FACOR POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2013

Amount (in ₹)

Particulars	Note No.	Figures as at March 31, 2013	Figures as at March 31, 2012
I. EQUITY AND LIABILITIES			
(1) **Shareholders' Funds**			
(a) Share Capital	1	1,821,243,690	1,628,743,690
(b) Reserve and Surplus	2	(728,963,627)	(263,995,064)
		1,092,280,063	**1,364,748,626**
(2) **Non-current liabilities**			
(a) Long-term borrowings	3	3,494,318,182	3,750,044,308
(b) Other Long term liabilities	4	56,989,570	1,516,625
(C) Long-term provisions	5	2,896,845	1,796,578
		3,554,204,597	**3,753,357,511**
(3) **Current liabilities**			
(a) Short-term borrowings	6	403,687,026	3,738,009
(b) Current Maturity of Long Term Borrowings	8	255,726,126	679,141
(C) Trade payables	7	201,771,546	47,446,277
(d) Other current liabilities	8	616,846,729	306,372,074
(e) Short-term provisions	9	249,588	178,769
		1,478,281,015	**358,414,271**
TOTAL		**6,124,765,675**	**5,476,520,407**
II. ASSETS			
Non-current assets			
(1) (a) Fixed assets			
(i) Tangible assets	10	3,340,942,259	3,292,078,696
(ii) Capital work-in-progress	11	2,481,911,797	1,615,429,586
(b) Non-current investments	12	40,000	40,000
(c) Long-term loans and advances	13	91,701,813	229,945,392
(d) Other non-current assets	14	14,132,554	11,440,954
		5,928,728,423	**5,148,934,628**
(2) **Current assets**			
(a) Current investments		-	-
(b) Inventories	15	99,003,444	31,072,416
(c) Trade receivables	16	26,235,785	43,841,825
(d) Cash and cash equivalents	17	21,500,991	181,688,501
(e) Short-term loans and advances	18	43,457,851	66,491,012
(f) Other current assets	19	5,839,181	4,492,026
		196,037,252	**327,585,779**
TOTAL		**6,124,765,675**	**5,476,520,407**
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: 27-05-2013

S. S. KOTHARI MEHTA & CO. NEW DELHI CHARTERED ACCOUNTANTS

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, 2013

Amount (in ₹)

	Particulars	Note No.	For the Year 2012-13	For the Year 2011-12
I.	Revenue from operations	20	924,358,144	388,366,854
II.	Other Income	21	1,469,529	400,000
III.	**Total Revenue (I+II)**		**925,827,673**	**388,766,854**
IV.	**Expenses**			
	Cost of materials consumed	22	794,371,646	361,467,626
	Purchases of stock-in-trade		-	-
	Changes in inventories of finished goods		-	-
	Work-in-progress and Stock-in-Trade		-	-
			-	-
	Employee benefits expenses	23	37,784,020	17,999,549
	Finance Costs	24	322,708,764	161,112,556
	Depreciation and amortization expenses		162,597,693	81,145,077
	Other expenses	25	73,334,113	31,037,110
	Total Expenses		**1,390,796,236**	**652,761,918**
V.	**Profit/(loss) before exceptional and extraordinary items and tax (III-IV)**		(464,968,563)	(263,995,064)
VI.	**Exceptional items**		-	-
VII.	**Profit/(loss) before extraordinary items and tax (V-VI)**		(464,968,563)	(263,995,064)
VIII.	**Extraordinary items**		-	-
IX.	**Profit/(loss) before tax (VII-VIII)**		(464,968,563)	(263,995,064)
X.	**Tax expense:**			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
XI.	**Profit (Loss) for the period from continuing operations (IX-X)**		(464,968,563)	(263,995,064)
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)**		(464,968,563)	(263,995,064)
XVI.	**Earning per equity share of ` 10/- each**			
	(1) Basic		(2.70)	**(3.00)**
	(2) Diluted		(2.70)	**(3.00)**

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: 27-05-2013

S. S. KOTHARI MEHTA & CO. ★ CHARTERED ACCOUNTANTS NEW DELHI

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, 2013.

