

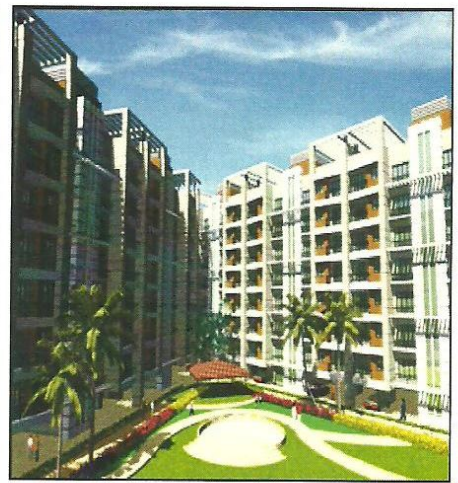
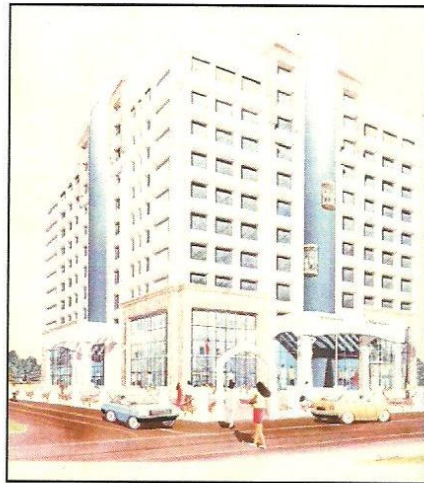
**fact**

enterprise limited

17TH

**ANNUAL REPORT**

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**Building, Constructions & Media**

Bombay Stock Exchange Listed co.  
( ISO 9001 : 2000 )

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# **FACT ENTERPRISE LIMITED**

17 TH

ANNUAL REPORT

2009-2010

## **CORPORATE INFORMATION**

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### **BOARD OF DIRECTORS**

Mr. Rajiv Kashyap	- Chairman cum Managing Director
Mr. Dattapal C. Neroy	- Director
Mr. Praful Sadanand Rane	- Director
Mr. Varun S.Gautam	- Director

### **REGISTERED OFFICE**

51, Juhu Supreme Shopping Centre,  
Gulmohar Cross Road No.9, Andheri (W), Mumbai – 400 049.

### **AUDITORS**

M.V. DAVE & CO.  
Chartered Accountants, Mumbai

### **BANKERS**

Allahabad Bank, J.V.P.D Scheme  
Oriental Bank of Commerce, Kandivali, Mumbai  
Union Bank of India, Ville Parle (E), Mumbai  
Union Bank of India, Malad (W), Mumbai

### **REGISTRAR & SHARE TRANSFER AGENT**

Big Share Services Pvt. Ltd, E-2/3, Ansa Industrial Estate,  
Saki-Vihar Road, Saki Naka, Andheri (E), Mumbai – 400 072.

### **CORPORATE IDENTIFICATION NUMBER(CIN)**

L67190MH1993PLC071166

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## CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Dear Shareholders,



It gives me great pleasure to welcome all of you at the 17<sup>th</sup> Annual General Meeting of YOUR COMPANY.

The Year 2009-2010 was exceptionally challenging and historical year for the world economy. The Global financial crisis had a significant impact on the economic environment across all the industry sectors and markets.

We are seeing continuously global financial crisis across the world. India, being a 3<sup>rd</sup> largest Economy in the World has shown a good corporate performance which has driven the growth of our economy. Real estate sector have seen a phenomenal demand for good commercial as well as residential projects which helped companies like us to survive in the economic downturn.

By now you have had the opportunity to go through the audited annual accounts for financial year 2009-2010.

In the Financial Year 2008-2009, YOUR COMPANY'S performance had post a Net profit of Rs. 493.55 crores with the Earning Per Share of Rs. 9.78. As we know the fact that slowdown in global economy has led to decrease in Turnover as well in profits. I would like to present in front all of you financial figures of this financial year where YOUR COMPANY'S Turnover has gone down and Earning Per Share has gone down to Rs. 1.03 from Rs. 9.78 of last year. I assure that YOUR Company's next financial performance will be substantially high in terms of Profits and turnover. Company has also raised Rs. 350 to 400 lacs by issuing equity shares on preferential basis which has resulted a lower Earning Per Share.

