

Confidential

**FACOR  
ELECTRIC  
LIMITED**

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**TWELVETH**

**ANNUAL REPORT**

**2021-2022**

**FACOR ELECTRIC LIMITED**

# **FACOR ELECTRIC LIMITED**

**U40106AP2010PLC086208**

**(Regd. Office)**

**S. NO. 77, ADMINISTRATIVE BUILDING, 1<sup>ST</sup> FLOOR, KONDAPALEM PANCHAYAT,  
SHREERAMNAGAR, GARIVIDI-535 101, DIST. VIZIANAGARAM (A.P.)**

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Board of Directors

Vinod Saraf

Yogesh Saraf

Ashim Saraf

Bankers

HDFC Bank

Auditors

CA Prem Shankar Rathi

Chartered Accountant



## ***Independent Auditor's Report***

To the Members of FACOR ELECTRIC LIMITED,

### **Report on the Audit of the Financial Statements**

#### Opinion

We have audited the financial statements of FACOR ELECTRIC LIMITED ("the Company"), which comprise the balance sheet as at 31st March 2022, and the statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022, its profit/loss and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Emphasis of Matter

As per the Information provided to us during the course of audit, we were informed that in the board meeting conducted on 10th February 2022 the board of directors have given their consent and passed a resolution where in they had recommended for Striking off of the Company. Thus there exists a reasonable doubt on the going concern assumption of the company.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has

adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

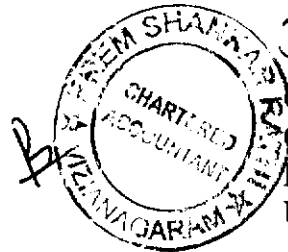
### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of Sec 197(16) of the Act as amended, we report that Section 197 is not applicable to a private company. Hence reporting as per Section 197(16) is not required.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**Place: VIZIANAGARAM**

**Date: 19.04.2022**



*Prem Shankar Rathi*  
**CA PREM SHANKAR RATHI.**  
**CHARTERED ACCOUNTANT**  
**MEMBERSHIP NO. 207457**  
**UDIN 22207457AICKRT8037.**

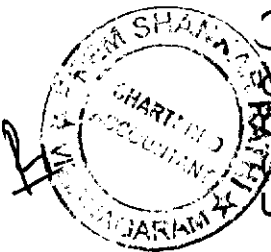
**Annexure-A to the Independent Auditors' Report:**

The Annexure referred to in our report to the members of **Facor Electric Limited** ('the Company'), for the year ended 31st March, 2022.

We report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All the fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) The title deeds of immovable properties are held in the name of the company but yet to be recorded in mutation register.
- ii) Since the company is not carrying on any operations and does not have any inventory during the year, clause 3(ii) of the Order is not applicable.
- iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
- iv) In our opinion and according to information and explanations given to us, the Company has not given any loan, made any investment, given any guarantee, or provided any securities covered under section 185 and 186 of the Act during the year.
- v) The Company has not accepted any deposits from the public.
- vi) The maintenance of cost records under Section 148(1) of the Act is not applicable as Company is not in operation.
- vii) a) According to the information and explanations given to us, the Company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
- b) There has been no pending disputed statutory dues to be deposited.
- viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government.

- ix) The Company has not raised money by way of initial public offer or further public offer (including debt instrument) or term loan.
- x) Based upon the audit procedure performed and information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) The Company has not paid or provided managerial remuneration during the year.
- xii) To the best of our knowledge and according to the information and explanations given to us, company is not a Nidhi Company.
- xiii) To the best of our knowledge and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of share or fully or partly convertible debenture during the year.
- xv) The Company has not entered into any non-cash transaction with directors or persons connected with them.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

 *Prem Shankar Rathi*  
CA. PREM SHANKAR RATHI.  
Chartered Accountants,  
(Member Ship No.207457)  
UDIN 22207457AICKRT8037

Place: VIZIANAGARAM,

Date: 19.04.2022.