Amount (in `)

		Figures for the year 2012-13	Figures for the Year 2011-12
(A)	**Cash flow from Operating activities:-**		
	Profit before tax	(464,968,563)	(263,995,064)
	Adjustment for:-		
	Depreciation	162,597,693	81,145,077
	Interest paid	322,708,764	161,112,556
	Interest received	(989,529)	-
	Operating profit before working capital changes	**19,348,365**	**(21,737,431)**
	Adjustment For:		
	Inventory	(67,931,028)	(19,714,130)
	Trade receivables	17,606,040	(43,841,825)
	Loans & Advances	23,033,161	(44,277,215)
	Other Current assets	(1,347,155)	(4,347,866)
	Other non-current assets	(2,691,600)	2,640,239
	Long-term loans & advances	(1,068,702)	(1,978,238)
	Sundry Creditors	154,325,269	47,446,277
	Long-term provisions	1,100,267	495,187
	Other liabilities & Provisions	310,545,474	(89,746,347)
	Cash Generated from Operation	433,571,726	(153,323,918)
	Tax Paid	-	-
	Net Cash Flow/(used) from operating activities (A)	**452,920,091**	**(175,061,349)**
(B)	**Cash Flow from investing activities :**		
	Purchase of fixed assets including CWIP	(872,119,924)	(1,411,107,187)
	Non-current investments	-	(20,000)
	Bank deposits held as margin money	(13,023,350)	-
	Capital Advances	139,312,280	186,031,880
	Interest received	7,606,130	2,424,660
	Net cash used in investing activities (B)	**(738,224,864)**	**(1,222,670,647)**
(C)	**Cash flow from financing activities :**		
	Proceeds from issuance of shares	192,500,000	912,500,000
	Share Application Money received	-	(545,000,000)
	Proceeds from term borrowings (Net)	54,793,804	2,503,630,945
	Short-term borrowings	399,949,017	(1,246,261,991)
	Interest paid	(535,148,908)	(379,715,290)
	Net Cash flow from financing activities (C)	**112,093,913**	**1,245,153,664**
	Net increase in cash and cash equivalents (A+B+C)	(173,210,859)	(152,578,332)
	Cash and cash equivalent at the beginning of the period	173,862,501	326,440,833
	Cash and cash equivalent at the end of the period	651,642	173,862,501

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: 27-05-2013

S. S. KOTHARI MEHTA & CO.
NEW DELHI
CHARTERED ACCOUNTANTS

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

Notes to the Financial Statement

Amount (in ₹)

Particulars	Figures as at March 31, 2013	Figures as at March 31, 2012
NOTE NO. 1 : SHARE CAPITAL		
Authoriased Share Capital		
235,000,000 Equity Shares (Previous Year 185,000,000 Shares) @ Rs. 10/Share	2,350,000,000	1,850,000,000
1,500,000 Preference Shares (Previous Year 1,500,000 Shares) @ Rs. 100/Share	150,000,000	150,000,000
	2,500,000,000	**2,000,000,000**
Share Capital issued, subscribed and fully paid		
182,124,369 Equity Shares (Previous Year 162,874,369 Shares) @ Rs. 10/Share	1,821,243,690	1,628,743,690
	1,821,243,690	**1,628,743,690**
A. Reconciliation of Number of Shares		
(i) Authorised Share Capital		
Outstanding at the Beginning	1,850,000,000	1,850,000,000
Add: Issued During the year	500,000,000	-
Less: Deduction During the Year	-	-
Outstanding at the End of the Reporting Period	2,350,000,000	1,850,000,000
(ii) Share capital issued, subscribed and fully paid		
Outstanding at the Beginning	162,874,369	71,624,369
Add: Issued During the year	19,250,000	91,250,000
Less: Deduction During the Year	-	-
Outstanding at the End of the Reporting Period	182,124,369	162,874,369

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	84.08	153,124,299	83.55	136,074,299

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	84.08	153,124,299	83.55	136,074,299
Facor Alloys Limited	10.98	20,000,000	12.28	20,000,000

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.

Particulars	Figures as at March 31, 2013	Figures as at March 31, 2012
NOTE NO. 2 : RESERVES & SURPLUS		
Surplus (Deficit) in Statement of Profit & Loss		
As per Last Financial Statement	(263,995,064)	-
Add: Addition During the Year	(464,968,563)	(263,995,064)
Less: Transfer During the Year	-	-
Net Surplus (Deficit) in the Statement of Profit & Loss	**(728,963,627)**	**(263,995,064)**
NOTE NO. 3 : LONG-TERM BORROWINGS		
Secured Long Term Borrowings:		
a) Term Loan		
Rural Electrification Corporation Limited	3,750,000,000	3,750,000,000
b) Long-term maturity of finance lease obligation		
Vehicle Loan from Banks	44,308	723,449
c) Current Maturity of Long Term Borrowings	(255,726,126)	(679,141)
	3,494,318,182	**3,750,044,308**

Note:

A. (i) Loan from Rural Electrification Corporation Limited (REC) is secured by first charge on all present & future immoveable properties except leasehold lands, moveable fixed assets including project assets, book debts, commission recivables, 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 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 & others 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 ` 8,52,27,272 each . Rate of interest on the said loan varies from 12.25% to 14.00% per annum. Interest of ` 24,49,72,058/- due on term loan is outstanding for the period September 30, 2012 to March 30, 2013.

