

**FACOR  
ELECTRIC  
LIMITED**

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**SECOND  
ANNUAL REPORT  
2011-2012**

**FACOR ELECTRIC LIMITED**

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

**CORPORATE ONE, SUIT 401, PLOT NO. 5, JASOLA, NEW DELHI – 110 025**

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**NOTICE TO MEMBERS**

Notice is hereby given that the SECOND ANNUAL GENERAL MEETING of the Members of the FACOR ELECTRIC LIMITED will be held at the Registered Office of the Company at Corporate One, Suit 401, Plot no.5, Jasola, New Delhi-110 025 on Monday, the 20<sup>th</sup> August, 2012 at 11.00 AM to transact, with or without modifications as may be permissible, the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr Yoesh Saraf who retires from office by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr Rohit Saraf who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs S.S. Kothari Mehta & Co., Chartered Accountants, the retiring Auditors of the Company, be and they are hereby re-appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration plus service tax as applicable and reimbursement of expenses incurred by them incidental to their functions as the Board of Directors may fix in that behalf in consultation with the said Auditors."

**AS SPECIAL BUSINESS**

5. To appoint Mr. Vinod Saraf who was appointed as an Additional Director by the Board of Directors of the Company under Article 52 of the Articles of Association of the Company and who holds office under the said Article and Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956 alongwith a deposit of Rs 500/- from a member signifying his intention to propose Mr. Vinod Saraf as a candidate for the office of Director, as a Director of the Company and in that behalf to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

"RESOLVED THAT pursuant to the relevant provisions of the Companies Act ,1956 including Section 257, Mr Vinod Saraf be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

**NOTES:**

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

Registered Office  
Corporate One, Suit 401,  
Plot no.5, Jasola,  
New Delhi-110 025  
Dated: 14<sup>th</sup> July, 2012

**By order of the Board,**

  
Ashim Saraf  
Director

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**ANNEXURE TO THE NOTICE**

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

**ITEM NO.5**

Mr Vinod Saraf was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 16/04/2012. Pursuant to Section 260 of the Companies Act, 1956 read with Article 52 of Articles of Association of the Company, he holds office as a Director only until the forthcoming Annual General Meeting of the Company. A notice has been received from a member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Vinod Saraf as a candidate for the office of Director.

Mr Vinod Saraf, aged around 57 years, is a commerce and law graduate. He is having around three decades rich and vast experience particularly in steel industry. His experience would be beneficial to the Company. Accordingly, it is in the interest of the Company that it continues to avail of his services as a member of the Board. The resolution in item no. 5 of this Notice is accordingly commended for your approval.

Mr Vinod Saraf is interested in this resolution relating to his re-appointment as a member of the Board.

Registered Office  
Corporate One, Suit 401,  
Plot no.5, Jasola,  
New Delhi-110 025  
Dated: 14<sup>th</sup> July, 2012

**By order of the Board,**

  
Ashim Saraf  
Director

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**FACOR ELECTRIC LIMITED****DIRECTORS' REPORT TO THE MEMBERS**

The Directors present herewith the Second Annual Report of the company alongwith the Audited Statement of Accounts for the year ended 31st March 2012.

**WORKING RESULTS**

The Company has not commenced its business during the year ended 31.03.2012 and has, therefore, not prepared Profit & Loss Account for the said year.

**DIRECTORS**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

**PARTICULARS OF EMPLOYEES:**

During the year under review there were no employees receiving remuneration of or in excess of Rs. 60,00,000/- per annum or Rs. 5,00,000/- per month requiring disclosure as per the provisions of Section 217(2A) read with the amended Companies (Particulars of Employees) Rules, 1975.

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

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) rules, 1988 regarding conservation of energy and technology absorption are not given as the Company has not undertaken any manufacturing activity. There were no foreign exchange earnings and outgo during the year under review.

**AUDITORS:**

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring Auditors of the Company M/s S.S. Kothari Mehta & Co., Chartered Accountants, are eligible for re-appointment. They have furnished a certificate to the Company to the effect that the proposed re-appointment, if made, will be in compliance with the provisions of Section 224(1B) of the Companies Act, 1956.