In the backdrop of the falling global financial market and difficult scenario for Real Estate Companies, YOUR COMPANY under trying circumstances was focused on execution and demonstrated its capability by launching various construction projects. Company as also ventured into Media Segment where company has successfully launched various teen pageants like "Fact Universal Teen Pageant", Fact Supermodels

## **CHAIRMAN'S ADDRESS TO SHAREHOLDERS**

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etc. Company has also tied up with one of the known production house to produce movies. This diversification in media industry will give us good results and returns in years to come.

M/s. Fact Enterprise Limited enjoys excellent relations with its clients and with numerous institutions in and outside India. The Company has tremendous financial and managerial capabilities and our main stream of business is construction. The quality and reliability of the business has earned the company an enviable reputation and goodwill. We believe in successfully completing all the assignments in a fixed and precise time frame.

Synergy and combination of capital intensive and time extensive projects gives YOUR COMPANY good profits and value for money. Due to this unique combination, costs of our projects are very low and the profits are high.

At the end, I would like to reinforce the uniqueness of our business model and various strategies will be to focus on executions and create wealth for shareholders. I take this opportunity to thank all the shareholders, customers, suppliers, bankers and employees for their continued support and co-operation. We share an everlasting bond with each other. I thank all my colleagues on the Board for their unanimous support and immense encouragement.

I am sure that with your best wishes and confidence shown in our capabilities, the Company will achieve new milestones.

With Best Wishes,

Sd/-

Chairman  
Place: Mumbai

Date: 14<sup>th</sup> July, 2010.



## **NOTICE TO THE MEMBERS**

**Notice** is hereby given that the Seventeenth Annual General Meeting of **FACT ENTERPRISE LIMITED** will be held on Monday, 16<sup>th</sup> August, 2010 at 12.30 Noon at the Conference Hall, Juhu Supreme Shopping Centre, JVPD Scheme, Andheri(w), Mumbai – 400049 to transact the following business:

### **ORDINARY BUSINESS:**

1. To consider, approve and adopt the audited Balance Sheet as on 31<sup>st</sup> March 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare Dividends on equity shares.
3. To appoint Director in place of Mr. Dattapal C Neroy, who retires by rotation and being eligible offers himself for re-appointment.
4. To reappoint Auditors and fix their remuneration.

### **SPECIAL BUSINESS :**

#### **5. Issue and allot Equity Shares / Warrants on preferential basis**

To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution

**“RESOLVED THAT** subject to the approval of the member at their general meeting and pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to any approval, consent, permission and / or sanction of the appropriate authorities, (hereinafter collectively referred to as “the appropriate authorities”), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as “the requisite approvals”), and which may be agreed to by the Board of Directors of the Company (hereinafter called ‘the Board’ which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorized to create, offer, issue and allot, from time to time in one or more tranches, Equity Shares and/or Warrants entitling to apply for equity shares to be subscribed by domestic / foreign institutions, institutional investors, banks, mutual funds, insurance companies, bodies corporate, individuals or other entities, whether or not such investors are Members of the Company, under a preferential issue through offer letter and/or circular and/or information memorandum and/or such other documents / writings, in such a manner and on such terms and conditions as may be determined by the Board in its absolute discretion; provided that the price of the Equity Shares so issued shall not be less than Rs. 38/-.(including a premium of Rs 28) per equity share of Rs10/- each being the price with respect to the Relevant Date i.e16th July 2010, as prescribed under the



## **NOTICE TO THE MEMBERS**

ICDR Regulations, 2009 for Preferential Issues contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 including any statutory modification or re-enactment thereof for the time being in force.

**RESOLVED FURTHER THAT** the Equity Shares allotted in terms of this resolution shall rank pari passu in all respects with the existing equity shares of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of aforesaid Securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Securities, utilisation of the issue proceeds, and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors, or Executive Director or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution.”

FOR AND ON BEHALF OF THE BOARD

Sd/-

**(RAJIV KASHYAP)**  
MANAGING DIRECTOR

Place: Mumbai

Date: 14<sup>th</sup> July, 2010.



