



# FACOR POWER LIMITED

**10<sup>th</sup>**

**ANNUAL REPORT  
2014-15**

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

**Report On the Financial Statements**

We have audited the accompanying Financial Statements of Facor Power Limited ("the Company") which comprises the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgements 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 misstatements, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the Company's Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on financial statements.



### Opinion

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 31<sup>st</sup> March, 2015 and its loss and its cash flows for the year ended on that date.

### Emphasis of Matter

Without qualifying, we draw attention to note no. 27(16) of the financial statement wherein it is explained that:

Pursuant to schedule II of the Companies Act, 2013 depreciation expense for the Year is decreased by Rs. 1329.02 lacs and for the assets whose revised useful lives have been expired on or before 31<sup>st</sup> March, 2014, the net book value of Rs.4.54 Lacs has been adjusted from the retained earnings.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order;
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 purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the 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 written representations received from the directors as on 31 March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - f. 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 has disclosed the impact of pending litigation on its financial position in its financial statements- Refer Note 27(1) to the financial statements;
    - ii) As there is not any material foreseeable losses, on long term contracts, therefore the Company has not made any provision, required under the applicable law or accounting standards;



- iii) As informed to us, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



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



**Neeraj Bansal**  
Partner  
Membership No. 095960

Place: New Delhi  
Date: 26<sup>th</sup> May 2015

**ANNEXURE TO THE AUDIT REPORT TO THE FACOR POWER LIMITED**

Referred to in paragraph 1 of report on other legal and regulatory requirement's paragraph of our report on the financial statement of even date,

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us and according to the information and explanation provided to us the Company has a program to physically verify major items of fixed assets on annual basis and will cover all items once in three years once the project is fully capitalised. In our opinion, the frequency of such physical verification is reasonable having regard to the size of the Company and the nature of fixed assets. We have been explained that no material discrepancies were noticed on such verification as compared to books records.
- (ii) (a) The inventories, other than in transit, has been physically verified by the management during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The Company has not given any loan, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (b) Since there are no such loans, comments on repayment of the principal amount and interest thereon and overdue amount at the yearend are not required.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of a continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) The Company has regularised the directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder with regard to fixed deposits accepted from public.
- (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company as specified by the Central Government of India under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- (vii) (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, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, 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, the particulars of dues of income tax, sales tax, custom duty, wealth tax, excise duty, service tax, value added tax and cess, which have not been deposited on account of any dispute, are as follows: -

S. No.	Name of Statute	Nature of Dues	Amount (In lacs.)	Period to which the amount relate	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax	26.79	AY 2009-10	Income Tax Appellate Tribunal (Delhi)

(c) As informed to us, there has been no delay in transferring the amount, required to be transferred, to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

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

(ix) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has *delayed in repayment of its dues to banks/ financial institution as per details given below:-*

Particulars	Amount Due (Rs.)	Due Date	Payment Date	Amount Paid (Rs.)
Interest on Term Loan	156,473,036	30/12/2013	21/05/2014	78,057.00
			30/06/2014	44,689,696.00
			08/07/2014	111,705,283.00
	156,006,071	30/03/2014	14/07/2014	279,151.00
			15/10/2014	155,726,920.00
	157,856,852	30/06/2014	15/10/2014	1,860,117.00
			29/10/2014	4,046,171.00
			26/11/2014	3,075,552.00
			28/11/2014	4,934,963.00
			01/12/2014	4,811,294.00
			04/12/2014	1,341,938.00
			09/12/2014	992,741.00
			08/12/2014	78,928,376.00
			16/12/2014	4,581,259.00
			19/12/2014	29,874,474.00
			22/12/2014	23,409,967.00
	159,617,154	30/09/2014	08/12/2014	78,502,826.00
			22/12/2014	1,491,291.00
			27/01/2015	7,832,720.00
			20/02/2015	8,618,782.00
			27/02/2015	4,445,926.00
			02/03/2015	4,821,067.00
			11/03/2015	4,481,916.00
			12/03/2015	7,504,365.00
			14/03/2015	9,895,254.00
	161,949,541	31/12/2014	16/03/2015	9,903,919.00
			26/03/2015	22,119,088.00
167,792,237	31/03/2015	11/02/2015	82,133,398.00	
		26/03/2015	117,358.00	
			-	-

Note: Penal interest of Rs.46,477,719/- has been paid during the period 30<sup>th</sup> March 2014 to 26<sup>th</sup> March 2015 based on the outstanding status of the interest.



- (x) As per the information and explanations given to us and on the basis of our examination of the records, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) As per the information and explanations given to us and on the basis of our examination of the records, in our opinion, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- (xii) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.



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

A handwritten signature in black ink, appearing to read "Neeraj Bansal".