On behalf of the Board of Directors,

  
Director

  
Director

Place : New Delhi  
Dated : 14<sup>th</sup> July, 2012

**AUDITORS' REPORT**

To  
The Members,  
Facor Electric Ltd.

1. We have audited the attached Balance Sheet of Facor Electric Limited ('the Company') as at 31, March 2012, and the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2012. Statement of Profit & Loss has not been prepared as the Company has yet to commence its commercial operations. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended by the Companies (Auditor's Report) (Amendment) Order, 2004) [hereinafter referred to as 'Order'] issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) 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;
  - (iii) The Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of account;

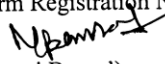


- (iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies act, 1956;
- (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) 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;
- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and
- b) In the case of the, Cash Flow Statement ,of the cash flow for the year ended on that date

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

Chartered Accountants

(Firm Registration No. 000756 N)

  
(Neeraj Bansal)

Partner

Membership No. 095960



Place: New Delhi

Date:14-07-2012

## ANNEXURE TO THE AUDITOR'S REPORT

(As referred in paragraph 3 of our report to the members of Facor Electric Ltd on the accounts for the year ended March 31, 2012)

- (i) The Company has not started its operations and has not acquired any fixed assets or inventory during the year, hence clause 4(i) (a), (b), (c) and 4(ii) (a), (b), (c) of the Order are not applicable
- (ii) (a) The company has not granted any loan, secured or un secured to the companies, firms or other parties covered in the register maintained under section 301 of the companies act, 1956. Accordingly, clauses 4(iii) (b) to (d) of the order are not applicable.  
(b) The Company has taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and year end balance is Rs. 85.69 lacs.  
(c') As per the information and explanation given to us, the above loan is interest free. The interest rate and other terms and conditions are not prejudicial to the interest of the Company.
- (iii) The Company has adequate internal control system to commensurate with the size and nature of business.
- (iv) According to the information and explanations given to us, the company has not entered into any contracts or arrangements with the parties covered under section 301 of the Companies Act, 1956 and hence clause 4 (v) (a) and (b) of the Order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public and consequently the directives issued by Reserve Bank of India, the provisions of sec 58A, sec 58AA or any other relevant provisions of the companies Act, 1956 and the rules framed there under are not applicable to the company.
- (vi) As Company has not started its operation during the year and also does not have paid up share capital exceeding to Rs. 50 lakhs therefore clause 4(vii) of the Order relating to internal audit is not applicable to the Company.
- (vii) According to the information and explanation given to us the Central Government has prescribed maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies Act, 1956 in respect of business carried out by the Company. However the records will be maintained on the commencement of operations.



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- (viii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. Further, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no particulars of dues of income tax, sales tax, custom duty, wealth tax, excise duty, service tax and cess, which have not been deposited on account of any dispute.
- (ix) As the Company has not completed five years from its incorporation, therefore clause 4(x) of the Order is not applicable to the Company.
- (x) The Company has not taken any loan from financial institution or bank during the year. The Company has not issued any debentures.
- (xi) In our opinion and according to the information & explanation given to us the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) The Company is not a chit fund, nidhi, mutual benefit fund or a society. Hence, the provisions of clause 4(xiii) of the order are not applicable to the company.
- (xiii) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable to the company.
- (xiv) As per the information and explanations given to us, the Company has not given corporate guarantee /bonds to other companies for loans taken by others from banks or financial institutions. Hence, the provisions of the clause (xv) of the order are not applicable to the company.
- (xv) On the basis of records made available and according to information and explanations given to us the Company has not taken any term loan from banks or financial institutions during the year.
- (xvi) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised by the Company on short-term basis which have been, used for long-term investment.