1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE IN HIS OR HER PLACE AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Register of the Company shall remain closed from 14<sup>th</sup> August 2010 to 18<sup>th</sup> August 2010 (both days inclusive).
3. Members are requested to notify immediately any change in their address along with pin code numbers to the company or the share transfer agent of the company Registrar & Share Transfer Agent, Big Share Services Pvt. Ltd. E-2/3, Ansa Industrial Estate, Saki-Vihar Road, Saki Naka, Andheri (E), Mumbai – 400 072.
4. Individual shareholders can take the facility of nomination. For further detail in this regard shareholders may contact share transfer agent of the Company.
5. The shares of the Company are transacted in compulsory dematerialized form. Shareholders are requested to convert their shares in Demat form at the earliest possible.
6. Members are requested to quote their account/folio no. in all correspondence with the company.
7. Members attending the annual general meeting are requested to bring along their copies of the annual report, as the same will not be distributed at the meeting.
8. Members desiring any information on the Accounts are requested to write to the company at least one week before the meeting so as to enable the management to keep the information ready at the meeting.

BY ORDER OF THE BOARD,  
For FACT ENTERPRISE LTD

Sd/-

**Place:** Mumbai  
**Dated:** 14<sup>th</sup> July, 2010.

**Mr. RAJIV KASHYAP**  
**CHAIRMAN & MANAGING DIRECTOR**

**ANNEXURE TO THE NOTICE:**

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACTS, 1956.**

The following Explanatory Statement sets out the material facts relating to the business under items 5 of the accompanying Notice:

Our promoter Mr. Rajiv Kashyap and our management have a vast knowledge and experience in the real estate Industry. The company is in the business of construction, development and redevelopment of buildings, shopping complexes e.t.c. The management of the Company has analyzed the real estate Industry. There is an ample growth in the projects like of construction of commercial/residential and retail malls. The management of the Company would like to capture the opportunity available in the market. There is a need of a fund to capture the opportunity available in the market. The management of the Company decided to go for a preferential issue with the consent of the shareholders.

**Objects of the Issue through Preferential offer is given as under:-**

The Company found the growth opportunities in real estate business, and would like to expand in the real estate sector. The management of the Company has analyzed some projects which will require a fund of Rs. 20 crores. For this purpose and for general corporate purposes, as may be decided by the Board in the best interest of the company, it is proposed to issue 40,75,000 Equity shares / warrants entitling to apply for equity shares of company to Promoters and certain corporate bodies, who are strategic investor of Company as details given below on a preferential allotment basis, in terms of the ICDR Regulations, 2009 for Preferential Issues contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 (herein referred to as the “Preferential Issue Regulations”), including any statutory modification or re-enactment thereof for the time being in force.

**The details of the issue and other particulars as required in terms of the Preferential Issue Regulations are given as under:**

- 1. Securities to be issued:** The resolution set out in the accompanying Notice is an enabling resolution, entitling the Board to issue equity shares or warrants entitling to apply for equity shares as may be deemed appropriate in the best interest of the Company.
- 2. Pricing of the Equity Shares / Warrants:** Each equity share of the face value of Rs. 10, including the equity shares arising out of the exercise of option attached to warrants, shall be issued at a price not being less than Rs. 38 (including a premium of Rs.28) per equity share.

**3. Terms of Warrants:** The Board may allot warrants at a price not being less than Rs. 38/- per warrant, which will entitle the holder to subscribe for one equity share of the face value of Rs.10, at a price not being less than Rs. 38/- (including a premium of Rs. 28/-) per equity share of the Company against each warrant. An amount, as may be decided by the Board of Directors, not being less than 25% of the issue price (i.e. Rs. 9.50/-per warrant) shall be payable upon subscription of the warrants. The warrants would be allotted on the following terms:

- The holder of warrants will have an option to apply for and be allotted 1 (one) equity share of the Company per warrant any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. In this connection, either the Company or the warrant holder will give an advance notice calling upon the other party to exercise / avail the aforesaid option specifying the number of warrants. The warrant holders will be liable to make the payment of balance sum per warrant for such number of warrants.
- Upon receipt of the payment as above, the Board (or a Committee thereof) shall allot one equity share per warrant by appropriating Rs.10 towards equity share capital and the balance amount paid against each warrant, towards the securities premium.
- If the entitlement against the warrants to apply for the equity shares is not exercised within the period specified in the notice referred hereinabove, the entitlement of warrant holders to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.
- The warrant by itself does not give to the holder(s) thereof any rights of the shareholders of the Company.
- The equity shares issued as above shall rank pari passu in all respects with the existing equity shares of the Company. The warrants and equity shares shall be subject to the Memorandum and Articles of Association of the Company.

