

Confidential

**FACOR  
ELECTRIC  
LIMITED**



**THIRD  
ANNUAL REPORT  
2012-2013**

**FACOR ELECTRIC LIMITED**

**FACOR ELECTRIC LIMITED**  
**(Regd. Office)**

**S.No.77, ADMINISTRATIVE BUILDING, 1<sup>ST</sup> FLOOR, KONDAPALEM PANCHAYAT,  
SHREERAMNAGAR, GARIVIDI-535101; DIST: VIZIANAGARAM, ANDHRA PRADESH**

**NOTICE TO MEMBERS**

Notice is hereby given that the THIRD ANNUAL GENERAL MEETING of the Members of the FACOR ELECTRIC LIMITED will be held at the Registered Office of the Company at Shreeramnagar-535101, Garividi; Dist: Vizianagaram, Andhra Pradesh on Monday, the 13th May, 2013 at 11.30 AM to transact, with or without modifications as may be permissible, the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. Vinod Saraf, who retires from office by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Ashim Saraf, who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs S.S. Kothari Mehta & Co., Chartered Accountants, (Firm Registration No.000756 N) the retiring Auditors of the Company, be and they are hereby re-appointed 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 plus service tax as applicable and reimbursement of expenses incurred by them incidental to their functions as the Board of Directors may fix in that behalf in consultation with the said Auditors.”

**AS SPECIAL BUSINESS**

5. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

“RESOLVED THAT pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 ( the “Companies Act”), consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (“Board”) to borrow, from time to time, any sum or sums of money including the Rupee Term Loan on such terms and conditions as the Board may think fit, together with moneys already borrowed by the Company (apart from temporary loans already obtained or to be obtained from banks/financial institutions in the ordinary course of business of the Company) from banks, financial institutions or any other lenders on such terms and conditions as the Board may consider suitable, which may exceed the aggregate, for the time being, of the total paid up capital of the Company and the free reserves, provided that the total money borrowed by the Company shall not at any time exceed the limit of five hundred crores.

RESOLVED FURTHER THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, consent of the members of the Company be and is hereby accorded to the Board to create security or any other charge, mortgage and hypothecation on the whole or substantially the whole of the undertakings/assets/properties of the Company including moveable and immoveable properties, both present and future, and in such manner as the Board may deem fit (including by way of establishment of specific accounts and reserves and appropriation of monies thereto), to secure the Secured Obligations in such manner and through such documentation as the Board may deem fit.

RESOLVED FURTHER THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, consent of the members of the Company be and is hereby accorded to the Board for such modifications to be effected to the Memorandum and Articles as may be deemed expedient/necessary/specified by the Lenders/LLC (or such other consultants appointed thereby) in terms of the Rupee Term Loan Agreement or otherwise.

RESOLVED FURTHER THAT in accordance with the provision of Section 81(3) and other provisions, if any, of the Companies Act, and subject to the necessary approval(s), if any, the consent of the members of the Company be and is hereby accorded to the Board for granting an option to the Lenders to convert the outstanding Rupee Term Loan into the Equity, at book value or at par, whichever is less, upon occurrence of a payment related Event of Default, in accordance with the Rupee Term Loan Agreement.

RESOLVED FURTHER THAT the Board be and is hereby authorized to negotiate, finalize and accept the terms and conditions stipulated in the Rupee Term Loan Agreement and other relevant documentation and any modifications and/or amendments thereto as may be necessary/agreed by the Board and to sign/execute/enter into all such deeds, documents, instruments, writings, agreements, undertakings, receipts, assurances, confirmations etc. as may be required by Lenders/Lenders' Agent/Security Agent and to do all such acts, deeds and things as may be deemed necessary in connection therewith and to give effect to the intent and purposes of the foregoing.

RESOLVED FURTHER THAT certified true copies of this resolution be furnished to the Lenders/Lenders Legal Counsel/any other person(s) as may be required, under the signatures of any one of the Directors/company secretary of the Company.