**Neeraj Bansal**  
Partner

Membership No. 095960


Place: New Delhi  
Date: 26<sup>th</sup> May 2015

**FACOR POWER LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2015**

Particulars	Note No.	Amount (in ₹)	
		Figures as at March 31, 2015	Figures as at March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	1	2,41,06,00,000	2,07,10,00,000
(b) Reserve and surplus	2	(1,79,27,04,842)	(1,20,49,08,276)
		<u>61,78,95,158</u>	<u>86,60,91,724</u>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	3	4,79,65,45,399	4,24,58,18,182
(b) Other long term liabilities	4	4,46,79,078	4,13,82,608
(C) Long-term provisions	5	47,38,055	29,67,720
		<u>4,84,59,62,532</u>	<u>4,29,01,68,510</u>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	6	21,17,26,203	25,10,45,807
(b) Current maturity of long term borrowings	8	22,84,06,924	42,45,81,818
(C) Trade payables	7	20,45,82,287	21,84,12,671
(d) Other current liabilities	8	55,33,60,727	59,38,59,365
(e) Short-term provisions	9	4,51,061	3,65,675
		<u>1,19,85,27,202</u>	<u>1,48,82,65,336</u>
<b>TOTAL</b>		<u><u>6,66,23,84,892</u></u>	<u><u>6,64,45,25,570</u></u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>(1) (a) Fixed assets</b>			
(i) Tangible assets	10	5,51,80,82,917	5,65,40,71,332
(ii) Capital work-in-progress	11	87,13,44,955	69,99,09,157
(b) Non-current investments	12	40,000	40,000
(c) Long-term loans and advances	13	2,43,63,847	1,98,39,438
(d) Other non-current assets	14	1,46,20,456	1,43,48,760
		<u>6,42,84,52,175</u>	<u>6,38,82,08,687</u>
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories	15	15,95,18,964	14,28,73,033
(c) Trade receivables	16	3,24,27,898	4,98,97,639
(d) Cash and cash equivalents	17	2,07,45,853	2,36,65,458
(e) Short-term loans and advances	18	1,60,12,583	3,37,29,568
(f) Other current assets	19	52,27,419	61,51,185
		<u>23,39,32,717</u>	<u>25,63,16,883</u>
<b>TOTAL</b>		<u><u>6,66,23,84,892</u></u>	<u><u>6,64,45,25,570</u></u>
Significant Accounting Policies	26		


Accompanying notes to the financial statements are integral part of the financial statements

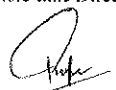
As per our report of even date attached,  
For S. S. KOTHARI MEHTA & Co.  
Chartered Accountants  
Firm Registration No. 000756N

  
NEERAJ BANSAL  
Partner  
Membership No. 095960



Place : New Delhi  
Date: 26-05-2015

  
YOGESH SARAF  
Whole-time Director

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

For and on behalf of the Board,

  
VINEET SARAF  
Whole-time Director

  
O. P. BANKA  
Chief Financial Officer



**FACOR POWER LIMITED**  
**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

Particulars	Note No.	Amount (in ₹)	
		For the Year 2014-15	For the Year 2013-14
I. Revenue from operations	20	1,21,06,46,346	1,24,31,85,586
II. Other income	21	14,63,242	32,55,338
<b>III. Total revenue (I+II)</b>		<b>1,21,21,09,588</b>	<b>1,24,64,40,924</b>
IV. Expenses			
Cost of materials consumed	22	77,51,40,339	92,99,39,510
Purchases of stock-in-trade		-	-
Changes in inventories of finished goods		-	-
Work-in-progress and stock-in-trade		-	-
Employee benefits expenses	23	5,51,73,869	5,00,18,343
Finance costs	24	64,90,64,221	41,85,92,774
Depreciation and amortization expenses		16,83,11,190	19,36,18,335
Other expenses	25	15,17,62,940	13,02,16,611
<b>Total expenses</b>		<b>1,79,94,52,559</b>	<b>1,72,23,85,573</b>
<b>V. Profit/(loss) before exceptional and extraordinary items and tax (III-IV)</b>		<b>(58,73,42,971)</b>	<b>(47,59,44,649)</b>
VI. Exceptional items		-	-
<b>VII. Profit/(loss) before extraordinary items and tax (V-VI)</b>		<b>(58,73,42,971)</b>	<b>(47,59,44,649)</b>
VIII. Extraordinary items		-	-
<b>IX. Profit/(loss) before tax (VII-VIII)</b>		<b>(58,73,42,971)</b>	<b>(47,59,44,649)</b>
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>XI. Profit (Loss) for the period from continuing operations (IX-X)</b>		<b>(58,73,42,971)</b>	<b>(47,59,44,649)</b>
XII. Profit (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
<b>XIV. Profit (Loss) from discontinuing operations (after tax)(XII-XIII)</b>		<b>-</b>	<b>-</b>
<b>XV. Profit (Loss) for the period (XI+XIV)</b>		<b>(58,73,42,971)</b>	<b>(47,59,44,649)</b>
XVI. Earning per equity share of ₹10/- each			
(1) Basic		(2.68)	(2.41)
(2) Diluted		(2.68)	(2.41)

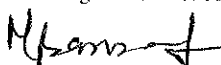
Significant accounting policies

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Accompanying notes to the financial statements are integral part of the financial statements

As per our report of even date attached,  
For S. S. KOTHARI MEHTA & Co.