## **Annexure –B to the Independent Auditor's Report**

### **Report on the Internal Financial controls under clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of **Facor Electric Limited** ("the Company") as of 31<sup>st</sup> March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls over Financial Reporting

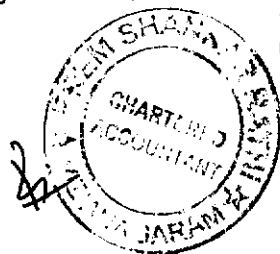
A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls systems over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2022, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.



*Prem Shankar Rathi*  
CA. PREM SHANKAR RATHI,  
Chartered Accountant,  
(Member Ship No.207457)  
UDIN 22207457AICKRT8037.

Place: VIZIANAGARAM,  
Date: 19.04.2022.

**Facor Electric Limited**  
**Balance sheet as at 31 March 2022**

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**2021-22**

						(₹)		
	Notes	As at 31 March 2022	As at 31 March 2021					
<b>ASSETS</b>								
<b>Non-current assets</b>								
(i) Other non-current financial assets	3	500	500					
<b>Total non-current assets</b>		500	500					
<b>Current assets</b>								
<b>Financial assets</b>								
(i) Cash and cash equivalents	4	25,764	26,764					
<b>Total current assets</b>		25,764	26,764					
<b>Total assets</b>		26,264	27,264					
<b>EQUITY AND LIABILITIES</b>								
<b>Equity</b>								
Equity share capital	5	5,00,000	5,00,000					
Other equity	6	(4,73,736)	(3,12,41,466)					
<b>Total equity</b>		26,264	(3,07,41,466)					
<b>Liabilities</b>								
<b>Current liabilities</b>								
<b>Financial liabilities</b>								
(i) Other financial liabilities	7	-	3,07,44,210					
Other current liabilities	8	-	19,520					
Provisions	9	-	5,000					
<b>Total Current liabilities</b>		-	3,07,68,730					
<b>Total liabilities</b>		-	3,07,68,730					
<b>Total equity and liabilities</b>		26,264	27,264					

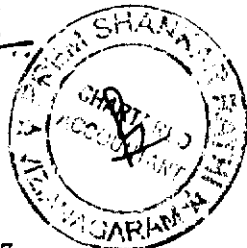
Notes to Financial Statements

1 to 21

The notes referred to above from an integral part of the Balance sheet.

This is the Balance sheet referred to in our report of even date.

*Prem Shankar Rathi*  
**Prem Shankar Rathi**  
 Chartered Accountant  
 Member Ship No.207457



UDIN 22207457AICKRT8037

For and on behalf of the Board of Directors

*Ashim Saraf*  
**(ASHIM SARAF)**  
 Director  
 DIN: 00009581

*Yogesh Saraf*  
**(YOGESH SARAF)**  
 Director  
 DIN: 00963740

Place: Vizianagaram

Date: 19.04.2022

# Facor Electric Limited

Statement of Profit and Loss for the year ended 31 March 2022

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(₹)

	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue			
Revenue from operations		-	-
Other Income	10	3,08,03,930	-
<b>Total income</b>		<b>3,08,03,930</b>	<b>-</b>
Expenses			
Other expenses	11	36,200	34,149
<b>Total Expenses</b>		<b>36,200</b>	<b>34,149</b>
<b>Profit/ (Loss) before tax</b>		<b>3,07,67,730</b>	<b>(34,149)</b>
Tax expense:			
Current tax	12.1	-	-
Deferred tax	12.2	-	-
<b>Profit/ (loss) for the period (A)</b>		<b>3,07,67,730</b>	<b>(34,149)</b>
Other Comprehensive Income		-	-
<b>Total Other Comprehensive income for the period (B)</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the period (A + B)</b>		<b>3,07,67,730</b>	<b>(34,149)</b>
Earnings per equity share	13		
Basic		615.35	(0.68)
Diluted		615.35	(0.68)

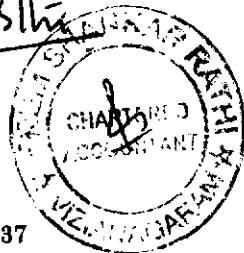
Notes to Financial Statements

1 to 21

The accompanying notes are an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