(ii)Vehicle loan is re-payable in equated monthly installments.

NEW DELHI CHARTERED ACCOUNTANTS

FACOR POWER LIMITED

Notes to the Financial Statement

Amount (in ₹)

Particulars	Figures as at March 31, 2013	Figures as at March 31, 2012
NOTE NO. 4 : OTHER LONG-TERM LIABILITIES		
a) Trade Payable	-	-
b) Others		
(i) Security Receipt from Trainees	2,196,597	1,464,000
(ii) Retention Money	54,792,973	52,625
	56,989,570	1,516,625
NOTE NO. 5 : LONG-TERM PROVISIONS		
Provision for employee benefits:		
i) Provision for Leave Encashment	1,547,821	1,052,551
ii) Provision for Gratuity	1,349,024	744,027
	2,896,845	1,796,578
NOTE NO. 6 : SHORT-TERM BORROWINGS		
a) Secured Borrowings		
Cash Credit Loan from Bank and Repayable on Demand	152,737,026	3,738,009
b) Unsecured Borrowings		
(i) Loan from Related Party (Facor Alloys Limited)	129,000,000	-
(ii) Deposits	121,950,000	-
	403,687,026	3,738,009

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 gurantee 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 13.75% to 14.25% 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 2013-14.

NOTE NO. 7 : TRADE PAYABLES		
i) Creditors for Purchases	199,084,716	5,437,916
ii) Creditors for Expenses	2,686,830	42,008,361
	201,771,546	47,446,277

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, 2013. 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	255,681,818	-
b) Current Maturity of Finance Lease Obligations of Long-Term Debts		
(i) From Banks	44,308	536,986
(ii) From Others	-	142,155
c) Interest Accrued but Not Due	3,295,794	1,347,663
d) Interest Accrued and Due [Refer Note no. 3(B)(i)]	244,972,058	-
e) Others		
(i) Retention Money	187,213,520	217,332,724
(ii) Statutory Dues (PF, TDS, Electricity duty etc.)	12,224,907	9,618,175
(iii) Payable to Suppliers for Capital Goods	133,583,068	47,946,204
(iv) Payable to Others	29,275,947	25,494,172
(v) Payable to Employees	6,281,435	4,633,137
	872,572,855	307,051,216
NOTE NO. 9 : SHORT-TERM PROVISIONS		
Provision for Employee Benefits:		
i) Provision for Leave Encashment	244,110	176,328
ii) Provision for Gratuity	5,478	2,441
	249,588	178,769

S. S. KOTHARI MEHTA & CO. NEW DELHI CHARTERED ACCOUNTANTS

FACOR POWER LIMITED
Notes to the Financial Statement

Figures as at March 31, 2013

NOTE NO. 10 : TANGIBLE ASSETS

(Amount (in ₹)

PARTICULARS	GROSS CARRYING VALUE				DEPRECIATION / AMORTISATION				NET CARRYING VALUE	
	Figures as at 01-04-2012	Additions during the year	Disposals/ Adjustments during the year	Figures as at 31-03-2013	Figures as at 01-04-2012	For the year	Disposals/ Adjustments during the year	Figures as at 31-03-2013	Figures as at 31-03-2013	Figures as at 01-04-2012
Land Freehold	49,809,181	9,443,431	-	59,252,612	-	-	-	-	59,252,612	49,809,181
Land Leasehold	11,816,440	-		11,816,440	44,037	119,358		163,395	11,653,045	11,772,403
Factory Buildinng	674,077,060	96,942,063	-	771,019,123	11,306,881	22,523,044	-	33,829,925	737,189,198	662,770,179
Office Building	5,745,660	491,366		6,237,026	49,877	93,677		143,554	6,093,472	5,695,783
Plant & Machinery	2,624,986,899	94,973,911	-	2,719,960,810	70,549,774	138,595,878	-	209,145,652	2,510,815,158	2,554,437,125
Office Equipment	3,889,206	426,971	-	4,316,177	1,258,809	471,188	-	1,729,997	2,586,180	2,630,397
Furniture & Fixture	3,068,297	926,100	-	3,994,397	1,057,327	283,101	-	1,340,428	2,653,969	2,010,970
Vehicle under Lease	4,030,780	8,257,414	-	12,288,194	1,078,122	511,447	-	1,589,569	10,698,625	2,952,658
Total	**3,377,423,523**	**211,461,256**	-	**3,588,884,779**	**85,344,827**	**162,597,693**	-	**247,942,520**	**3,340,942,259**	**3,292,078,696**
Previous Year	78,026,415	3,299,397,108	-	3,377,423,523	2,975,216	82,369,611	-	85,344,827	3,292,078,696	75,051,199

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.

