 : OTHER EXPENSES		
Other Operating Expenses	1,58,71,467	1,21,24,367
Coal Feeding Expenses	1,31,45,001	1,09,35,038
Water Treatment Expenses	20,34,838	20,45,673
Ash Disposal Expenses	1,27,29,698	1,10,33,448
Stores & Spares	1,48,55,315	24,65,655
Insurance	35,83,105	29,85,626
Water Charges	72,41,727	52,66,091
Repair & Maintenance-Machinery	47,08,672	16,88,593
Repair & Maintenance-Buildings	4,96,223	90,908
Repair & Maintenance-Office	36,74,143	10,75,736
Loss on sale of fixed assets	6,95,240	-
Audit Expenses		
A) <u>Statutory Auditor</u>		
(i) Statutory Audit Fee	3,93,260	3,37,080
(ii) Tax Audit	56,180	1,12,360
(iii) Certificates/ Other Services	28,090	33,708
(iv) Reimbursement of Expenses	48,230	8,911
B) <u>Cost Auditor</u>		
(i) Cost Audit Expenses	92,708	1,00,835
Rent	25,53,108	28,14,571
Guest House Expenditure	85,89,006	13,29,820
Legal & Professional	47,40,553	22,44,395
Electricity duty on auxiliary consumption	66,17,124	-
Rates & Taxes	16,44,320	8,66,600
Travelling/Conveyance Expenses	1,12,71,564	19,77,718
Miscellaneous Expenses	1,51,47,039	1,37,96,980
	<u>13,02,16,611</u>	<u>7,33,34,113</u>



Handwritten signatures and initials in blue ink.

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2014 AND PROFIT & LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Note no. 26

A. General Information:

Facor Power Ltd. is setting up a 100 MW (2*50MW) Thermal Power Plant at Bhadrak, Orissa at a total project cost of ₹ 674,14.00 lacs. The Project was appraised by Rural Electrification Corporation Ltd. (REC) who had sanctioned a term loan of ₹ 46,704.00 lacs and is the sole lender. The balance of ₹ 20,710.00 lacs would be equity contribution.

The phase-I (One Turbine of 50MW and One Boiler) of the project was successfully synchronized on July 08, 2011. The second phase of the Project (2nd Turbine of 50 MW and 2nd Boiler) has been commissioned and synchronized on March 11, 2014. The erection activity of 3rd boiler is under process.

B. Significant Accounting Policies:

i. Accounting Conventions

The financial statements have been prepared in accordance with the historical cost convention, the applicable accounting standards issued by the Central Government vide the Companies (Accounting Standard), Rules 2006, the relevant provisions of the Companies Act, 1956 (refer General Circular 08/2014 dated April 04, 2014 of Ministry of Corporate Affairs that in respect of financial years that commenced earlier than April 01, 2014, the financial statements and documents required to be attached thereto etc., shall be governed by relevant provisions/schedules/rules of the Companies Act, 1956), and provisions of the Companies Act, 2013 (to the extent notified).

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,



Handwritten signatures and initials in blue ink, including a large 'M' and several scribbles.

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.

vi. Depreciation on Tangible Assets and Amortisation.

Depreciation on fixed assets is applied on straight-line basis as per the rates and manner specified in the Schedule XIV of the Companies Act, 1956 on pro rata basis. The Company has applied continuous process depreciation rate on certain Plant & Machinery which are under continuous process. Lease-hold land is being amortized over the period of lease (i.e. 99 years).

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.

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

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 100MW.



NOTE NO. 27

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

(Amount in ₹)

Particulars		As at March 31, 2014	As at March 31, 2013
A) Contingent Liabilities			
(i)	Outstanding amount of Bank Guarantees	3,39,05,000	2,89,35,000
(ii)	Income Tax Matters	29,85,095	Nil
B) Commitments			
(i)	Letter of Credit	Nil	1,25,06,174
(ii)	Estimated amount of unexecuted Capital Contracts	13,25,07,000	49,16,01,000

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

- 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.
 - During the year, the Company has issued 2,49,75,631 (previous year 1,70,50,000) equity shares face value of ₹ 10/- each to Ferro Alloys Corporation Ltd being the party covered in the register maintained u/s 301 of the Companies Act, 1956 at such price determined in terms of the valuation obtained by the management from independent consultant.
 - During the year accumulated losses of the Company have exceeded 50% of the peak net worth of the Company in the immediately preceding four financial years. The Company is taking appropriate steps for compliances in pursuance of section 23(1) of Sick Industrial Companies (Special Provision) Act, 1985.
5. **Employee Benefits**

(A) Defined Contribution Plans

The Company has recognized the following amounts in the capital work in progress (CWIP) or Profit & Loss statement for the year ended on March 31, 2014, under the Defined Contribution Plans.