- (xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year. f
- (xviii) According to the information and explanation given to us during the year the company has not issued any debentures. f
- (xix) During the year the Company has not raised any money through public issue, f
- (xx) Based upon the audit procedures performed for the purpose of reporting the true and fair view and on the basis of the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit for the year ended March 31<sup>st</sup>, 2012. f

For **S. S. KOTHARI MEHTA & CO**  
Chartered Accountants  
Firm Registration No:-000756N

*Neeraj Bansal*

**(NEERAJ BANSAL)**  
Partner  
Membership No. 095960



Place: New Delhi  
Date: 14-07-2012

FACOR ELECTRIC LIMITED

Balance Sheet as at 31st March, 2012

Particulars	Note No.	Amount In Rupees	
		As at 31st March, 2012	As at 31st March, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	5,00,000	5,00,000
		<u>5,00,000</u>	<u>5,00,000</u>
<b>Current Liabilities</b>			
Short-Term Borrowing	2	85,69,369	10,000
Other Current Liabilities	3	25,93,426	79,803
		<u>1,11,62,795</u>	<u>89,803</u>
<b>TOTAL</b>		<u><u>1,16,62,795</u></u>	<u><u>5,89,803</u></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Long-Term Loans and Advances	4	500	-
Other Non Current Assets	5	89,58,721	80,013
		<u>89,59,221</u>	<u>80,013</u>
<b>Current Assets</b>			
Cash and Bank Balance	6	27,03,574	5,09,790
<b>TOTAL</b>		<u><u>1,16,62,795</u></u>	<u><u>5,89,803</u></u>
Significant Accounting Policies	7		
Notes on 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



For and on behalf of the Board

  
ASHIM SARAF  
(Director)

  
YOGESH SARAF  
(Director)

Place : New Delhi  
Date: 14-07-2012

FACOR ELECTRIC LIMITED

Notes on Financial Statements for the Year ended 31st March, 2012

Note No.	Particulars	Amount in Rupees	
		As at 31 st March, 2012	As at 31 st March, 2011
1.	<b>SHARE CAPITAL</b>		
	<b>Authorised Share Capital:</b>		
	250,00,000 Equity shares (Previous Year- 50000) @ Rs. 10 Each	25,00,00,000	5,00,000
	<b>Issued, Subscribed and Paid up:</b>		
	50,000 Equity Shares ( Previous Year- 50,000) @ Rs.10 Each	5,00,000	5,00,000
	<b>TOTAL</b>	<b>5,00,000</b>	<b>5,00,000</b>

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

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

1.2 Terms/rights attached to Equity Shares:

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

1.3 Details of shareholders holding more than 5% shares in the company

Names	As at March 31st, 2012		As at March 31st, 2011	
	No. of Shares	% Shares Held	No. of Shares	% Shares Held
Facor Alloys Limited	50000	100.00%	0	0.00%
Mr.R.K.Saraf	0	0.00%	6250	12.50%
Mr.M.D.Saraf	0	0.00%	6250	12.50%
Mr.Manoj Saraf	0	0.00%	6250	12.50%
Mr.Yogesh Saraf	0	0.00%	6250	12.50%
Mr.Vineet Saraf	0	0.00%	6250	12.50%
Mr.Rohit Saraf	0	0.00%	6250	12.50%
Mr.Ashim Saraf	0	0.00%	6250	12.50%
Mr.Anurag Saraf	0	0.00%	6250	12.50%
<b>Total</b>	<b>50000</b>	<b>100.00%</b>	<b>50000</b>	<b>100.00%</b>