S. S. KOTHARI MEHTA & CO. CHARTERED ACCOUNTANTS NEW DELHI

FACOR POWER LIMITED
Notes to the Financial Statement

NOTE NO. 11 : CAPITAL WORK IN PROGRESS

Amount (in ₹)

Particulars	Figures as at March 31, 2013	During the Period	Figures as at March 31, 2012 (net of amount capitalized)*
A. Assets Under Construction	2,169,970,871	792,955,543	1,377,015,328
Total (A)	2,169,970,871	792,955,543	1,377,015,328
B. Expenditure Pending Allocation;			
Employee Cost:			
- Salary and Other Cost	34,109,838	13,033,618	21,076,220
- Contribution to Provident and Other Funds	2,195,246	792,190	1,403,056
Rent	1,209,752	7,000	1,202,752
Travelling & Conveyance Expenses	7,537,529	2,716,250	4,821,279
Technical Consultancy Charges	18,359,961	149,508	18,210,453
Legal and Professional Expenses	2,955,144	109,791	2,845,353
Business Promotion Expenses	268,550	210,769	57,781
Communication Expenses	1,177,312	477,063	700,249
Staff Recruitment & Development Expenses	643,909	162,180	481,729
Advertisement Expenses	166,340	112,885	53,455
Fee and Taxes	3,118,143	658,687	2,459,456
Repair & Maintenance -Office	12,664,253	5,820,948	6,843,305
Repair & Maintenance-Plant & Machinery	831,630	694,984	136,646
Vehicle Running & Maintenance Expenses	1,173,192	246,576	926,616
Auditor's Remuneration	132,109	-	132,109
Miscellaneous Expenses	2,152,920	187,700	1,965,220
Fringe Benefit Tax	33,842	-	33,842
Interest & Other Financial Charges	342,202,044	212,440,144	129,761,900
Bank Charges and Commission	2,059,039	32,197	2,026,842
Power & Fuel Expenses for construction	43,863,300	23,328,458	20,534,842
Depreciation	1,892,921	-	1,892,921
Freight & Cartage Expenses	380,199	171,725	208,474
Difference in Foreign Exchange	27,854	-	27,854
Stores & Spares	1,108,805	(935,415)	2,044,220
Commission and Brokerage	924,961	874,536	50,425
Dewatering Charges	2,218,202	(22,541)	2,240,743
Temporary Construction	238,240	-	238,240
Corporate Social Responsiability	4,201,044	514,498	3,686,546
Insurance	7,310,097	1,724,933	5,585,164
Trial Run Expenses			
a) Raw Material	11,625,498	7,826,245	3,799,253
b) Others	606,568	606,568	-
c) Less: Sale of Energy During Trial Run	-	-	-
Net Expenses During Trial Run	12,232,066	8,432,813	3,799,253
Electricity Duty on Auxiliary Consumption	4,026,664	840,000	3,186,664
	511,415,106	272,781,497	238,633,609
Add: Construction Material at Site	735,679	(1,051,509)	1,787,188
Less: Interest Income on Deposits and Others	8,623,140	6,616,601	2,006,539
Total (B)	503,527,645	265,113,387	238,414,258
Total (A+B)	2,673,498,516	1,058,068,929	1,615,429,586
Less: Amount Capitalized During the Year	191,586,719		-
Net Balance of CWIP	2,481,911,797		1,615,429,586

* Last year Company had capitalized assets of ` 3,284,016,223/- from CWIP which has been shown on net basis.

NEW DELHI

Notes to the Financial Statement

Particulars	Figures as at March 31, 2013	Amount (in ₹) Figures as at March 31, 2012
NOTE NO. 12 : NON-CURRENT INVESTMENT		
a) Un-quoted non-trade investment		
Investment in Government Securities	40,000	40,000
	40,000	**40,000**
Aggregate book value of the unquoted investment	40,000	40,000
Aggregate provisiion for diminution in the value of investment	Nil	Nil