*Prem Shankar Rathi*  
Prem Shankar Rathi  
Chartered Accountant  
Member Ship No.207457



UDIN22207457AICKRT8037

For and on behalf of the Board of Directors

*Ashim Saraf*  
(ASHIM SARAF)  
Director  
DIN: 00009581

*Yogesh Saraf*  
(YOGESH SARAF)  
Director  
DIN: 00963740

Place: Vizianagaram

Date: 19.04.2022

# Facor Electric Limited

Statement of Changes in Equity for the year ended 31 March 2022

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(a) Equity share capital

Balance at the 01.04.2020  
Changes in equity share capital during the year  
Balance at the 31.03.2021  
Balance at the 01.04.2021  
Balance at the end of the reporting period  
Balance at the 31.03.2022

No. of Shares	Amount
50,000	5,00,000
-	-
50,000	5,00,000
50,000	5,00,000
-	-
50,000	5,00,000

(b) Other equity

Balance at 1 April 2020  
Impacts due to Ind AS Adjustments  
Restated balance at the beginning of the reporting period

Reserves & Surplus	
Retained earnings	Total
(3,12,07,317)	(3,12,07,317)
-	-
(3,12,07,317)	(3,12,07,317)

Profit for the year  
Other comprehensive income/ (loss) for the year  
Total comprehensive income for the year

(34,149)	(34,149)
-	-
(34,149)	(34,149)

Balance at 31 March 2021  
Changes in accounting policy / prior period errors  
Restated balance at the beginning of the reporting period

(3,12,41,466)	(3,12,41,466)
-	-
(3,12,41,466)	(3,12,41,466)

Profit for the year  
Other comprehensive income for the year  
Total comprehensive income for the year

3,07,67,730	3,07,67,730
-	-
3,07,67,730	3,07,67,730

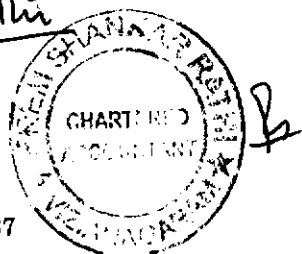
Balance at 31 March 2022

(4,73,736)	(4,73,736)
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The accompanying notes are an integral part of these financial statements.

As per our report even date.

*Prem Shankar Rathi*  
Prem Shankar Rathi  
Chartered Accountant  
Member Ship No.207457



UDIN 22207457AICKRT8037

For and on behalf of the Board of Directors

*Ashim Saraf*  
(ASHIM SARAF)  
Director  
DIN: 00009581

*Yogesh Saraf*  
(YOGESH SARAF)  
Director  
DIN: 00963740

Place: Vizianagaram

Date: 19.04.2022

# Facor Electric Limited

- Cash Flow Statement for the year ended 31 March 2022

12

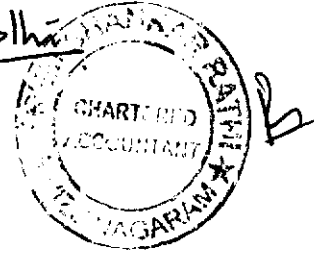
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S. No.	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(A)	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before tax	3,07,67,730	(34,149)
	Adjustments	-	-
	<b>Operating Profit before Working Capital Changes</b>	3,07,67,730	(34,149)
	Movement in Working Capital:		
	Decrease in other current liabilities	(19,520)	-
	Increase/Decrease in Provisions	(5,000)	-
	Cash Generates from Operations	3,07,43,210	(34,149)
	Less: Income Tax Paid	-	-
	<b>Net Cash Generated from Operating activities (A)</b>	<b>3,07,43,210</b>	<b>(34,149)</b>
(B)	<b>Cash Flow From Investing Activities (B)</b>	-	-
(C)	<b>Cash Flow From Financing Activities</b>		
	Net Receipt (repayment) of other current financial liabilities	(3,07,44,210)	(1,32,400)
	<b>Cash Flow From Financing Activities (C)</b>	<b>(3,07,44,210)</b>	<b>(1,32,400)</b>
	Net Increase/(Decrease) in Cash and Cash Equivalents (A)+ (B) + (C)	(1,000)	(1,66,549)
	Cash and Cash Equivalents at the beginning of the year	26,764	1,93,313
	<b>Cash and Cash Equivalents as at the end of the year</b>	<b>25,764</b>	<b>26,764</b>

The accompanying notes are an integral part of these financial statements.