(Amount in ₹)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Contribution to Provident Fund	18,49,149	13,69,446	11,46,655	7,32,385	4,52,352
Contribution to Employee's Pension Scheme 1995	7,73,047	7,64,888	5,67,785	3,29,029	1,73,737
Total	26,22,196	21,34,334	17,14,440	10,61,414	6,26,089



Handwritten initials and signatures in blue ink, including a large 'M' and several smaller marks.

(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
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
2011-12	Leave Encashment	8,86,576	77,575	5,45,616	(2,55,953)	(24,935)	12,28,879
	Gratuity	4,39,750	38,478	3,33,872	(65,632)	-	7,46,468
2010-11	Leave Encashment	3,13,235	32,965	4,07,344	1,71,312	(38,280)	8,86,576
	Gratuity	1,87,942	19,902	2,18,826	13,080	-	4,39,750
2009-10	Leave Encashment	1,13,107	9,024	2,22,288	5,485	(36,669)	3,13,235
	Gratuity	57,881	4,618	1,34,180	-	(8,737)	1,87,942

(ii) Amounts recognized in Balance Sheet:

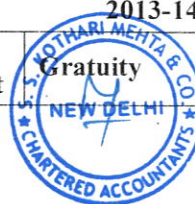
(Amount in ₹)

Particulars	2013-14		2012-13	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Closing balance of present value of obligation	15,36,056	17,97,339	17,91,931	13,54,502
Closing balance of fair value of plan assets	-	-	-	-
Liability recognized in the Balance Sheet (under the head provision)	15,36,056	17,97,339	17,91,931	13,54,502

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

(Amount in ₹)

Particulars	2013-14		2012-13	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity



Handwritten signatures and initials in blue ink, including a large 'S' and 'K'.

Interest Cost	1,61,274	1,21,905	1,13,400	70,094
Current Service Cost	4,49,212	5,13,445	6,12,573	4,40,582
Actuarial Gain Loss	3,23,446	50,892	(42,233)	97,358
Total Amount recognized in CWIP/P&L	9,33,932	6,86,242	6,83,740	6,08,034

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

Particulars	2013-14		2012-13	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Discount rate (per annum)	9.00%	9.00%	8.25%	8.25%
Rate of Increase in compensation	5.00%	5.00%	5.00%	5.00%
Expected average remaining working lives of employees (Years)	23.60	23.60	26.20	26.20

6. 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 Ltd.
3	Facor Solar Ltd.
4	Vineet Infin Private Ltd.

ii) Key Management Personnel (KMP) and their relatives

S. no.	Name	Relation
1	Mr. N. D. Saraf	Director & Relative of KMP
2	Mr. Vineet Saraf	Whole-time Director
3	Mr. Yogesh Saraf	Whole-time Director
4	Mr. Ashish Saraf	Director & Relative of KMP
5	Mr. Anurag Saraf	Director & Relative of KMP
6	Mr. Raju Thapar	General Manager (F&A) & Company Secretary
7	Mrs. Sunanda Devi Saraf	Relative of KMP



Handwritten signatures and initials in blue ink are present at the bottom right of the page.

C. Transactions with Related Parties:-

(Amount in ₹)

	Name of Party	Nature of Transactions	2013-14	2012-13	
Related parties & relationships, where control exists	a	Ferro Alloys Corporation Ltd.	Sale of Energy	1,28,48,93,148	95,45,94,489
			Share Application money received	24,97,56,310	17,05,00,000
			Lease rent paid	1,000	1,000
			Expenses incurred on behalf of reporting entity	65,666	10,64,808
			Purchase of Vehicles	Nil	53,95,369
			Issue of shares	24,97,56,310	17,05,00,000
			Corporate Guarantee	66,36,00,000	Nil
			Closing Balance :-		
			Amount receivable	4,53,06,602	2,42,23,505
			Corporate Guarantee	5,09,04,00,000	4,42,68,00,000
Enterprises owned or significantly influenced by KMP and/or their Relatives	a	Facor Alloys Limited	Rent paid	3,14,608	Nil
			Reimbursement of expenses	58,450	15,783
			Short-term Loan taken	5,00,00,000	12,90,00,000
			Interest paid	71,15,315	4,05,270
			Purchase of Vehicles	Nil	29,16,013
			Closing Balance		
			Short-term Loan	5,23,88,699	12,94,05,270
	Others	3,07,078	29,16,013		
	b	Facor Solar Limited	Expenses incurred by reporting entity	1,730	8,415
			Closing Balance	Nil	Nil
	c	Facor Energy India Limited	Expenses incurred by reporting entity	1,730	8,415
			Closing Balance:-	Nil	Nil
	Key Management Personnel (KMP) and their relatives	a	Vineet Infin Private Limited	Share Application money received	Nil
Issue of Shares				Nil	2,20,00,000
Rent received				80,000	4,80,000
Closing Balance:-				Nil	Nil
b		Mr. Vineet Saraf	Personal Guarantee	69,36,00,000	Nil
			Salary & Perquisites	19,38,600	2,97,987
			Closing Balance:-		
c		Mr. Anurag Saraf	Personal Guarantee	5,09,04,00,000	4,39,68,00,000
			Closing Balance:-	69,36,00,000	Nil
d		Mr. Yogesh Saraf	Personal Guarantee	5,09,04,00,000	4,39,68,00,000
			Closing Balance		
e		Mr. Raju Thapar	Salary & perquisites/benefits	19,38,600	2,85,767
			Closing Balance	Nil	Nil
f		Mrs. Sunanda Devi Saraf	Salary & perquisites/benefits	26,18,671	21,49,140
			Closing Balance	Nil	Nil
			Rent Paid	18,00,000	3,00,000
			Closing Balance	Nil	Nil