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

Particulars	Figures as at March 31, 2013	Figures as at March 31, 2012
NOTE NO. 13 : LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good:		
i) Capital Advances	72,101,965	211,414,245
ii) Security Deposits	18,737,122	18,069,622
iii) Prepaid Expenses	862,726	377,525
iv) Advance Rent	-	84,000
	91,701,813	**229,945,392**
NOTE NO. 14 : OTHER NON-CURRENT ASSETS		
Un-amortized expenditure	14,132,554	11,440,954
	14,132,554	**11,440,954**
NOTE NO. 15 : INVENTORIES		
a) Raw Material:		
i) Coal at site	14,363,693	30,618,398
ii) Coal in transit	77,323,366	-
b) Consumables:		
i) Chemicals	1,052,300	-
ii) High Speed Diesel	525,761	400,025
iii) Stores & Spares/Consumables	5,738,324	53,993
	99,003,444	**31,072,416**
NOTE NO. 16 : TRADE RECEIVABLES		
Unsecured Considered good:		
a) Outstanding for period exceeding six months from the due date	-	-
b) Others		
i) From Holding Company	24,223,505	43,098,084
ii) Others	2,012,280	743,741
	26,235,785	**43,841,825**

S. S. KOTHARI MEHTA & CO. NEW DELHI

FACOR POWER LIMITED

Notes to the Financial Statement

Particulars	Figures as at March 31, 2013	Amount (in ₹) Figures as at March 31, 2012
NOTE NO. 17 : CASH AND BANK BALANCES		
a) Cash & Cash Equivalents:		
i) Balance in Current Accounts	488,214	1,179,023
ii) Bank Deposits (having original maturity period upto 3 months)	-	172,500,000
iii) Cash on hand	163,427	183,478
b) Other Bank balances:		
i) Bank Deposits (held as margin money/security deposit)	20,809,350	5,436,000
ii) Bank Deposits (held as margin money/security deposit and having maturity period more than 12 months)	40,000	2,390,000
	21,500,991	**181,688,501**

Other Bank deposits of ` 5,436,000/-( Previuos year ` 5,436,000/-) 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 ` 15,373,350 (Previous year `2,390,000/-) 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 Nil) has been deposited with Mining Department, Orissa.

NOTE NO. 18 : SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good:		
I) Advance for Purchase of Goods	28,129,311	61,902,198
Ii) Advance for Expenses	11,212,610	2,114,285
Iii) Prepaid Expenses	2,280,913	1,982,935
iv) Other Advances	563,085	17,864
v) Security Deposits	185,204	3,500
vi) Taxes Paid (Tax Deposit At Source)	1,008,380	462,573
vii) Advance to Staff	78,348	7,656
	43,457,851	**66,491,012**
NOTE NO. 19 : OTHER CURRENT ASSETS		
(i) Interest Accrued on Fixed Deposits	2,306,042	1,631,787
(ii)Unamortized Expenses	3,533,139	2,860,239
	5,839,181	**4,492,026**
NOTE NO. 20 : REVENUE FROM OPERATIONS		
(i) Sale of Power	922,454,857	383,264,129
(ii) Other Operating Revenue	1,903,287	5,102,725
	924,358,144	**388,366,854**
NOTE NO. 21 : OTHER INCOME		
i) Rental Income	480,000	400,000
ii) Interest on Fixed Deposit/ Margin Money Deposit	989,529	- *
	1,469,529	**400,000**

* In previous year interest has been credited to CWIP

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FACOR POWER LIMITED

Notes to the Financial Statement

Particulars		Figures for the Year 2012-13		Figures for the year 2011-12
				Amount (in ₹)
NOTE NO. 22 : COST OF MATERIAL CONSUMED				
a) Coal Consumed:				
Opening inventory	30,618,398		-	
Purchase during the year	565,911,191		243,008,730	
Add: Incidental expenses	284,324,441		145,980,088	
Less: Closing Stock	91,687,059	789,166,971	30,618,398	358,370,420
b) High Speed Diesel		2,854,541		898,099
c) Chemicals		2,350,134		2,199,107
		794,371,646		**361,467,626**
NOTE NO. 23 : EMPLOYEE BENEFITS EXPENSES				
Salaries & Wages		35,258,929		16,578,658
Contribution to Provident and Other Funds		2,127,382		1,162,368
Staff Welfare Expenses		397,709		258,523
		37,784,020		**17,999,549**
NOTE NO. 24 : FINANCE COSTS				
a) Interest Cost		322,384,327		159,223,887
b) Other Borrowing Cost		324,437		1,888,669
		322,708,764		**161,112,556**
NOTE NO. 25 : OTHER EXPENSES				
Other Operating Expenses		12,124,367		5,298,446
Coal Feeding Expenses		10,935,038		4,591,867
Water Treatment Expenses		2,045,673		898,360
Ash Disposal Expenses		11,033,448		5,279,198
Stores & Spares		2,465,655		1,003,502
Insurance		2,985,626		1,447,314
Water Charges		5,266,091		2,248,785
Repair & Maintenance-Machinery		1,688,593		1,110,973
Repair & Maintenance-Buildings		90,908		33,017
Repair & Maintenance-Office		1,075,736		507,371
Audit Expenses				
A) Statutory Auditor				
(i)Statutory Audit Fee		337,080		337,080
(ii) Tax Audit		112,360		-
(iii) Certificates/ Other Services		33,708		275,750
(iv) Reimbursement of Expenses		8,911		20,979
B) Cost Auditor				
(i) Cost Audit Expenses		100,835		100,327
Rent		2,814,571		1,611,384
Guest House Expenditure		2,012,220		145,068
Legal & Professional		2,244,395		963,119
Rates & Taxes		866,600		264,898
Travelling/Conveyance Expenses		1,977,718		1,110,517
Miscellaneous Expenses		13,114,580		3,789,155
		73,334,113		**31,037,110**