As per our report even date.

*Prem Shankar Rathi*  
Prem Shankar Rathi  
Chartered Accountant  
Member Ship No.207457



UDIN 22207457AICKRT8037

For and on behalf of the Board of Directors

*Ashim Saraf*  
(ASHIM SARAF)  
Director  
DIN: 00009581

*Yogesh Saraf*  
(YOGESH SARAF)  
Director  
DIN: 00963740

Place: Vizianagaram

Date: 19.04.2022

**Facor Electric Limited**  
**Notes to Accounts for the year ended 31<sup>st</sup> March 2022**

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**1. Reporting Entity**

The Company was incorporated in India on 26th August, 2010 and is a subsidiary of Facor Alloys Ltd.

The Company is a Limited company incorporated and domiciled in India and has its registered office in Garividi, Andhra Pradesh, India. The company was incorporated with the object of generation of power. The company has not commenced its construction and commercial operation till the date of the Balance Sheet.

**2. Significant Accounting Policies**

**a) Statement of Compliance**

The Company has consistently applied the following accounting policies to all periods presented in the financial statements. The Company has prepared financial statements for the year ended March 31, 2022 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2018 and 1<sup>st</sup> April 2017.

For all the periods up to the year ended March 31, 2016, the Company had prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

These are the Company's first Ind AS financial statements.

**b) Basis of preparation**

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**c) Functional and presentation currency**

These financial statements are presented in Indian National Rupee ('INR'), which is the Company's functional currency.

**d) Use of Judgment and estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

**i. Judgments**

Information about the judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements have been given below:

- Fair value measurement of Financial Instruments

**ii. Assumptions and estimation uncertainties**

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**Notes to Accounts for the year ended 31<sup>st</sup> March 2022**

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Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment in the financial statements for the year ended 31 March 2022 is included below:

- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of outflow of resources

**e) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets**

***Initial recognition and measurement***

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

***Subsequent measurement***

For the purpose of subsequent measurement, financial assets are classified in four categories:

- *Debt instruments at amortized cost*
- *Debt instrument at fair value through Other Comprehensive Income (FVTOCI)*
- *Debt instrument at fair value through profit and loss (FVTPL)*
- *Equity Instrument measured at fair value through Other Comprehensive Income (FVTOCI)*

**Debt instruments at amortized cost**

A financial asset is measured at amortized cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

**Debt instrument at fair value through Other Comprehensive Income (FVTOCI)**

Debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVTOCI.

**Debt instrument at fair value through profit and loss (FVTPL)**

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the company may elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').



**Facor Electric Limited**  
**Notes to Accounts for the year ended 31<sup>st</sup> March 2022**

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Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

***Equity Instrument measured at fair value through Other Comprehensive Income (FVTOCI)***

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

***Derecognition of financial assets***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the company's balance sheet) when:

- The rights - to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the Asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognised in profit or loss.

***Impairment of financial assets***

The Company assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**Facor Electric Limited**  
**Notes to Accounts for the year ended 31<sup>st</sup> March 2022**

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With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, *Financial Instruments*, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

**Financial liabilities**

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

***Subsequent measurement***

The measurement of financial liabilities depends on their classification, as described below:

- **Financial Liabilities measured at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss.