Chartered Accountants  
Firm Registration No. 000756N

  
**NEERAJ BANSAL**  
Partner  
Membership No. 09596

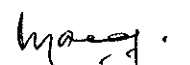


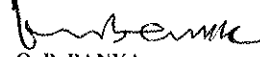
Place : New Delhi  
Date: 26-05-2015

  
**YOGESH SARAF**  
Whole-time Director

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

For and on behalf of the Board,

  
**VINEET SARAF**  
Whole-time Director

  
**O. P. BANKA**  
Chief Financial Officer

**FACOR POWER LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015.**

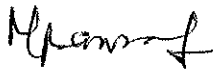
	Amount (in ₹)	Amount (in ₹)
	Figures for the year 2014-15	Figures for the year 2013-14
<b>(A) Cash flow from Operating activities:-</b>		
Profit before tax	(58,73,42,971)	(47,59,44,649)
<i>Adjustment for:-</i>		
Depreciation	16,83,11,190	19,36,18,335
Loss on sale of fixed assets	7,987	6,95,240
Interest paid	64,90,64,221	41,85,92,774
Interest received	(14,63,242)	(24,82,896)
<b>Operating profit before working capital changes</b>	<b>22,85,77,185</b>	<b>13,44,78,804</b>
<i>Adjustment For:</i>		
Increase in inventory	(1,66,45,931)	(4,38,69,589)
Decrease in trade receivables	1,74,69,740	(2,36,61,854)
Decrease in loans & advances	1,77,16,990	97,28,283
Decrease in other current assets	9,23,766	(3,12,004)
Increase in other non-current assets	(2,71,696)	(2,16,206)
Decrease in long-term loans & advances	4,75,876	7,64,132
Decrease in sundry creditors	(1,38,30,384)	48,43,297
Increase in long-term provisions	17,70,335	70,875
Decrease in other liabilities & Provisions	(4,04,13,252)	(1,10,73,451)
<b>Cash generated from operation</b>	<b>(3,28,04,556)</b>	<b>(6,37,26,517)</b>
Tax paid	-	-
<b>Net cash flow/(used) from operating activities (A)</b>	<b>19,57,72,629</b>	<b>7,07,52,287</b>
<b>(B) Cash flow from investing activities :</b>		
Purchase of fixed assets including CWIP	(12,31,92,100)	(94,52,59,568)
Decrease in bank deposits held as margin money	21,50,917	1,94,167
Increase in capital advances	(50,00,285)	7,10,98,242
Interest received	31,08,870	33,86,271
<b>Net cash used in investing activities (B)</b>	<b>(12,29,32,598)</b>	<b>(87,05,80,888)</b>
<b>(C) Cash flow from financing activities :</b>		
Proceeds from issuance of shares	33,96,00,000	24,97,56,310
Proceeds from term borrowings	35,78,48,793	90,47,48,730
Decrease in short-term borrowings	(3,93,19,605)	(15,26,41,218)
Interest paid	(73,17,37,907)	(19,96,76,588)
<b>Net cash flow from financing activities (C)</b>	<b>(7,36,08,719)</b>	<b>80,21,87,234</b>
Net increase in cash and cash equivalents (A+B+C)	(7,68,688)	23,58,633
Cash and cash equivalent at the beginning of the period	30,10,275	6,51,642
Cash and cash equivalent at the end of the period	22,41,587	30,10,275

**Note:**


- (i) The above cash flow statement has been prepared under the indirect method, as set out in the AS - 3, "Cash Flow Statement" prescribed under the Companies Act 2013  
(ii) The previous year figures are regrouped, rearranged or reclassified to conform with the current year classification.

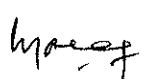
As per our report of even date attached,  
**For S. S. KOTHARI MEHTA & Co.**  
Chartered Accountants  
Firm Registration No. 000756N

**For and on behalf of the Board,**

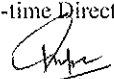
  
**NEERAJ BANSAL**  
Partner  
Membership No. 095960



  
**YOGESH SARAF**  
Whole-time Director

  
**VINEET SARAF**  
Whole-time Director

Place : New Delhi  
Date: 26-05-2015

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

  
**O. P. BANKA**  
Chief Financial Officer

Notes to the Financial Statement

Particulars	Amount (in ₹)	
	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>NOTE NO. 1 : SHARE CAPITAL</b>		
<b>Authorised share capital</b>		
23,50,00,000 Equity shares (Previous Year 23,50,00,000 shares ) @ ₹ 10/share	2,35,00,00,000	2,35,00,00,000
15,00,00,000 Preference shares (Previous Year 15,00,00,000 shares ) @ ₹ 100/share	15,00,00,000	15,00,00,000
	<u>2,50,00,00,000</u>	<u>2,50,00,00,000</u>
<b>Share capital issued, subscribed and fully paid</b>		
23,00,60,000 Equity shares (Previous Year 20,71,00,000 shares ) @ ₹ 10/share	2,30,06,00,000	2,07,10,00,000
11,00,00,000 Preference shares (Previous Year Nil shares ) @ ₹ 100/share	11,00,00,000	
	<u>2,41,06,00,000</u>	<u>2,07,10,00,000</u>

**A. Reconciliation of number of shares**

(i) Authorised share capital	Preference		Equity	
	Preference	Equity	Preference	Equity
Outstanding at the beginning	15,00,000	23,50,00,000	15,00,000	23,50,00,000
Add: Issued during the year	-	-	-	-
Less: Deduction during the year	-	-	-	-
Outstanding at the end of the reporting period	15,00,000	23,50,00,000	15,00,000	23,50,00,000
<b>(ii) Share capital issued, subscribed and fully paid</b>				
Outstanding at the beginning	-	20,71,00,000	-	18,21,24,369
Add: Issued during the year	11,00,000	2,29,60,000	-	2,49,75,631
Less: Deduction during the year	-	-	-	-
Outstanding at the end of the reporting period	11,00,000	23,00,60,000	-	20,71,00,000

**B. Rights, preferences and restrictions attached to shares**

(i) Equity shares have a par value of ₹10 per share. Each Shareholder is eligible for one vote per share held. The company declares dividends in Indian rupees. In case the dividend is proposed by the Board of Directors it is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive in proportion to their shareholding, the assets of the Company remaining after distribution of preferential amount.

(ii) Preference shares are 15% cumulative having a par value of ₹100 per share having voting rights on any resolution which directly affects the rights attach to them and any resolution for winding up of the Company or for the repayment or reduction of its equity or preference share capital and all other matters as prescribed in Section 47 of the Companies Act, 2013. Preference share holders would get priority with respect to payment of dividend or capital vis-s-vis equity share holders. In the event of liquidation, the preference shareholders are eligible to receive in proportion to their shareholding, the assets of the Company remaining after distribution of preferential amount.