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NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2013 AND PROFIT & LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

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 ₹ 56,811.00 lacs. The Project was appraised by Rural Electrification Corporation Ltd. (REC) who had sanctioned a term loan of ₹ 39,768.00 lacs (70% Project Cost) and is the sole lender. The balance of ₹ 17,043.00 lacs representing 30% of the total project cost would be equity contribution.

The phase-I (One Turbine of 50MW and One Boiler) of the project was successfully synchronized on 8th July 2011 and the same was under testing till 30th September 2011. The erection & commissioning activities for the second boiler has been completed but is under trial run. The second Turbine of 50MW is under commissioning as on 31st March 2013. The erection activity of 3rd boiler is under process.

B. Significant Accounting Policies:

i. 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.

All assets and liabilities have been classified as current & non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained 12 months period for the purpose of current & non- current classification of assets and liabilities being a period higher than the company's operating cycle.

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

The Company has started its operation (i.e. generation of power) during the previous year and 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.

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v. **(A) Fixed Assets (Tangible)**

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

(B) Capital Work in Progress (Tangible)

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

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'.

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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

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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.

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NOTE NO. 27

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

(Amount in ₹)

Particulars		As at March 31, 2013	As at March 31, 2012
A) Contingent Liabilities			
(i)	Outstanding amount of Bank Guarantees	2,89,35,000	1,73,43,000
B) Commitments			
(i)	Letter of Credit	1,25,06,174	Nil
(ii)	Estimated amount of unexecuted capital contracts	49,16,01,000	92,59,91,000

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

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

3. During the year, the Company has issued 17,050,000 (previous year 71,250,000) equity shares face value of ₹ 10/- each to Ferro Alloys Corporation Ltd and 2,200,000 (Previous Year Nil) equity shares face value of ₹ 10/- each to Vineet Infin Private Limited 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.

4. **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, 2013, under the Defined Contribution Plans.

(Amount in ₹)

Particulars	2012-13	2011-12
Contribution to Provident Fund	13,69,446	11,46,655
Contribution to Employee's Pension Scheme 1995	7,64,888	5,67,785
Total	**21,34,334**	**17,14,440**

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(B) Defined Benefits Plans (Unfunded)

(i) Change in the present value of obligation:

(Amount in ₹)

Particulars	2012-13		2011-12		2010-11		2009-10	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Opening balance of present value of obligation	12,28,879	7,46,468	8,86,576	4,39,750	3,13,235	1,87,942	1,13,107	57,881
Interest Cost	1,13,400	70,094	77,575	38,478	32,965	19,902	9,024	4,618
Current Service Cost	6,12,573	440,582	5,45,616	3,33,872	4,07,344	2,18,826	2,22,288	1,34,180
Actuarial Gain Loss	(42,233)	97,358	(2,55,953)	(65,632)	1,71,312	13,080	5,485	-
Benefits paid	(1,20,688)	-	(24,935)	-	(38,280)	-	(36,669)	(8,737)
Closing balance of present value of obligation	**17,91,931**	**13,54,502**	**12,28,879**	**7,46,468**	**8,86,576**	**4,39,750**	**3,13,235**	**1,87,942**

Since the Company had adopted the revised AS-15 from the financial year 2009-10, hence the figures of gratuity & leave encashment are available only from the Financial Year 2009-10.