***Derecognition of financial liabilities***

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

**Modifications of financial assets and financial liabilities**

***Financial assets***

**Facor Electric Limited**  
**Notes to Accounts for the year ended 31<sup>st</sup> March 2022**

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If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

***Financial liabilities***

The company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

**f) Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**g) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

# Facor Electric Limited

Notes to the financial statements for the year ended 31 March 2022

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2021-22**

( )

	As at 31 March 2022	As at 31 March 2021
<b>3 Other non-current financial assets</b>		
<i>Unsecured, considered good</i>		
Security deposits		
- Others	500	500
Preliminary Expenses	-	-
Pre Operative Expenditure	-	-
	<u>500</u>	<u>500</u>
<b>4 Cash and cash equivalents</b>		
Balance with banks:		
- In current account	25,764	26,764
	<u>25,764</u>	<u>26,764</u>

# Facor Electric Limited

Notes to financial statements for the year ended 31 March 2022

12

12th Annual Report  
2021-22

	As at 31 March 2022	( ` ) As at 31 March 2021
<b>5 Share capital</b>		
Authorised:		
250,00,000 (31 March 2021 - 250,00,000) equity shares of Rs.10/- each	25,00,00,000	25,00,00,000
Issued, subscribed & fully paid up:		
50,000 (31 March 2021 - 50,000) equity shares of Rs.10/- each	5,00,000	5,00,000
	<u>5,00,000</u>	<u>5,00,000</u>

**a. Terms and rights attached to equity shares**

The Company has only one class of Equity shares referred to as equity shares each 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, 2013.

**b. Reconciliation of number of shares outstanding at the beginning and end of the year :**

	Number of Shares	( ` ) Amount
Outstanding at the 1 April 2020	50,000	5,00,000
Equity Shares issued during the year in consideration for cash	-	-
Outstanding at the 31 March 2021	<u>50,000</u>	<u>5,00,000</u>
Equity Shares issued during the year in consideration for cash	-	-
Outstanding at the 31 March 2022	<u>50,000</u>	<u>5,00,000</u>

**c. Shareholders holding more than 5% shares in the company**

	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	Percentage	No. of Shares	Percentage
Facor Alloys Limited*	50,000	100.0%	50,000	100.0%

\* Includes 8 shares of Rs.10 each held by 8 individuals holding 1 share each as nominee jointly with M/s Facor Alloys Ltd., being beneficial owner of these shares.

**6 Other equity**

	As at 31 March 2022	( ` ) As at 31 March 2021
<b>a Retained earnings</b>		
Balance at the beginning of the year	(3,12,41,466)	(3,12,07,317)
Ind AS Adjustments	-	-
Add: Profit for the year after taxation as per statement of Profit and Loss	<u>3,07,67,730</u>	<u>(34,149)</u>
	(4,73,736)	(3,12,41,466)
<b>Total Equity (a)</b>	<u>(4,73,736)</u>	<u>(3,12,41,466)</u>

# Facor Electric Limited

Notes to financial statements for the year ended 31 March 2022

**12**

12th Annual Report  
2021-22

	As at 31 March 2022	( ) As at 31 March 2021
<b>7 Other current financial liability</b>		
Loan from Related party	-	3,07,32,210
Other payables:		
- Security deposits / Retention money	-	12,000
	<u>-</u>	<u>3,07,44,210</u>
<b>8 Other current liabilities</b>		
Payable to related party	-	19,520
	<u>-</u>	<u>19,520</u>
<b>9 Provisions</b>		
Provision for Expenses	-	5,000
	<u>-</u>	<u>5,000</u>