**4. Lock-in:** The securities issued under the above Preferential Issue shall be locked-in and the shares allotted on exercise of option attached to warrants, if any, shall be locked-in for a period of one year from the date of their conversion.

**5. Particulars of Subscribers & Intention of Promoter / directors / Key Managerial Persons to Subscribe the Offer:** No Promoter / Directors / Key Managerial Persons has shown their intent to subscribe the preferential offer. The details of subscribers of the said preferential issue are given as below:

Sr. No.	Name of the Proposed Subscriber	Category (Promoter / Non-Promoter)	No. of Equity Shares / Warrants
1.	Neelam Rajiv Kashyap	Promoter	25,90,000
2.	SKRM Builders Private Limited	Non-Promoter	7,42,500
3.	HRNM Builders Private Limited	Non-Promoter	7,42,500
<b>Total</b>			<b>40,75,000</b>

Any of the equity shares issued as above, that may remain unsubscribed for any reason whatsoever, may be offered and allotted by the Board in its absolute discretion to any other person/entity/ investor within the same category/class, on the same terms and conditions.

**6. Shareholding Pattern:** The Shareholding pattern giving present position as also considering full allotment of equity shares arising out of securities issued as above is given as below:

Sl.No	Category	Pre – issue		Post Issue	
		No. of Equity Shares	Percentage (%)	No. of Equity shares	Percentage (%)
1	<b>Promoters Holding</b>	2,02,194	1.32	27,92,194	14.43
2	<b>Institutional Investors Mutual Funds &amp; UTI, Banks, FI, FIIs,</b>	25,000	0.16	25,000	0.13
3	<b>Corporate Bodies</b>	55,56,971	36.39	70,41,971	36.40
4	<b>Individual Public</b>	94,74,640	62.04	94,74,640	48.97
5	<b>NRI'S and OCB's and Clearing Members</b>	13,995	0.09	13,995	0.07
	<b>TOTAL</b>	<b>1,52,72,800</b>	<b>100.00</b>	<b>1,93,47,800</b>	<b>100.00</b>

**7. Completion of Allotment:** The allotment of the Equity Shares being issued on preferential basis is proposed to be made within 15 days from the date of passing of the resolution by the Members, provided that where the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed with in 15 days from the date of receipt of such approval.

Your Directors recommend the above Resolution for your approval.

None of the Directors is interested or concerned, either directly or indirectly, in the proposed resolution

**For Fact Enterprise Limited**

**Place : Mumbai  
Date : 14<sup>th</sup> July, 2010.**

**Sd/-  
Rajiv Kashyap  
Managing Director**



**DETAILS OF THE DIRECTORS  
SEEKING APPOINTMENT/RE-APPOINTMENT  
AT THE FORTHCOMING ANNUAL GENERAL MEETING**

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(In pursuance of Clause 49(VI) (A) of the Listing agreement)

**DIRECTORS SEEKING RE-APPOINTMENT**

<b>Name of the Director:</b>	Mr. Dattapal C Neroy
<b>Date of Birth:</b>	06-12-1951.
<b>Date of Appointment:</b>	28-11-2005.
<b>Expertise in any specific functional area:</b>	He has over 17 years experience in project financing and investment decisions. He has also worked in Syndicate Bank in management cadre for 20 years
<b>Qualification:</b>	B.A., LL.B
<b>Directorships held in other companies:</b> (excluding foreign Companies)	NIL
<b>Committee Positions held in other Companies:</b>	NIL

BY ORDER OF THE BOARD,  
For **FACT ENTERPRISE LTD.**

Sd/-

Place: Mumbai  
Dated: 14<sup>th</sup> July 2010.

**Mr. RAJIV KASHYAP**  
**CHAIRMAN & MANAGING DIRECTOR**

To,

The Members of **Fact Enterprise Limited**

Your Directors are pleased to present the 17<sup>th</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2010.