(ii) Amounts recognized in Balance Sheet:

(Amount in ₹)

Particulars	**2012-13**		**2011-12**	
	Leave Encashment	**Gratuity**	**Leave Encashment**	**Gratuity**
Closing balance of present value of obligation	17,91,931	13,54,502	12,28,879	7,46,468
Closing balance of fair value of plan assets	-	-	-	-
Liability recognized in the Balance Sheet (under the head provision)	**17,91,931**	**13,54,502**	**12,28,879**	**7,46,468**

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

(Amount in ₹)

Particulars	**2012-13**		**2011-12**	
	Leave Encashment	**Gratuity**	**Leave Encashment**	**Gratuity**
Interest Cost	1,13,400	70,094	77,575	38,478
Current Service Cost	6,12,573	4,40,582	5,45,616	3,33,872
Actuarial Gain Loss	(42,233)	97,358	(2,55,953)	(65,632)
Total Amount recognized in CWIP/P&L	**6,83,740**	**6,08,034**	**3,67,238**	**3,06,718**

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

Particulars	**2012-13**		**2011-12**	
	Leave Encashment	**Gratuity**	**Leave Encashment**	**Gratuity**
Discount rate (per annum)	8.25%	8.25%	8.75%	8.75%
Rate of Increase in compensation	5%	5%	5%	5%
Expected average remaining working lives of employees (Years)	26.20	26.20	26	26

5. **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 Limited

ii) Key Management Personnel (KMP) and their relatives

S.no.	Name	Relation
1	Mr. Vineet Saraf	Whole-time Director
2	Mr. Yogesh Saraf	Whole-time Director
3	Mr. Ashish Saraf	Director
4	Mr. Anurag Saraf	Director
5	Mrs. Sunanda Devi Saraf	Relative of KMP

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C. **Transactions with Related Parties:-**

(Amount in ₹)

		Name of Party	Nature of Transactions	2012-13	2011-12
Related parties & relationships, where control exists	a	Ferro Alloys Corporation Ltd.	Sale of Energy	95,45,94,489	47,15,68,848
			Share Application money received	17,05,00,000	54,25,00,000
			Lease rent paid	1,000	500
			Expenses incurred on behalf of reporting entity	10,64,808	Nil
			Reimbursement of expenses	Nil	72,727
			Purchase of Vehicles	53,95,369	Nil
			Issue of shares	17,05,00,000	71,25,00,000
			Corporate Guarantee	Nil	(83,00,00,000)
			Closing Balance :-		
			Amount receivable	2,42,23,505	4,30,98,084
			Corporate Guarantee	4,42,68,00,000	4,42,68,00,000
Enterprises owned or significantly influenced by KMP and/or their Relatives	a	Facor Alloys Limited	Issue of Shares	Nil	20,00,00,000
			Reimbursement of expenses	15,783	36,385
			Short-term Loan taken	12,90,00,000	Nil
			Interest paid	4,05,270	Nil
			Purchase of Vehicles	29,16,013	Nil
			Share Application money received	Nil	(17,50,00,000)
			Closing Balance		
			Short-term Loan	12,94,05,270	Nil
			Others	29,16,013	Nil
	b	Facor Solar Limited	Expenses incurred by reporting entity	8,415	Nil
			Closing Balance	Nil	Nil
	c	Facor Energy India Limited	Expenses incurred by reporting entity	8,415	Nil
			Closing Balance:-	Nil	Nil
Key Management Personnel (KMP) and their relatives	a	Vineet Infin Private Limited	Share Application money received	2,20,00,000	Nil
			Issue of Shares	2,20,00,000	Nil
			Rent from lease land	4,80,000	4,00,000
			Closing Balance:-	Nil	Nil
	b	Mr. Vineet Saraf	Personal Guarantee	Nil	(83,00,00,000)
			Closing Balance:-		
			Personal Guarantee	4,39,68,00,000	4,39,68,00,000
	c	Mr. Anurag Saraf	Personal Guarantee	Nil	(83,00,00,000)
			Closing Balance:-		
			Personal Guarantee	4,39,68,00,000	4,39,68,00,000
	d	Mrs. Sunanda Devi Saraf	Rent Paid	3,00,000	Nil
			Closing Balance	Nil	Nil

Note: There are two more Directors from promoters group, Mr. Ashish Saraf and Mr. N.D. Saraf, with whom there are no transactions during the current year.

6. **Assets taken on operating lease:-**

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

Minimum lease payment for non-cancellable lease of ₹26,86,200 (Previous year ₹2,543,750/-) are charged to CWIP/Profit & Loss statement during the year; clubbed under the head rent and guest house expenses; Note no. 25.

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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, 2013	As at March 31, 2012
a.	Not later than one year	26,86,200	26,86,200
b.	Later than one year and not later than five years	15,66,950	42,53,150
c.	Later than five years	Nil	Nil

From the above non-cancellable lease the company has sub-leased to a related party Vineet Infin Pvt. Ltd. amounted to ₹4,80,000 (Previous year ₹4,00,000) which is recognised in the profit and loss statement under the head other incomes, note no. 21.

Minimum lease payment for cancellable lease of ₹9,11,371 (Previous year ₹4,45,500/-)are charged to CWIP/Profit & Loss statement during the year; clubbed under the head rent and guest house expenses; Note no. 25.