	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>10 Other Income</b>		
Loan from related party waived off	3,07,72,410	-
Deposit received written off	12,000	-
Sundry Creditor written off	19,520	-
	<b>3,08,03,930</b>	-
<b>11 Other expenses</b>		
Un amortised balance written off	36,200	34,149
<b>Total</b>	<b>36,200</b>	<b>34,149</b>
<b>11.1 Payment to Auditor as:</b>		
<b>a) Statutory Auditor</b>		
Audit Fee	5,000	5,000
Tax Audit Fee	-	-
Certification and Consultation Fees	-	-
Reimburshment of Expenses	-	-
	<b>5,000</b>	<b>5,000</b>
<b>12 Income Tax</b>		
<b>12.1 Income Tax Expenses</b>	<b>Year ended</b>	<b>Year ended</b>
<b>Particulars</b>	<b>31st March 2022</b>	<b>31st March 2021</b>
<b>Current Tax Expenses</b>		
Current year	-	-
<b>Deferred Tax Expenses</b>		
Change in recognised temporary differences	-	-
<b>Total Tax Expenses</b>	-	-
<b>12.2 Reconciliation of effective tax rate</b>		
Profit/(loss) before tax	3,07,67,730	(34,149)
Applicable tax rate	22.880%	22.880%
Computed Tax Expenses	70,39,657	(7,813)
<b>Tax Effect of:</b>		
Mat Credit difference		
Adjustment of earlier year tax	-	-
Tax Allowance of Goodwill		
Deferred tax assets not recognised	(70,39,657)	7,813
<b>Tax Expenses recognised in profit and loss</b>	-	-
<b>Effective Tax Rate</b>	<b>0.00%</b>	<b>0.00%</b>
<b>13 Earning per share</b>		
Profit/ (loss) for the period	3,07,67,730	(34,149)
Weighted average number of equity shares of Rs. 10/- each.	50,000	50,000
EPS - Basic and Diluted	<b>615.35</b>	<b>(0.68)</b>

## 14 Contingent liabilities, contingent assets and commitments

### A. Contingent Liabilities

- a. The Company is not having any contingent liabilities, assets and commitments, therefore disclosure is not required according to Ind AS.

### B. Capital And Other Commitments

- a. Estimated amount of contracts on Capital Account and other commitments remaining to be executed and not provided for in accounts Rs. Nil (Previous Year Rs. Nil)

- 15 The company is not undertaking any activity since its incorporation. On the request made to the Registrar of Companies, the company has been declared as "Dormant" Under Section 455 of the Companies Act, 2013.

## 16 Segment Information:

Segment information is presented in respect of the company's key operating segments. The operating segments are based on the company's management and internal reporting structure.

### Operating Segments

The company has not generated revenue in FY 2021-22 as well as previous years, therefore operating segment wise revenue disclosure is not applicable.

## 17 Related Party Disclosure:-

### I List of Related Parties:-

#### A. Name and nature of relationship with the related party where control exists:

Facor Alloys Ltd. - Holding Company

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

- 1 Facor Alloys Ltd. - Holding Company

#### C. Key Management Personnel

- |                    |          |
|--------------------|----------|
| 1 Mr. Vinod Saraf  | Director |
| 2 Mr. Yogesh Saraf | Director |
| 3 Mr. Ashim Saraf  | Director |

### II Transactions with Related Parties during the year ended 31-03-2022 in the ordinary course of business.

( ' )

Particulars	With Holding Company		With Key Management Personnel & Relatives	
	2021-22	2020-21	2021-22	2020-21
a) Unsecured loan taken	40,200	27,600	-	-
b) Other Payables/ (Waived Off)	(3,07,72,410)	-	(19,520)	19,520
c) Balance at year end	-	3,07,32,210	-	19,520

## 18 Employee benefits

The company is not in operation during FY 2021-22 and has no employee during the year and therefore disclosure as per Ind AS 19 "Employee Benefits" are not provided.



19 Financial instruments – Fair values and risk management

I. Fair value measurements

A. Financial instruments by category

Particulars	As at	
	31 March 2022	31 March 2021
	Amortised Cost	Amortised Cost
<b>Financial assets</b>		
Other non-current financial assets	500	500
Cash and cash equivalents	25,764	26,764
	<b>26,264</b>	<b>27,264</b>
*Exclude financial instruments measured at cost		
<b>Financial liabilities</b>		
Other Current financial liabilities	-	3,07,44,210
	-	<b>3,07,44,210</b>

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed**

Particulars	As at 31 March 2022			Total
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
Other non-current financial assets	-	-	500	500
Cash and cash equivalents	-	-	25,764	25,764
<b>Total financial assets</b>	-	-	<b>26,264</b>	<b>26,264</b>
<b>Financial liabilities</b>				
Other Current financial liabilities	-	-	-	-
<b>Total financial liabilities</b>	-	-	-	-

**Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

Particulars	As at 31 March 2021			Total
	Level 1	Level 2	Level 3	
(₹)				
<b>Financial assets</b>				
Other non-current financial assets	-	-	500	500
Cash and cash equivalents	-	-	26,764	26,764
<b>Total financial assets</b>	-	-	<b>27,264</b>	<b>27,264</b>
<b>Financial liabilities</b>				
Other Current financial liabilities	-	-	3,07,44,210	3,07,44,210
<b>Total financial liabilities</b>	-	-	<b>3,07,44,210</b>	<b>3,07,44,210</b>

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year

**C. Fair value of financial assets and liabilities measured at amortised cost**

Particulars	As at 31 March 2022		As at 31 March 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(₹)				
<b>Financial assets</b>				
Other non-current financial assets	500	500	500	500
Cash and cash equivalents	26,764	26,764	26,764	26,764
	<b>26,264</b>	<b>26,264</b>	<b>27,264</b>	<b>27,264</b>
<b>Financial liabilities</b>				
Other Current financial liabilities	-	-	3,07,44,210	3,07,44,210
	-	-	<b>3,07,44,210</b>	<b>3,07,44,210</b>

**II. Financial risk management**

**Risk management framework**

The company is exposed primarily to credit, liquid and market risk which may adversely affect the fair value of its financial instruments. The company assesses the unpredictability of financial environment and seeks to mitigate potential adverse effects on the financial performance of the company.

**i. Credit risk**

Credit risk is the risk of financial loss to company if a customer or counterparty to the financial instrument fails to meet its financial obligations resulting into financial loss to the company. To manage this the company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of account receivables.

The company is not exposed to any credit risk as the company is not yet in operation.

ii. Liquidity risk

Liquidity risk refers to risk of financial distress or extra ordinary high financing cost arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and require financing. The Company's objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements. Processes and policies related to such risk are overseen by senior management and management monitors the Company's net liquidity position through rolling forecast on the basis of expected cash flows.

Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and excluding contractual interest payments and exclude the impact of netting agreements.

Particulars	Carrying Amounts 31 March 2022	Total	Upto 1 year	Contractual cash flows		
				Between 1 and 2 years	Between 2 and 5 years	More than 5 year
Non-derivative financial liabilities						
Other Current financial liabilities						
<b>Total non-derivative liabilities</b>						

Particulars	Carrying Amounts 31 March 2021	Total	Upto 1 year	Contractual cash flows		
				Between 1 and 2 years	Between 2 and 5 years	More than 5 year
Non-derivative financial liabilities						
Other Current financial liabilities	3,07,44,210	3,07,44,210	3,07,44,210			
<b>Total non-derivative liabilities</b>	<b>3,07,44,210</b>	<b>3,07,44,210</b>	<b>3,07,44,210</b>			

The company does not have any undrawn borrowing facility.

iii. Market risk

Market risk is the risk that changes in market prices, foreign exchange rates and interest rates - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Price risk

The company is not exposed to any price risk

b) Currency risk

The company is not exposed to any currency risk

Since the company donot have any variable rate financial assets or borrowing, there is no sensitivity.

20 Capital management

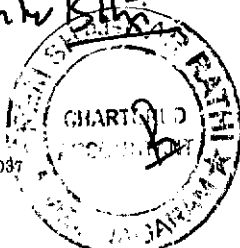
The company manages its capital to ensure that it will be able to continue as going concern while maximising the returns to stakeholders through the optimisation of the debt and equity balance.

The board of the directors of the company review the capital structure of the company on an ongoing basis. As part of this review, the Board considers the cost of capital and risk associated with each class of capital.

21 The figures for the corresponding previous year has been regrouped / reclassified wherever necessary, to make then comparable.

As per our report even date.

*Prem Shankar Rath*  
Prem Shankar Rath  
Chartered Accountant  
Member Ship No.207457



UDIN 22207457AICKRT8037

Place: Vizianagaram  
Date: 19.04.2022

For and on behalf of the Board of Directors

*Ashim Saraf*  
(ASHIM SARAF)  
Director  
DIN: 00009581

*Yogesh Saraf*  
(YOGESH SARAF)  
Director  
DIN: 00963740