RESOLVED FURTHER THAT certified true copies of this resolution be filed with the relevant governmental/regulatory authorities such as the ROC and/or other relevant Government Authorities, under the signatures of any one of the Directors of the Company."

**NOTES:**

1. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item No. 5 of the notice set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Members are requested to notify the change in their address to the Company and always quote their Folio Numbers in all correspondence with the Company.
4. Any query relating to Accounts must be sent to Company's Registered Office at Andhra Pradesh at least 10 days before the date of the meeting.
5. Members are requested to bring their copy of Annual Report with them at the meeting.

Registered Office  
Shreeramnagar-535101,  
Garividi; Dist: Vizianagaram,  
Andhra Pradesh  
Dated: 11th April , 2013

**By order of the Board,**

  
Ashim Saraf  
Director

**ANNEXURE TO THE NOTICE**

Explanatory Statement as required by Section 173 of the Companies Act, 1956:

**ITEM NO.5**

The Company is setting up a 45MW (1X45 MW) coal based captive power plant at Shreeramnagar, Garividi Mandal, Vizianagaram District, Andhra Pradesh (the "Project") at an estimated project cost of Rs. 244.41 crores (Rupees Two Hundred Forty Four Crore Forty One Lakhs Only) ("Estimated Project Cost"). For the purposes of part financing the Estimated Project Cost, a consortium of lenders consisting of Power Finance Corporation Limited and PTC India Financial Services Limited (hereinafter, collectively referred to as the "Lenders") have, at the request of the Company, agreed to advance to the Company, a rupee term loan to the extent of Rs. 171.10 crores (Rupees One Hundred Seventy One Crore Ten Lakhs only) (the "Rupee Term Loan") on the terms and conditions contained in the rupee term loan agreement proposed to be entered into, inter alia, among the Company and the Lenders ("Rupee Term Loan Agreement").

Further the Rupee Term Loan Agreement stipulates, inter alia, creation of security for availing the Rupee Term Loan and the right of the Lenders to convert their outstanding Rupee Term Loan into the Equity Shares of the Company, at the book value or at par, whichever is lower, upon the occurrence of a payment related Event of Default. Accordingly, the members are requested to accord their approval for borrowing the Rupee Term Loan, creation of security in respect of the Rupee Term Loan, conversion of Rupee Term Loan into Equity Shares (in accordance with the terms thereof the Rupee Term Loan Agreement) and amendment of the Memorandum and Articles in order to consummate the transactions contemplated under the Rupee Term Loan Agreement.

Registered Office  
Shreeramnagar-535101,  
Garividi; Dist: Vizianagaram,  
Andhra Pradesh  
Dated: 11th April , 2013

**By order of the Board,**

  
Ashim Saraf  
Director

## **FACOR ELECTRIC LIMITED**

### **DIRECTORS' REPORT TO THE MEMBERS**

The Directors present herewith the Third Annual Report of the company alongwith the Audited Statement of Accounts for the year ended 31st March 2013.

### **WORKING RESULTS**

The Company has not commenced its business during the year ended 31.03.2013 and has, therefore, not prepared Profit & Loss Account for the said year.

### **SHIFTING OF REGISTERED OFFICE OF THE COMPANY**

The registered office of the company stands shifted from the National Capital Territory of Delhi to the State of Andhra Pradesh pursuant to Special Resolution passed by the shareholders at its EGM held on 23-01-2012 and as confirmed by the Regional Director, Northern Region, Ministry of Corporate Affairs, Noida vide its order bearing no. 17/1/258/12/9488 dated 21-01-2013. The office of ROC, Hyderabad has vide its Certificate dated 08<sup>th</sup> March, 2013 confirmed having taken the change in registered office address on record by Registering Regional Director's order dated 21-01-2013 for Change of State.