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



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**FACOR ELECTRIC LIMITED**

Notes on Financial Statements for the Year ended 31st March, 2012

Note No.	Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>2.</b>	<b>SHORT-TERM BORROWINGS</b>		
	<b>Unsecured</b>		
	Advance from Holding Company	85,69,369	10,000
	<b>TOTAL</b>	<u>85,69,369</u>	<u>10,000</u>
<b>3.</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Provision for Audit Fee	78,090	50,000
	Provision for Telephone Bills	56	-
	Deposits Received	12,000	-
	Others	25,03,280	29,803
	<b>TOTAL</b>	<u>25,93,426</u>	<u>79,803</u>
<b>4.</b>	<b>LONG-TERM LOANS AND ADVANCES</b> (Unsecured Considered Good)		
	Security Deposits	500	-
	<b>TOTAL</b>	<u>500</u>	<u>-</u>
<b>5.</b>	<b>OTHER NON CURRENT ASSETS</b>		
<b>a</b>	<b>Preliminary Expenses</b>		
	Opening Balance	19,520	-
	Incurred during the year	-	19,520
		<u>19,520</u>	<u>19,520</u>
<b>b</b>	<b>Pre Operative Expenditure</b>		
	Opening Balance	60,493	-
	<b>Incurred During the Year :</b>		
	Sampling Analysis Exp	3,34,750	-
	Audit Fees	28,090	50,000
	Temple & Pooja Exp	57,727	-
	Telephone & Trunk calls	703	-
	Legal and Professional Expenses	56,67,500	10,010
	Finance Cost (other borrowing cost)	27,89,233	-
	Bank Charges and Commission	705	165
	Printing & Stationary	-	318
		<u>89,39,201</u>	<u>60,493</u>
	<b>TOTAL</b>	<u>89,58,721</u>	<u>80,013</u>
<b>6</b>	<b>CASH AND BANK BALANCES</b>		
	<b>Cash and Cash Equivalents:-</b>		
	In Current Accounts:		
	With Central Bank of India - Vizag	9,890	9,945
	With State Bank of India - Garividi	9,350	-
	With HDFC Bank - New Delhi	26,84,334	4,99,845
	<b>TOTAL</b>	<u>27,03,574</u>	<u>5,09,790</u>



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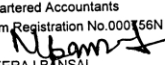
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**FACOR ELECTRIC LIMITED**  
**CASH FLOW STATEMENT PREPARED PURSUANT TO CLAUSE 32 OF THE**  
**LISTING AGREEMENT FOR THE YEAR ENDED 31ST MARCH,2012**

(Amount in Rs.)

	Amount for the year 2011-12		Amount for the year 2010-11	
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>				
PRE OPERATIVE EXPENDITURE DURING THE YEAR		(88,78,708)		(80,013)
Adjustment for :				
Depreciation	-		-	
Exchange difference on translation (Net)	-		-	
Profit on sale of Investments	-		-	
Interest and Dividend Income	-		-	
Finance Costs	-		-	
Profit/Loss on sale of Fixed Assets (Net)	-		-	
		-		-
<b>Operating profit before working capital changes</b>		(88,78,708)		(80,013)
Adjustment for:				
Trade and Other Receivables	(500)		-	
Inventories	-		89,803	
Trade and Other Payables	1,10,72,992		-	
		1,10,72,492		89,803
<b>Cash generated from operations</b>		21,93,784		9,790
Direct taxes paid/adjusted	-		-	
		21,93,784		9,790
Cash Flow before extraordinary items		21,93,784		9,790
Extraordinary items		-		-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		21,93,784		9,790
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	-		-	
Sale of Fixed Assets	-		-	
Purchase of Investments	-		-	
Sale of Investments	-		-	
Interest and Dividend Income	-		-	
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		-		-
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from issue of Share Capital (Net)	-		5,00,000	
Proceeds from Long and Short Term Borrowings	-		-	
Finance cost	-		-	
Dividend/Corporate Tax paid	-		-	
<b>NET CASH USED IN FINANCING ACTIVITIES ( C)</b>		-		5,00,000
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		21,93,784		5,09,790
Opening Balance of Cash and Cash Equivalents		5,09,790		-
Closing Balance of Cash and Cash Equivalents		27,03,574		5,09,790
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		21,93,784		5,09,790


As per our report of even date attached,

For S. S. Kothari Mehta & Co.  
Chartered Accountants  
Firm Registration No.000156N  
  
**NEERAJ BANSAL**  
(Partner)  
Membership No. 095960



For and on behalf of the Board

  
**ASHIM SARAF**  
(Director)

  
**YOGESH SARAF**  
(Director)

Place : New Delhi  
Date: 14-7-2012

**Note-7****Significant Accounting Policies and Notes to Accounts for the Year Ended on March 31, 2012.**

The Company has been incorporated during the previous year and is in project stage. Operations of the Company have not started and hence no Statement of Profit & Loss prepared during the year. The relevant accounting policies for the transactions recognised have been disclosed.