**C. Shares held by the holding Company**

	%	No. of Shares	%	No. of Shares
Equity	86.09	19,80,59,930	86.00	17,80,99,930
Preference	100.00	11,00,000	-	-

**D. Shareholders holding more than 5% Shares**

	%	No. of Shares	%	No. of Shares
Ferro Alloys Corporation Limited (Equity Shares)	86.09	19,80,59,930	86.00	17,80,99,930
Facor Alloys Limited (Equity Shares)	8.69	2,00,00,000	9.66	2,00,00,000
Ferro Alloys Corporation Limited (Preference Shares)	100.00	11,00,000	-	-

Other notes as prescribed under Revised Schedule VI regarding bonus shares, shares allotted for consideration other than cash, shares bought back, calls unpaid etc. are not applicable.

**NOTE NO. 2 : RESERVES & SURPLUS**

**Surplus (Deficit) in statement of profit & loss**

As per last financial statement	(1,20,49,08,274)	(72,89,63,627)
Less: Depreciation adjustment (refer point no. 16 of note no. 27)	(4,53,597)	-
Add: Addition during the year	(58,73,42,971)	(47,59,44,649)
<b>Net Surplus (Deficit) in the statement of profit &amp; loss</b>	<u>(1,79,27,04,842)</u>	<u>(1,20,49,08,276)</u>

**NOTE NO. 3 : LONG-TERM BORROWINGS**

**Secured long term borrowings:**

**a) Term loan**

Rural electrification corporation limited	5,02,49,52,323	4,67,04,00,000
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**b) Current maturity of long term borrowings**

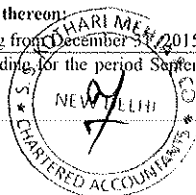
(22,84,06,924)	(42,45,81,818)
<u>4,79,65,45,399</u>	<u>4,24,58,18,182</u>

**Note:**

**A.** Loan from Rural electrification corporation limited (REC) is secured by first charge on all present & future immovable properties, moveable fixed assets including lease hold land, project assets, book debts, commission receivables, intangibles, goodwill, uncalled capital, Turst & Retention Account. It is further secured by first charge on all insurance contracts / insurance proceeds including the insurance contracts related to the project within a period of six months from the date of initial disbursement and contractors guarantee, performance bond & letter of credit. Pledge of 91.30% (previous year 76%) fully paid up share capital of the project as collateral security and corporate guarantee by Ferro Alloys Corporation Ltd. and personal guarantee of two Promoter Directors.

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

Term loan from REC is re-payable in 44 equal quarterly installments of ₹114,203,462/- each starting from December 31, 2015. Rate of interest on the said loan varies from 12.25% to 14.00% per annum. Interest of ₹ 247,695,577/- due on term loan is outstanding for the period September 30, 2014 to March 30, 2015 (previous year ₹ 315,596,482/- for the period September 30, 2013 to March 30, 2014).



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FACOR POWER LIMITED

Notes to the Financial Statement

Particulars	Amount (in ₹)	
	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>NOTE NO. 4 : OTHER LONG-TERM LIABILITIES</b>		
a) Trade payable	-	-
b) Others	-	-
Retention money	4,46,79,078	4,13,82,608
	<u>4,46,79,078</u>	<u>4,13,82,608</u>
<b>NOTE NO. 5 : LONG-TERM PROVISIONS</b>		
Provision for employee benefits:		
i) Provision for leave encashment	22,40,672	13,47,642
ii) Provision for gratuity	24,97,383	16,20,078
	<u>47,38,055</u>	<u>29,67,720</u>
<b>NOTE NO. 6 : SHORT-TERM BORROWINGS</b>		
a) Secured borrowings		
Cash credit loan from bank and repayable on demand	15,17,26,203	15,20,07,108
b) Unsecured borrowings		
(i) Loan from related party (Facor alloys limited)	5,00,00,000	5,23,88,699
(ii) Loan from others	1,00,00,000	-
(iii) Deposits	-	4,66,50,000
	<u>21,17,26,203</u>	<u>25,10,45,807</u>

**Note:**

A. Cash credit facility from Central Bank of India is secured against the pari-passu first charge on all the assets, present & future, of the Company, corporate guarantee of Ferro Alloys Corporation Limited and personal guarantee of two Promoter Directors.

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

(i) The rate of interest on cash credit loan varies between 13.50% to 14.75% per annum. The loan is re-payable on demand.

(ii) The rate of interest on loan from related party is 12.50%. Rate of interest on loan from other and on deposits is 12.00% per annum. The repayment of these loans is due during the financial year 2015-16.

**NOTE NO. 7 : TRADE PAYABLES**

a) MSME creditors	-	-
b) Others		
i) Creditors for purchases	13,53,28,759	18,42,40,594
ii) Creditors for expenses	6,92,53,528	3,41,72,077
	<u>20,45,82,287</u>	<u>21,84,12,671</u>

Based on the information available with the Company, no balances are due to Micro & Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2015. Further, during the year no interest has been paid or payable under the terms of the said act.