### **DIRECTORS**

Mr. Ashim Saraf and Mr. Vinod Saraf, Directors of the Company, retire by rotation and, being eligible, offer themselves for re-election.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the accounts on a going concern basis.

### **PARTICULARS OF EMPLOYEES:**

During the year 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 Section 217 (2A) read with the amended Companies (Particulars of Employees) Rules, 1975.

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

Information in accordance with the provisions of 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 regarding conservation of energy and technology absorption are not given as the Company has not undertaken any manufacturing activity. There were no foreign exchange earnings and outgo during the year under review.

### **AUDITORS:**

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring Auditors of the Company M/s S.S. Kothari Mehta & Co., Chartered Accountants, (Firm Registration No.000756 N) are eligible for re-appointment. They have furnished a certificate to the Company to the effect that the proposed re-appointment, if made, will be in compliance with the provisions of Section 224 (1B) of the Companies Act, 1956.

On behalf of the Board of Directors,

  
Director

  
Director

Place : New Delhi  
Dated : 11<sup>th</sup> April, 2013

***SS KOTHARI MEHTA & CO***  
**CHARTERED ACCOUNTANTS**

146-149 Tribhuvan Complex  
Ishwar Nagar  
Mathura Road  
New Delhi-110065  
Phones : +91-11-4670 8888  
Fax : +91-11-6662 8889  
E-mail : delhi@sskmin.com

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

**Report On the Financial Statements**

We have audited the accompanying Financial Statements of Facor Electric Ltd ("the Company") which comprises the Balance Sheet as at 31<sup>st</sup> March, 2013, 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. Statement of Profit & Loss has not been prepared as the Company has yet to commence its commercial operations.

**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. 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. 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, 2013;
- ii) 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, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, 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. 95960

Place: New Delhi

Date: 11.04.2013

**ANNEXURE TO THE AUDITOR'S REPORT**

(As referred in paragraph 3 of our report to the members of Facor Electric Ltd on the accounts for the year ended March 31, 2013)

- (i) The Company has not started its operations and has not acquired any fixed assets or inventory during the year, hence clause 4(i) (a), (b), (c) and 4(ii) (a), (b), (c) of the Order are not applicable
- (ii) (a) The company has not granted any loan, secured or un secured 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, firms or other parties 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 Rs. 131.31 lacs.  
  
(c) As per the information and explanation given to us, the above loan is interest free. The interest rate and other terms and conditions are not prejudicial to the interest of the Company.
- (iii) The Company has adequate internal control system to commensurate with the size and nature of business.
- (iv) According to the information and explanations given to us, the company has not entered into any contracts or arrangements with the parties covered under section 301 of the Companies Act, 1956 and hence clause 4 (v) (a) and (b) of the Order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public and consequently the directives issued by Reserve Bank of India, the provisions of sec 58A, sec 58AA or any other relevant provisions of the companies Act, 1956 and the rules framed there under are not applicable to the company.
- (vi) As Company has not started its operation during the year and also does not have paid up share capital exceeding to Rs. 50 lakhs therefore clause 4(vii) of the Order relating to internal audit is not applicable to the Company.
- (vii) According to the information and explanation given to us the Central Government has prescribed maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies Act, 1956 in respect of business carried out by the Company. However the records will be maintained on the commencement of operations.



- (viii) (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. Further, there were no undisputed amounts 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, there are no 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.
- (ix) As the Company has not completed five years from its incorporation, therefore clause 4(x) of the Order is not applicable to the Company.
- (x) The Company has not taken any loan from financial institution or bank during the year. The Company has not issued any debentures.
- (xi) 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.
- (xii) 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.
- (xiii) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable to the company.
- (xiv) 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. Hence, the provisions of the clause (xv) of the order are not applicable to the company.
- (xv) On the basis of records made available and according to information and explanations given to us the Company has not taken any term loan from banks or financial institutions during the year.
- (xvi) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, in our opinion, the funds raised by the Company on short-term basis have been, used for pre-operative expenditure to the extent of Rs. 1,31,31,437.
- (xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year.
- (xviii) According to the information and explanation given to us during the year the company has not issued any debentures.
- (xix) During the year the Company has not raised any money through public issue.