The Financial Statements for the year ended March 31, 2012 have been prepared as per Revised Schedule VI under the Companies Act 1956 in lieu of notification no. S.O. 447(E), dated 28-2-2011 (As amended by N/N. F. No. 2/6/2008-CL -V, dated 30-3-2011)

**A. Significant Accounting policies****1. Accounting Conventions**

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

**2. Use of Estimates**

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

**3. Revenue Recognition**

The Company has not started its operation (i.e. generation of power) and therefore, Company has not prepared Statement of Profit & Loss, and has not received and recognised any revenue.

**4. 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 asset. A qualifying asset is one that technically and commercially takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**5. Cash Flow Statement**

by *ks*

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

**6. Provisions, Contingent Liabilities and Contingent Assets**

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

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

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



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**B. Notes to Accounts**

## 1. Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil

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

3. Based on the information available with the company, no balances are due to Micro & Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as on March 31, 2012. Further during the year no interest has been paid or payable under the terms of the said Act.

4. The Company has no employee hence section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employee) Rules 1975 are not applicable

5. **Related Party Transactions**

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

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

Facor Alloys Limited- Holding company (100%)

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

Mr. Yogesh Saraf – Director

Mr. Ashim Saraf – Director

Mr. Rohit Saraf- Director

(iii) **Enterprises owned or significantly influenced by KMP and/or their Relatives**

1	Facor Minerals Pte Ltd	21	Investar Ltd.
2	Facor Steels Limited	22	Supervision Ltd.
3	Rai Bahadur Shreeram & Co. Pvt. Ltd.	23	Precisetec Ltd.
4	Shreeram Durgaprasad Ores Pvt. Ltd.	24	Teracota Consultancy Services Ltd.



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5	Saraf Bandhu Pvt. Ltd.	25	Imagetec Ltd.
6	Facor Power Ltd.	26	Globalscale Investments Ltd.
7	Facor Realty & Infrastructure Ltd.	27	Tusta Trading Company Inc.
8	GDP Infrastructure Pvt. Ltd.	28	Trusta Trading Co. AG
9	Vidharba Iron & Steel Corpn. Ltd.	29	Cornell Corporation SA
10	Shreeram Shipping Services Pvt. Ltd.	30	Facor Employees Welfare Trust
11	Suchitra Investment & Leasing Ltd.	31	FAL Employees Welfare Trust
12	Dass Paper Products Ltd.	32	Best Minerals Ltd.
13	Premier Commercial Corpn.	33	Metique Marketing (India) Pvt. Ltd.
14	Geedee Sales Services	34	YMR Enterprise Pvt. Ltd.
15	Godavaridevi Saraf & Sons	35	V & G Commercial Pvt. Ltd.
16	Facor Energy India Ltd.	36	ARK Mercantile Pvt. Ltd.
17	Mezeron Enterprises Pvt. Ltd	37	Vanita Enterprises Pvt Ltd.
18	Facor Solar Limited	38	NDS Minerals Pvt Ltd.
19	BEC Power Pvt. Ltd.	39	Raghavendra Sarkar Ventures Pvt. Ltd.
20	Deepee Sales Corporation	40	Ferro Alloys Cooperation Ltd.

## b) Transactions with Related Parties during the year:-

(Amt. in Rs)

S.No.	Name of Party	Nature of Transactions	2011-12	2010-11
1.	Facor Alloys Ltd.	Unsecured loan taken	Rs 85,59,369.00	Rs 10,000.00

## c) Balance outstanding at the year end:-

S.No	Name of Party	2011-12	2010-11
1.	Facor Alloys Ltd.	Rs 85,69,369.00	Rs.10,000.00
2.	Ashim Saraf	Rs. 19,520.00	Rs.19,520.00



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## 6. Auditor's Remuneration

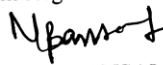
(Amt. in Rs.)

Particulars	2011-12	2010-11
As Statutory Auditor Fees	28,090	50,000
Total	28,090	50,000

7. The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to current year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.
8. 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



For and on behalf of the Board of Directors

  
ASHIM SARAF  
Director

  
YOGESH SARAF  
Director

Place : New Delhi  
Date: 14-07-2012