**I. FINANCIAL HIGHLIGHTS:**

<b>Particulars</b>	<b>Year ended 31-3-2010 (Rs. in Lacs)</b>	<b>Year ended 31-3-2009 (Rs. in Lacs)</b>
Turnover	<b>343.39</b>	<b>822.79</b>
Profit before Interest, Depreciation and Tax	<b>100.70</b>	<b>497.29</b>
<b>Less:</b>		
(i) Interest:	<b>3.77</b>	<b>1.66</b>
(ii) Depreciation	<b>0.24</b>	<b>0.23</b>
Profit after Interest and Depreciation	<b>96.68</b>	<b>495.40</b>
Profit before Taxation	<b>96.68</b>	<b>495.40</b>
Provision for Taxation (after adjustment of deferred Tax)	<b>(0.36)</b>	<b>1.85</b>
Profit after Tax	<b>97.10</b>	<b>493.55</b>
<b>Add:</b> Amount brought Forward from last year	<b>373.59</b>	<b>241.85</b>
Amount Available for Appropriation	<b>470.69</b>	<b>735.40</b>
<b>Less:</b> Appropriations:		
Amount Transferred to General Reserve	<b>0.00</b>	<b>350.00</b>
Interim Dividend / Proposed Dividend	<b>9.47</b>	<b>10.09</b>
Provision for tax on proposed Dividend	<b>1.61</b>	<b>1.72</b>
Balance carried to Balance Sheet	<b>465.52</b>	<b>373.59</b>

## **DIRECTORS' REPORT**

### **II FINANCIAL PERFORMANCE AS A MEASURE OF OPERATIONAL PERFORMANCE:**

In this challenging environment & recession your company has managed to post profits in the financial year 2009-2010. Following table depicts the financial performance of the Company in brief:

<b>Particulars</b>	<b>AS ON 31-3-2010 (Rs. In Lacs)</b>	<b>AS ON 31-3-2009 (Rs. In Lacs).</b>
Working Capital	4167.50	2927.41
Total Income	343.39	822.79
Net Profit After Tax	97.10	493.55

### **III DIVIDEND**

Your directors are pleased to recommend the dividend for the financial year 2009-10 on Equity Shares of Rs.10/- each at 0.10 paise per share equivalent to 1% aggregating to Rs 9,47,000/- (Rupees Nine Lakhs Forty Seven thousand Only)

### **IV DIRECTORS RESPONSIBILITY STATEMENT:**

As required under Section 217(2AA) of the Companies Act 1956 your Directors confirm that:

- (i) In the preparation of annual accounts, the applicable accounting standards have been followed.
- (ii) The Directors had 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 2009-2010 and of the profit & loss of the company for the period ended 31<sup>st</sup> March, 2010.
- (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.
- (iv) The Directors have prepared the annual accounts on going concern basis.

**V DIRECTORS:**

In accordance with the provisions of the Companies Act' 1956 and Articles of Association of the Company, Mr. Dattapal Chandrakant Neroy retires by rotation and being eligible, offers himself for reappointment.

**VI AUDITORS:**

M/s M.V. Dave & Co, Chartered Accountants, retire as the Auditors of your company at the forthcoming Annual General Meeting and being, eligible, offer themselves for reappointment. The Company has received an eligibility certificate from the said M.V. Dave & Co, Chartered Accountants under section 224(1) of the Companies Act 1956.

**VII. AUDITORS' REPORT:**

Observations made in the Auditors Report are self explanatory and therefore do not call for comments under Section 217(3) of the Companies Act 1956.

**VIII CORPORATE GOVERNANCE:**

A separate report on Corporate Governance is furnished as a part of the Directors' Report and a certificate from the Auditors regarding the compliance of the conditions of Corporate Governance is annexed to the said Report.

**IX FIXED DEPOSIT:**

During the year under review, your company has not invited any deposit from the public.

**X PARTICULARS OF EMPLOYEES:**

Your Company does not have any employee whose particulars are to be given pursuant to the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules, 1975).

**XI . INCREASE IN PAID UP CAPITAL OF THE COMPANY :**

Your Company has already intimated you regarding the Preferential allotment of warrant through the Extra Ordinary General Meeting held on 8<sup>th</sup> March, 2010 and accordingly company has issued the 1,02,25,000 warrants under preferential allotment and out of which 44,25,000 warrants were converted into equity and your company paid up capital has increased to 94,72,800 Equity shares of Rs. 10/- each as on 31<sup>st</sup> March, 2010 and later on 28,00,000 and 30,00,000 warrants were converted into equity on 16.05.2010 and 24.05.2010 respectively.