**NOTE NO. 8 : OTHER CURRENT LIABILITIES**

a) Current maturity of long-term debts		
Term Loan From Rural Electrification Corporation Limited	22,84,06,924	42,45,81,818
b) Interest accrued but not due	87,28,823	30,00,554
c) Interest accrued and due [Refer note no. 3(B)(i)]	24,76,95,577	31,55,96,482
d) Others		
(i) Retention money	11,02,83,766	15,33,26,290
(ii) Statutory dues (PF, TDS, Electricity duty etc.)	3,41,19,373	88,74,940
(iii) Payable to suppliers for capital goods	10,89,35,443	9,64,70,589
(iv) Payable to others	3,22,08,900	85,76,145
(v) Payable to employees	84,67,748	51,81,768
(vi) Security receipt from trainees	29,21,097	28,32,597
	<u>78,17,67,651</u>	<u>1,01,84,41,183</u>

**NOTE NO. 9 : SHORT-TERM PROVISIONS**

Provision for employee benefits:		
i) Provision for leave encashment	2,33,040	1,88,414
ii) Provision for gratuity	2,18,021	1,77,261
	<u>4,51,061</u>	<u>3,65,675</u>



FACOR POWER LIMITED  
Notes to the Financial Statement

NOTE NO. 10: TANGIBLE ASSETS

Figures as at March 31, 2015  
(Amount in ₹)

PARTICULARS	GROSS CARRYING VALUE			DEPRECIATION / AMORTISATION				NET CARRYING VALUE		
	Figures as at April 01, 2014	Additions during the year	Disposals/ Adjustments during the year	Figures as at March 31, 2015	Figures as at April 01, 2014	For the year	Adjustment through opening Retained Earnings	Disposals/ Adjustments during the year	Figures as at March 31, 2015	Figures as at April 01, 2014
Land Freehold	5,92,52,612	-	-	5,92,52,612	-	-	-	-	5,92,52,612	5,92,52,612
Land Leasehold	1,18,16,440	-	-	1,18,16,440	2,82,753	1,13,242	-	-	3,95,995	1,14,20,445
Factory Building	87,86,92,152	39,34,573	-	88,26,26,725	6,03,76,117	2,77,37,176	-	-	8,81,13,293	79,45,13,432
Other Building	66,88,590	-	-	66,88,590	1,66,797	2,17,394	-	-	3,84,191	63,04,399
Roads	5,71,33,859	45,91,649	-	6,17,25,508	2,33,236	56,73,386	-	-	59,06,622	5,58,18,886
Plant & Machinery	4,79,08,85,068	2,05,63,945	2,10,000	4,81,12,39,013	37,07,66,178	11,32,62,400	33,242	33,242	48,39,95,336	4,32,72,43,677
Railway Siding	26,74,35,965	16,85,400	-	26,91,21,365	27,87,485	1,83,61,390	-	-	2,11,48,875	24,79,72,490
Lab Equipment	11,29,616	1,56,345	-	12,85,962	1,87,124	1,32,218	-	-	3,19,342	9,66,620
Electrical Installation	30,25,406	2,93,459	-	33,18,865	2,08,612	3,46,633	-	-	5,55,245	27,63,620
Office Equipment	9,53,953	7,83,553	-	17,37,506	2,85,327	3,09,035	65,493	-	6,59,855	10,77,651
Computers	27,56,180	4,53,714	-	32,09,894	17,88,866	2,25,287	3,88,104	-	24,02,257	8,07,637
Furniture & Fixture	32,89,229	5,91,051	1,10,000	37,70,280	14,36,955	2,73,478	-	6,390	17,04,043	20,66,237
Vehicle	1,22,88,194	3,050	-	1,22,91,244	27,56,482	16,59,551	-	-	44,16,033	78,75,211
<b>Total</b>	<b>6,09,53,47,264</b>	<b>3,30,56,740</b>	<b>3,20,000</b>	<b>6,12,80,84,004</b>	<b>44,12,75,932</b>	<b>16,83,11,190</b>	<b>4,53,597</b>	<b>39,632</b>	<b>61,00,01,087</b>	<b>5,51,80,82,917</b>
Previous Year	3,58,88,84,779	2,50,75,42,648	10,80,163	6,09,53,47,264	24,79,42,520	19,36,18,335	-	2,84,923	44,12,75,932	5,65,40,71,332

Acquisition through business combination is not applicable as no such transaction occurred during the year and in the corresponding previous financial year. Also there was no impairment/revaluation of assets during the last 5 years.



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FACOR POWER LIMITED  
Notes to the financial statement