7. **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.

Future commitments in respect of minimum lease payments payable for the aforesaid non-cancellable lease entered by the Company are as follows:

(Amount in ₹)			
S. no.	Particulars	As at * March 31, 2014	As at March 31, 2013
a.	Not later than one year	Nil	26,86,200
b.	Later than one year and not later than five years	Nil	15,66,950
c.	Later than five years	Nil	Nil

*Due to vacation of lease premises the lease obligations have expired.

The Company had sub-leased small part of its Corporate Office to a related party M/s Vineet Infin Pvt. Ltd. for the month of April'13 & May'13 @ ₹40,000/-pm. Total rent received ₹80,000 (Previous year ₹4,80,000) which is recognised in the profit and loss statement under the head other incomes, note no. 21.

Minimum lease payment for cancellable lease of ₹57,31,758 (Previous year ₹9,11,371/-) are charged to CWIP/Profit & Loss statement during the year; clubbed under the head rent and guest house expenses; Note no. 25.

8. **Earnings Per Share (EPS)**

S. no.	Particulars	As at March 31, 2014	As at March 31, 2013
1	Earnings available for equity shareholders	(47,59,44,649)	(46,49,68,563)
2	Weighted average no. of Shares	19,77,35,367	17,22,58,616
3	Basic EPS	(2.41)	(2.70)
4	Diluted EPS	(2.41)	(2.70)

9. **Expenditure in Foreign Currency**

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

S. no.	Particulars	Amount (₹)	
		2013-14	2012-13
1	Travelling expenses	13,12,491	Nil
	Total	13,12,491	Nil

10. **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 created.

11. **Value of imports calculated on C.I.F. basis**

S. no.	Particulars	Amount (₹)	
		2013-14	2012-13
1	Raw Materials	32,41,52,925	8,49,00,000
2	Components and Spare parts	Nil	Nil
	Total	32,41,52,925	8,49,00,000



Handwritten initials and marks at the bottom right of the page.

12. Consumption of raw materials, spare parts and components

S. no.	Particulars	2013-14		2012-13	
		Value	%	Value	%
1	Imported	27,91,86,463	29.52	2,35,33,634	2.95
2	Indigenous	66,65,00,823	70.48	77,33,03,667	97.05
	Total	94,56,87,286	100.00	79,68,37,301	100.00

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

14. **Remuneration to Directors**

During the year Whole Time Directors have received remuneration from the Company for twelve months (last year only for two months). The total remuneration received by the Director(s) from the company and other group Companies is within the limits prescribed under scheduled XIII of Companies Act 1956.

(Amount in ₹)

S. no.	Particulars	2013-14	2012-13
1	Salaries	23,10,000	4,20,000
2	Perquisites & Allowances	12,90,000	1,13,354
3	Contribution to Provident Fund	2,77,200	50,400
	Total	38,77,200	5,83,754

15. **Additional Information**

S. no.	Particulars	2013-14		2012-13	
		Particulars	Value (in ₹)	Particulars	Value (in ₹)
1.	Installed Capacity (MW)*	100	-	50	-
2.	Power Generated (KWH)	29,21,35,000	-	25,00,62,000	-
3.	Power Export (KWH)	25,76,93,687	1,24,29,24,574	21,84,06,760	92,24,54,857
4.	Raw Material Consumed (MT)	2,84,374	92,46,29,555	2,53,643	78,91,66,971

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

16. Previous year figures have been regrouped or reclassified to conform with 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: 19-05-2014



For and on behalf of the Board of Directors



YOGESH SARAF
Executive Director



VINEET SARAF
Executive Director



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