**S S KOTHARI MEHTA & CO**

(xx) 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 March 31<sup>st</sup> 2013.

**For S. S. KOTHARI MEHTA & CO.**

Chartered Accountants

Firm Registration No:-000756N



*Neeraj Bansal*

(NEERAJ BANSAL)

Partner

Membership No. 095960

Place: *New Delhi*  
Date: *11.04.2013*

FACOR ELECTRIC LIMITED

Balance Sheet as at 31st March, 2013

Particulars	Note Nos.	(Amount in Rs.)	
		As at 31st March, 2013	As at 31st March, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	500,000	500,000
		<u>500,000</u>	<u>500,000</u>
<b>Current Liabilities</b>			
Short-Term Borrowing	2	13,131,437	8,569,369
Other Current Liabilities	3	136,889	2,593,426
		<u>13,268,326</u>	<u>11,162,795</u>
<b>TOTAL</b>		<u><b>13,768,326</b></u>	<u><b>11,662,795</b></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Long-Term Loans and Advances	4	500	500
Other Non Current Assets	5	13,702,587	8,958,721
		<u>13,703,087</u>	<u>8,959,221</u>
<b>Current Assets</b>			
Cash and Cash Equivalents	6	65,239	2,703,574
<b>TOTAL</b>		<u><b>13,768,326</b></u>	<u><b>11,662,795</b></u>
Significant Accounting Policies & Notes on Financial Statements	7		

As per our report of even date attached,

For S. S. Kothari Mehta & Co.

Chartered Accountants  
Firm Registration No.000756N


NEERAJ BANSAI  
(Partner)  
Membership No. 095960



Place : New Delhi  
Date: 11th April, 2013

For and on behalf of the Board

  
ASHIM SARAF  
(Director)

  
YOGESH SARAF  
(Director)

**FACOR ELECTRIC LIMITED**  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in Rs.)

	Amount for the year 2012-13	Amount for the year 2011-12
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
PRE OPERATIVE EXPENDITURE DURING THE YEAR	(4,743,866)	(8,878,708)
Adjustment for :		
Depreciation	-	-
Exchange difference on translation (Net)	-	-
Profit on sale of Investments	-	-
Interest and Dividend Income	-	-
Finance Costs	-	-
Profit/Loss on sale of Fixed Assets (Net)	-	-
<b>Operating profit before working capital changes</b>	<b>(4,743,866)</b>	<b>(8,878,708)</b>
Adjustment for:		
Trade and Other Receivables	-	(500)
Inventories	-	-
Trade and Other Payables	<b>2,105,531</b>	<b>11,072,992</b>
<b>Cash generated from operations</b>	<b>(2,638,335)</b>	<b>2,193,784</b>
Direct taxes paid/adjusted	-	-
Cash Flow before extraordinary items	<b>(2,638,335)</b>	<b>2,193,784</b>
Extraordinary items	-	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>(2,638,335)</b>	<b>2,193,784</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	-	-
Purchase of Investments	-	-
Sale of Investments	-	-
Interest and Dividend Income	-	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-</b>	<b>-</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from issue of Share Capital (Net)	-	-
Proceeds from Long and Short Term Borrowings	-	-
Finance cost	-	-
Dividend/Corporate Tax paid	-	-
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,638,335)</b>	<b>2,193,784</b>
Opening Balance of Cash and Cash Equivalents	<b>2,703,574</b>	<b>509,790</b>
Closing Balance of Cash and Cash Equivalents	<b>65,239</b>	<b>2,703,574</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,638,335)</b>	<b>2,193,784</b>
	-	-


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: 11th April, 2013

For and on behalf of the Board

  
ASHIM SARAF  
(Director)

  
YOGESH SARAF  
(Director)

FACOR ELECTRIC LIMITED

Notes on Financial Statements for the Year ended 31st March, 2013

(Amount in Rs.)