NOTE NO. 11 : CAPITAL WORK IN PROGRESS

Particulars	Amount (in ₹)		
	Figures as at March 31, 2015	During the year	Figures as at March 31, 2014 (net of amount capitalized )*
<b>A. Assets under construction</b>	<b>60,62,48,590</b>	<b>7,09,80,893</b>	<b>53,52,67,697</b>
<b>Total (A)</b>	<b>60,62,48,590</b>	<b>7,09,80,893</b>	<b>53,52,67,697</b>
<b>B. Expenditure pending allocation;</b>			
Employee cost:			
- Salary and other cost	1,67,84,014	70,00,716	97,83,298
- Contribution to provident and other funds	15,46,061	7,85,834	7,60,227
Rent	6,62,230	2,17,872	4,44,358
Travelling & conveyance expenses	20,42,460	88,735	19,53,725
Technical consultancy charges	88,31,228	17,78,792	70,52,436
Legal and professional expenses	8,62,980	2,24,720	6,38,260
Business promotion expenses	1,04,658	-	1,04,658
Communication expenses	3,42,658	21,184	3,21,474
Staff recruitment & development expenses	6,43,909	-	6,43,909
Advertisement expenses	34,567	-	34,567
Fee and taxes	34,00,580	20,79,450	13,21,130
Repair & maintenance -office	26,38,300	42,359	25,95,941
Repair & maintenance-plant & machinery	5,75,652	2,84,962	2,90,690
Vehicle running & maintenance expenses	2,88,214	-	2,88,214
Auditor's remuneration	26,395	-	26,395
Miscellaneous expenses	(2,01,202)	-	(2,01,202)
Fringe benefit tax	6,761	-	6,761
Interest & other financial charges	20,59,59,544	8,26,73,686	12,32,85,858
Bank charges and commission	4,15,016	-	4,15,016
Power & fuel expenses for construction	1,22,52,026	33,13,054	89,38,972
Depreciation	3,78,205	-	3,78,205
Freight & cartage expenses	99,828	-	99,828
Difference in foreign exchange	10,618	5,053	5,565
Stores & spares	11,08,805	-	11,08,805
Commission and brokerage	8,44,451	3,59,008	4,85,443
Dewatering charges	4,43,196	-	4,43,196
Temporary construction	47,600	-	47,600
Corporate social responsibility	8,39,368	-	8,39,368
Insurance	19,58,720	3,28,964	16,29,756
<b>Trial Run Expenses</b>			
Net expenses during trial run	50,37,000	50,37,000	-
Electricity duty on auxiliary consumption	8,79,211	-	8,79,211
	<b>26,88,63,053</b>	<b>10,42,41,389</b>	<b>16,46,21,664</b>
<b>Add: Construction material at site</b>	<b>4,87,536</b>	<b>(21,40,856)</b>	<b>26,28,392</b>
<b>Less: Interest income on deposits and others</b>	<b>42,54,224</b>	<b>16,45,628</b>	<b>26,08,596</b>
<b>Total (B)</b>	<b>26,50,96,365</b>	<b>10,04,54,905</b>	<b>16,46,41,460</b>
<b>Total (A+B)</b>	<b>87,13,44,955</b>	<b>17,14,35,798</b>	<b>69,99,09,157</b>
<b>Less: Amount capitalized during the year</b>			
<b>Net Balance of CWIP</b>	<b>87,13,44,955</b>		<b>69,99,09,157</b>

\* Last year Company had capitalized assets of ₹2,47,81,55,987/- from CWIP which has been shown on net basis.

Detail of Capital Work in Progress as at March 31, 2015

Particulars	Amount (₹)
Electrical installation	5,72,61,928
Boiler-3	54,89,86,663
Construction material at Site	4,87,536
Expenditure pending allocation	26,46,08,829
<b>Total</b>	<b>87,13,44,955</b>



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**FACOR POWER LIMITED**

**Notes to the Financial Statement**

Particulars	Amount (in ₹)	
	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>NOTE NO. 12 : NON-CURRENT INVESTMENT</b>		
<b>a) Un-quoted non-trade investment</b>		
Investment in government securities	40,000	40,000
	<u>40,000</u>	<u>40,000</u>
Aggregate book value of the unquoted investment	40,000	40,000
Aggregate provision for diminution in the value of investment	Nil	Nil
<p>The above investment of ₹40,000/- (Previous year ₹40,000/-) has been made in National Saving Certificates, valued at cost, and the same have been pledged with the mining officer, Bhadrak, Orissa.</p>		
<b>NOTE NO. 13 : LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good:</b>		
i) Capital advances	60,04,007	10,03,722
ii) Security deposits	1,80,34,661	1,80,29,111
iii) Prepaid expenses	3,25,179	8,06,605
	<u>2,43,63,847</u>	<u>1,98,39,438</u>
<b>NOTE NO. 14 : OTHER NON-CURRENT ASSETS</b>		
Un-amortized expenditure	1,46,20,456	1,43,48,760
	<u>1,46,20,456</u>	<u>1,43,48,760</u>
<b>NOTE NO. 15 : INVENTORIES</b>		
<b>a) Raw material:</b>		
i) Coal at site	9,49,38,502	5,62,90,111
ii) Coal in transit	5,79,30,174	7,87,39,192
<b>b) Consumables:</b>		
i) Chemicals	7,73,454	6,51,890
ii) High speed diesel	5,95,910	6,07,555
iii) Stores & spares/consumables	52,80,924	65,84,285
	<u>15,95,18,964</u>	<u>14,28,73,033</u>
<b>NOTE NO. 16 : TRADE RECEIVABLES</b>		
<b>Unsecured considered good:</b>		
a) Outstanding for period exceeding six months from the due date	-	7,91,285
<b>b) Others</b>		
i) From holding company	3,23,63,420	4,65,90,035
ii) Others	64,478	25,16,319
	<u>3,24,27,898</u>	<u>4,98,97,639</u>



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**FACOR POWER LIMITED**

**Notes to the Financial Statement**

Particulars	Amount (in ₹)	
	Figures as at March 31, 2015	Figures as at March 31, 2014
<b>NOTE NO. 17 : CASH AND BANK BALANCES</b>		
<b>a) Cash &amp; cash equivalents:</b>		
i) Balance in current accounts	21,70,725	27,87,087
ii) Bank deposits (having original maturity period upto 3 months)	-	-
iii) Cash on hand	70,862	2,23,188
<b>b) Other bank balances:</b>		
i) Bank deposits (held as margin money/security deposit)	1,84,64,266	2,06,15,183
ii) Bank deposits (held as margin money/security deposit and having maturity period more than 12 months)	40,000	40,000
	<u>2,07,45,853</u>	<u>2,36,65,458</u>

Other Bank deposits of ₹ 5,406,000/- (Previous year ₹ 5,406,000/-) have been deposited with Executive Engineer, Salandi Canal Division, Bhadrak as advance water charges to be adjusted against water charges payable by the Company in case of default. Other Bank deposits of ₹ 1,30,58,266 (Previous year ₹ 15,373,350/-) represent as margin money for Bank Guarantees & Letter of Credits issued by Banks on behalf of the Company. The balance amount of deposit of ₹ 40,000/- (Previous Year ₹40,000/-) has been deposited with Mining Department, Orissa.