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

S.no.	Particulars	As at March 31, 2013	As at March 31, 2012
1	Earnings available for equity shareholders	(46,49,68,563)	(26,46,37,583)
2	Weighted average no. of Shares	17,22,58,616	8,79,40,626
3	Basic EPS	(2.70)	(3.00)
4	Diluted EPS	(2.70)	(3.00)

8. **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 (₹)	
		2012-13	2011-12
1	Technical Support	Nil	4,65,491
2	Fee for private equity placement	Nil	6,39,334
	Total	**Nil**	**11,04,825**

9. **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.

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

S. no.	Particulars	Amount (₹)	
		2012-13	2011-12
1	Raw Materials	8,49,00,000	Nil
2	Components and Spare parts	Nil	Nil
3	Capital Goods	Nil	Nil
	Total	**8,49,00,000**	**Nil**

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11. **Consumption of raw materials, spare parts and components**

S. no.	Particulars	2012-13		2011-12	
		Value	%	Value	%
1	Imported	2,35,33,634	2.95	Nil	Nil
2	Indigenous	77,33,03,667	97.05	36,24,71,128	100.00
	Total	**79,68,37,301**	**100.00**	**36,24,71,128**	**100.00**

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

13. **Remuneration to Directors**
During the year whole time directors have received remuneration from the Company (Facor Power Ltd.) for two months (Feb-Mar'13) only. Director(s) have received their remuneration for other months from the group companies. 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	2012-13	2011-12
1	Salaries	4,20,000	Nil
2	Perquisites & Allowances	1,13,354	Nil
3	Contribution to Provident Fund	50,400	Nil
	Total	**5,83,754**	**Nil**

14. **Additional Information**

S.no.	Particulars	2012-13		2011-2012	
		Particulars	Value (in ₹)	Particulars	Value (in ₹)
1.	Installed Capacity (MW)*	50	-	50	-
2.	Power Generated (KW)	25,00,62,000	-	10,37,98,020	-
3.	Power Export (KW)	21,84,06,760	92,24,54,857	9,12,57,760	38,32,64,129
4.	Raw Material Consumed (MT)	2,53,643	78,91,66,971	1,39,488	35,83,70,420

*The actual capacity was restricted to 38 MW due to limitation of Boiler capacity.

15. Previous year figures have been regrouped or reclassified to conform with current year's classification and the previous year's figures are not comparable since the 50 MW plant was commercially operating from 1st October 2011.

16. 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: 27-05-2013

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

S.S. KOTHARI MEHTA & CO. NEW DELHI CHARTERED ACCOUNTANTS

S S KOTHARI MEHTA & CO
CHARTERED ACCOUNTANTS

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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, 2013, 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. 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 of 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;

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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;

   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.: 095960

S. S. KOTHARI MEHTA & CO. NEW DELHI CHARTERED ACCOUNTANTS

Place: New Delhi
Date: 27.05.2013

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 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, 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.1,290.00 lacs

(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,

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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 act and rules laid thereunder have been complied by the Company in respect of the fixed deposit accepted from the public, *except the Company has not maintained liquid assets of 15% of the amount of deposit maturing during the year ending on March 31, 2014, as required under clause 3A of the above mentioned rules*.

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, 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.

x. The Company has incurred cash losses during the current year.

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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	12,34,40,971	29-Sep-12	28-Mar-13	6,82,10,641
			30-Mar-13	5,52,30,330
	12,34,40,971	30-Dec-12	Nil	-
	12,15,55,115	30-Mar-13	Nil	-
Penal Interest on non-payment of interest	46,94,194	30-Dec-12	28-Mar-13	46,94,194
	47,14,075	28-Mar-13	28-Mar-13	47,14,075
	45,41,122	28-Mar-13	28-Mar-13	45,41,122
Penal interest on non-creation of security	48,39,968	30-Mar-12	28-Mar-13	48,39,968

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. Accordingly, the provisions of clause 4(xiv) of the order are not applicable to the company.

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. Hence, the provisions of the clause (xv) of the order are not applicable to the company.

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 ` 4210.31 lacs*

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).

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xix. According to the information and explanation given to us during the year the company has not issued any debentures. Therefore the provisions of clause 4(xix) of the order are not applicable to the company.

xx. During the year the Company has not raised any money through public issue, therefore the provisions of clause 4(xx) of the order are not applicable to the company.

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 March 31st, 2013.

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

S. S. KOTHARI MEHTA & CO. NEW DELHI CHARTERED ACCOUNTANTS

Neeraj Bansal
Partner
Membership No.: 095960

Place: New Delhi
Date: 27.05.2013