Note No.	Particulars	As at 31 st March, 2013	As at 31 st March, 2012
1.	<b>SHARE CAPITAL</b>		
	<b>Authorised Share Capital:</b>		
	250,00,000 Equity shares (Previous Year- 25000000) @ Rs. 10/- Each	250,000,000	250,000,000
	<b>Issued, Subscribed and Paid up:</b>		
	50,000 Equity Shares ( Previous Year- 50,000) @ Rs.10/- Each	500,000	500,000
	<b>TOTAL</b>	<b>500,000</b>	<b>500,000</b>

1.1 The reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	50,000	50,000
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	50,000	50,000

1.2 Terms/rights attached to Equity Shares:

The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. The Equity Shares have rights, preferences and restrictions which are in accordance with the provisions of law, in particular the Companies Act, 1956.

Names	Details of shareholders holding more than 5% shares in the company			
	As at March 31st, 2013		As at March 31st, 2012	
	No. of Shares	% Shares Held	No. of Shares	% Shares Held
Facor Alloys Limited	50000	100.00%	50000	100.00%
Total	50000	100.00%	50000	100.00%

Facor Alloys Ltd. is also a joint holder of 8 shares with 8 individuals ( Nominees) holding 1 share each. Facor alloys Ltd. is beneficial holder of these shares.



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**FACOR ELECTRIC LIMITED**  
Notes on Financial Statements for the Year ended 31st March, 2013

(Amount in Rs.)

Note No.	Particulars	As at 31st March, 2013	As at 31st March, 2012
<b>2.</b>	<b>SHORT-TERM BORROWINGS</b>		
	Unsecured		
	Loan from Holding Company	13,131,437	8,569,369
	<b>TOTAL</b>	<b>13,131,437</b>	<b>8,569,369</b>
<b>3.</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Provision for Audit Fee	28,090	78,090
	Provision for Telephone Bills	112	56
	TDS Payable on Rent	50,000	-
	Deposits Received	12,000	12,000
	Payable to Related Party	19,520	19,520
	Others	27,167	2,483,760
	<b>TOTAL</b>	<b>136,889</b>	<b>2,593,426</b>
<b>4.</b>	<b>LONG-TERM LOANS AND ADVANCES</b> (Unsecured Considered Good)		
	Security Deposits	500	500
	<b>TOTAL</b>	<b>500</b>	<b>500</b>
<b>5.</b>	<b>OTHER NON CURRENT ASSETS</b>		
<b>a</b>	<b>Preliminary Expenses</b>		
	Opening Balance	19,520	19,520
	Incurred during the year	-	-
		<b>19,520</b>	<b>19,520</b>
<b>b</b>	<b>Pre Operative Expenditure</b>		
	Opening Balance	8,939,201	60,493
	<b>Incurred During the Year :</b>		
	Sampling Analysis Exp	-	334,750
	Audit Fees	28,090	28,090
	Temple & Pooja Exp	-	57,727
	Telephone & Trunk calls	672	703
	Legal and Professional Expenses	37,719	2,807,550
	Stamp Duty on Registration of Lease Deed of Land	-	102,450
	Finance Cost (other borrowing cost)	4,076,197	5,546,733
	Bank Charges and Commission	629	705
	Advertisement	8,286	-
	Miscellaneous Expenses	30,473	-
	Rent	561,800	-
		<b>13,683,067</b>	<b>8,939,201</b>
	<b>TOTAL</b>	<b>13,702,587</b>	<b>8,958,721</b>
<b>6</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	<b>Cash and Bank Balances:-</b>		
	In Current Accounts:		
	With Central Bank of India - Vizag	10,811	9,890
	With State Bank of India - Garividi	8,800	9,350
	With HDFC Bank - New Delhi	45,628	2,684,334
	<b>TOTAL</b>	<b>65,239</b>	<b>2,703,574</b>



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**Note-7**

**Significant Accounting Policies and Notes to Accounts for the Year Ended on March 31, 2013.**

The Company is in project stage. Operations have not started and hence no profit & loss account prepared. The relevant accounting policies for the transactions recognised have been disclosed.