**NOTE NO. 18 : SHORT-TERM LOANS AND ADVANCES**

**Unsecured, considered good:**

i) Advance for purchase of goods	63,53,534	2,35,12,221
ii) Advance for expenses	20,61,553	25,34,100
iii) Prepaid expenses	31,49,836	49,77,117
iv) Other advances	15,38,500	5,59,735
v) Security deposits	13,38,190	9,57,190
vi) Taxes paid (tax deposit at source)	15,07,823	11,89,205
vii) Advance to staff	63,147	-

**Unsecured, considered doubtful:**

Advance for expenses	60,55,554	60,55,554
Less: Provision	(60,55,554)	(60,55,554)
	<u>1,60,12,583</u>	<u>3,37,29,568</u>

**NOTE NO. 19 : OTHER CURRENT ASSETS**

i) Interest accrued on fixed deposits	15,72,305	25,63,995
ii) Unamortized expenses	36,55,114	35,87,190
	<u>52,27,419</u>	<u>61,51,185</u>

**NOTE NO. 20 : REVENUE FROM OPERATIONS**

i) Sale of power	1,20,81,65,081	1,24,29,24,574
ii) Other operating revenue	24,81,265	2,61,012
	<u>1,21,06,46,346</u>	<u>1,24,31,85,586</u>

**NOTE NO. 21 : OTHER INCOME**

i) Rental income		80,000
ii) Interest on fixed deposit/ margin money deposit	14,63,242	24,82,896
iii) Sundry balances written back	-	6,92,442
	<u>14,63,242</u>	<u>32,55,338</u>





**FACOR POWER LIMITED**

**Notes to the Financial Statement**

Particulars	Amount (in ₹)	
	Figures for the Year 2014-15	Figures for the year 2013-14
<b>NOTE NO. 22 : COST OF MATERIAL CONSUMED</b>		
<b>a) Coal consumed:</b>		
Opening inventory	13,50,29,303	9,16,87,059
Purchase during the year	58,80,60,562	70,67,44,963
Add: Incidental expenses	19,90,60,586	26,03,52,789
Less: Closing Stock	15,28,68,676	13,50,29,303
	<u>76,92,81,775</u>	<u>92,37,55,508</u>
<b>b) High speed diesel</b>	36,00,325	30,94,578
<b>c) Chemicals</b>	22,58,239	30,89,424
	<u>77,51,40,339</u>	<u>92,99,39,510</u>
<b>NOTE NO. 23 : EMPLOYEE BENEFITS EXPENSES</b>		
Salaries & wages	5,19,58,336	4,68,48,898
Contribution to provident and other funds	27,09,312	24,72,991
Staff welfare expenses	5,06,221	6,96,454
	<u>5,51,73,869</u>	<u>5,00,18,343</u>
<b>NOTE NO. 24 : FINANCE COSTS</b>		
a) Interest cost	64,81,16,021	41,79,30,319
b) Other borrowing cost	9,48,200	6,62,455
	<u>64,90,64,221</u>	<u>41,85,92,774</u>
<b>NOTE NO. 25 : OTHER EXPENSES</b>		
Other operating expenses	2,11,83,763	1,58,71,467
Coal feeding expenses	1,09,84,000	1,31,45,001
Water treatment expenses	20,26,426	20,34,838
Ash disposal expenses	1,00,30,817	1,27,29,698
Stores & spares	1,70,94,672	1,48,55,315
Insurance	38,70,290	35,83,105
Water charges	1,22,82,367	72,41,727
Repair & maintenance-machinery	69,55,160	47,08,672
Repair & maintenance-buildings	12,23,557	4,96,223
Repair & maintenance-office	49,66,484	36,74,143
Loss on sale of fixed assets	7,987	6,95,240
Audit expenses		
A) <u>Statutory auditor</u>		
i) Statutory audit fee	4,49,440	3,93,260
ii) Tax audit	56,180	56,180
iii) Certificates/ other services	28,090	28,090
iv) Reimbursement of expenses	53,846	48,230
B) <u>Cost auditor</u>		
i) Cost audit expenses	91,106	92,708
Rent	18,87,648	25,53,108
Guest house expenditure	95,34,661	85,89,006
Legal & professional	1,10,15,585	47,40,553
Electricity duty on auxiliary consumption	66,54,871	66,17,124
Rates & taxes	21,16,038	16,44,320
Travelling/conveyance expenses	93,09,893	1,12,71,564
Miscellaneous expenses	1,99,40,059	1,51,47,039
	<u>15,17,62,946</u>	<u>13,02,16,611</u>



**NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2015 AND PROFIT & LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2015**

**Note no. 26**

**A. General Information:**

Facor Power Ltd. is setting up a 100 MW (2\*50MW) Thermal Power Plant at Bhadrak, Orissa at a total project cost of ₹ 747,55.00 lacs. The Project was appraised by Rural Electrification Corporation Ltd. (REC) who had sanctioned a term loan of ₹ 51,790.00 lacs and is the sole lender. The balance of ₹ 22,965.00 lacs would be equity contribution.

The phase-I (One Turbine of 50MW and One Boiler) of the project was successfully synchronized on July 08, 2011. The second phase of the Project (2<sup>nd</sup> Turbine of 50 MW and 2<sup>nd</sup> Boiler) was also synchronized on March 11, 2014.

**B. Significant Accounting Policies:**

**i. Accounting Conventions**

The financial statement has been prepared in accordance with the historical cost convention, accounting standards issued vide Companies (Accounting Standard), Rules 2006, as prescribed under section 133 of the Companies Act 2013 read with rule 7 of Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013 and earlier years financial statement were prepared as per relevant provisions of the Companies Act, 1956 (refer General circular 08/2014 dated 04/04/2014 of the Ministry of Corporate Affairs for applicability of relevant provisions/ schedules/ rules of the Companies Act, 1956 for the financial statements prepared for the financial year commenced earlier than 01.04.2014) and the provisions of the Companies Act, 2013 (to the extent applicable).

**ii. Use of Estimates**

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

**iii. Revenue Recognition**

Revenue received by the company from sale of energy or by use of company's assets by others is recognized as per the Accounting Standard-9 "Revenue Recognition".

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**iv. Inventory**

The Company has adopted first-in first-out (FIFO) cost formula for valuation of inventories and the same has been valued at cost or net realisable value whichever is lower except scrap which is valued at net realisable value.

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

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



**(B) Capital Work in Progress (Tangible)**

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

**vi. Depreciation on Tangible Assets and Amortisation.**

Depreciation on fixed assets is applied on straight-line basis as per the useful life and manner specified in the Schedule II of the Companies Act, 2013. In earlier years depreciation was provided as the rate prescribed in Schedule XIV of the Companies Act, 1956. Lease-hold land is being amortized over the period of lease (i.e. 99 years).

Depreciation on fixed assets costing up to ₹ 5000/- is provided @100% over a period of one year.

**vii. Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which such asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Profit & Loss Statement. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**viii. Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. All monetary assets and liabilities remaining unsettled at the year-end are translated using the year end rates. Any income or expenses on account of exchange difference either on settlement or on translation is recognized and is reflected separately in the Profit & Loss Statement. Non-monetary items are carried at cost.

**ix. Borrowing cost**

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

**x. Employee Benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with AS -15 (Revised-2005), 'Employee Benefits'.

**Defined Benefit Plan (Unfunded)**

Gratuity and long-term compensated absences are provided for based on actuarial valuation carried out at the close of each year. The actuarial valuation is done by an Independent Actuary as per projected unit credit method.



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### Defined Contribution Plan

The Company's contribution to Employees Provident Fund and Family Pension Fund are deposited with the Regional Provident Fund Commissioner and is charged to Profit & Loss Statement every year on due basis.

**xi. Cash Flow Statement**

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

**xii. Accounting for Leases**

Leases where the lessor effectively retains substantially all risks and benefits of ownership over the leased term (i.e. not fulfilling any of the conditions mentioned in A.S -19 "Accounting for Lease" to become financial lease) are classified as operating leases. Operating lease payments are recognised as expenses on a straight line basis over the lease term and transferred to profit & loss statement or capital work in progress as the case may be.

**xiii. Taxes on income**

**Current Tax**

Provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provision of Income Tax Act, 1961.

**Deferred Tax**

Deferred tax is recognized, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income and accounting income computed for the current accounting year and reversal of earlier years' timing differences.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carry forward losses which are recognized to the extent that there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**xiv. Segment Reporting**

Since the Company operates in single business segment "Generation of Power" at single location hence no segment reporting is required in accordance with Accounting Standard 17 "Segment Reporting".

**xv. Earnings per Share**

Basic earnings per is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

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

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



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**xvii. Unamortized expenditure (to extent not written off or adjusted)**

Preliminary expenditures have been shown under the head unamortized expenditure, which will be written off over a period of five years starting from the year in which company operates/ready to operate at full capacity of 100MW.



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**NOTE NO. 27**

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

(Amount in ₹)

Particulars		As at March 31, 2015	As at March 31, 2014
<b>A) Contingent Liabilities</b>			
(i)	Outstanding amount of Bank Guarantees	5,28,18,867	3,39,05,000
(ii)	Income Tax Matters	26,78,810	29,85,095
(iii)	Dividend on Cumulative Preference Shares	50,17,808	Nil
<b>B) Commitments</b>			
(i)	Letter of Credit	Nil	Nil
(ii)	Estimated amount of unexecuted Capital Contracts	3,86,64,807	13,25,07,000

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

- In the opinion of the management, the value of realization of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provisions for all known liabilities have been made.
- During the year, the Company has issued 2,29,60,000 (previous year 2,49,75,631) equity shares face value of ₹ 10/- each and 11,00,000 (previous year Nil) 15% cumulative redeemable preference shares face value of ₹ 100/- each to Ferro Alloys Corporation Ltd being the party covered in the register maintained u/s 189 of the Companies Act, 2013.
- During the financial year 2013-14 accumulated losses of the Company were exceeded 50% of the peak net worth of the Company in the immediately preceding four financial years. The Company has taken appropriate steps for compliances in pursuance of section 23(1) of Sick Industrial Companies (Special Provision) Act, 1985.

5. **Employee Benefits****(A) Defined Contribution Plans**

The Company has recognized the following amounts in the capital work in progress (CWIP) or Profit & Loss statement for the year ended on March 31, 2015, under the Defined Contribution Plans.

(Amount in ₹)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Contribution to Provident Fund	19,45,990	18,49,149	13,69,446	11,46,655	7,32,385
Contribution to Employee's Pension Scheme 1995	11,77,173	7,73,047	7,64,888	5,67,785	3,29,029
<b>Total</b>	<b>31,23,163</b>	<b>26,22,196</b>	<b>21,34,334</b>	<b>17,14,440</b>	<b>10,61,414</b>



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