**A. Significant Accounting policies**

**1 Accounting Conventions**

The financial statements are prepared under the historical cost convention on accrual, prudence and in accordance with the requirements of the Companies Act, 1956 and in compliance with the applicable accounting standards referred to in sub-section (3C) of the Section 211 of the said Act. The accounting policies have been consistently applied by the company.

**2 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.

**3 Revenue Recognition**

The Company has not started its operation (i.e. generation of power) and therefore, company has not prepared profit & loss account. And has not received and recognised any revenue.

**4 Borrowing Cost**

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

**5 Cash Flow Statement**

Cash flow statements 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 flows from operating, investing and financing activities of the company are segregated.

**6 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.

**7 Miscellaneous expenditure (to extent not written off or adjusted)**

Preliminary expenditures have been shown under the head miscellaneous expenditure, which will be written off in a period of five years starting from the year in which company will start its commercial operations.



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**B. Notes to Accounts**

- 1 Capital Commitment  
Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil  
(Previous year Rs.Nil)
- 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 has been made
- 3 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 on March 31, 2013. Further during the year no interest has been paid or payable under the terms of the said Act.
- 4 The Company has no employee hence section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employee) Rules 1975 are not applicable
- 5 The Company has got sanction a Term Loan of Rs100cr and Rs71.10cr from PFC and PTC India Financial Services Ltd respectively and Company has paid Rs32.77lacs as Syndication charges to PFC in current year and Rs27.54 lacs in previous year and Rs6.86lacs to PTC India Financial Services Ltd in current year and Rs27.57 Lacs to I.S.I Financial Services Pvt Ltd in previous year.
- 6 The Company has taken 24.14 acres of Land on lease from Facor Alloys Limited, holding company, for 25 years at Rs 5 Lac pa as Rent for construction of Building & installation of Plant & Machinery required for generation, distribution and transmission of Electricity and Company has paid Rs1,02,450 as Stamp Duty for Registration of Lease Deed in previous year.

**7 Related Party Transactions**

As per Accounting Standard -18 "Related Party" notified as per (Accounting Standards Rules, 2006). The Company's related parties and transactions are disclosed below:

**a) List of related parties**

(i) **Name and nature of relationship with the related party where control exists:**

Facor Alloys Limited- Holding company (100%)

(ii) **Key Management Personnel (KMP)**

Mr. Vinod Saraf - Director  
Mr. Yogesh Saraf - Director  
Mr. Ashim Saraf - Director  
Mr. Rohit Saraf - Director

(iii) **Enterprise, over which Key management personnel and their relatives exercise significant influence with whom transactions have taken place during the year :**

1. Facor Alloys Limited



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b) Transactions with Related Parties during the year ended 31-03-2013 in the ordinary course of business

(Amount in Rs)

Particulars	With Enterprise where Significant exists		With Key Management Personnel & Relatives	
	2012-13	2011-12	2012-13	2011-12
i) Rent paid	561,800	0	-	-
ii) Unsecured loan taken	4,562,068	8,559,369	-	-
iii) Balances outstanding at the year end :				
a) Short term Borrowings (Unsecured)	13,131,437	8,569,369	-	-
b) Other Payables	-	-	19,520	19,520

8 Auditor's Remuneration

(Amount in Rs)

Particulars	2012-13	2011-12
As Statutory Auditor Fees	28,090	28090

9 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: 11th April, 2013



For and on behalf of the Board

ASHIM SARAF  
(Director)

YOGESH SARAF  
(Director)