## **DIRECTORS' REPORT**

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### **XII ADDITIONAL INFORMATION:**

Information pursuant to 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 is furnished hereunder

#### **A. CONSERVATION OF ENERGY:**

Your Company is regularly finding out the areas from where the energy can be conserved. As your Company is basically in construction of building so there is no power and fuel requirement as such.

#### **B. TECHNOLOGY ABSORPTION:**

Your Company is regularly finding out ways used in the process of adoption of new technology in the construction of building.

#### **C. ENVIRONMENT:**

Your Company is not involved in any type of activity hazardous to the environment and does not discharge any type of trade effluents (solid, liquid or gaseous) causing pollution.

#### **D. FOREIGN EXCHANGE EARNING & OUTGO:**

There were no foreign exchange earnings or outgo by way of either imports, exports or expenses during the year.

### **XIII ACKNOWLEDGEMENT:**

The Board of Directors wishes to place on record their sincere appreciation and acknowledges with gratitude to the companies valued clients, Bankers, Securities Exchange Board of India and the Share holders for their continued co-operation and support. The Directors also wish to place on record their sincere appreciation of the Company employees at all levels for their sincere efforts and commitment in their duties without which the results achieved by your company would not have been possible and look forward to their continued support.

For and on behalf of Board

Sd/-

Mumbai  
DATED: 14<sup>th</sup> July 2010

**Mr. RAJIV KASHYAP**  
**CHAIRMAN & MANAGING DIRECTOR**



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### **(A) ORGANIZATION PROFILE**

YOUR COMPANY is an ISO 9001:2000 certified real estate development Company in India, engaged in business of construction, development and redevelopment of buildings, shopping complexes, etc., mainly in Mumbai and its suburbs. Our focus is mainly on real estate redevelopment, which includes Society redevelopment, private redevelopment and redevelopment of Cess Properties, which gives the Company the benefit of lower initial expenses on land acquisitions. Our projects includes both commercial malls/shopping Complexes as well as residential projects. We have an integrated team of professionals.

Starting with Construction, Fact Enterprise Limited pursued a strategy of vertical integration and diversified in media, for the future prospects of this company. With reference to our entry into the field of media and entertainment, YOUR COMPANY has been successful in conducting a 2<sup>nd</sup> addition of beauty pageant for teenage girls by the name of FACT UNIVERSAL TEEN PAGEANT. YOUR COMPANY also launched another show called Fact Supermodel which was telecasted worldwide in one of the famous TV channel. Both of these shows got good response from the audience in terms of the TRP which enhances the brand value of the company in the media industry.

### **(B) Overall View:**

The real estate sector in the country is one of great importance. According to the report of the Technical Group on Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides a big investment opportunity.

India leads the pack of top real estate investment markets in Asia for 2010, according to a study by PricewaterhouseCoopers (PwC) and Urban Land Institute, a global non-profit education and research institute, released in December 2009. The report, which provides an outlook on Asia-Pacific real estate investment and development trends, points out that India, in particular Mumbai and Delhi, are good real estate investment destinations. Residential properties are viewed as more promising than other sectors. While, Mumbai, Delhi and Bangalore top the pack in the hotel 'buy' prospects as well.

The study is based on the opinions of over 270 international real estate professionals, including investors, developers, property company representatives, lenders, brokers and consultants.

According to the data released by the Department of Industrial Policy and Promotion (DIPP), housing and real estate sector including cineplex, multiplex, integrated townships and commercial complexes etc, attracted a cumulative foreign direct investment (FDI) worth US\$ 8.4 billion from April 2000 to March 2010 wherein the real estate and the housing sector witnessed FDI amounting US\$ 2.8 billion in the fiscal year 2009-10.

The city of Mumbai is one of the prime business and commercial centers in the world. Mumbai city is bestowed with the problems of old buildings, slums & chawls which appear as dark spots on its white sheet creating infrastructure bottle necks. Fact Enterprise Limited has aimed to utilize these extra incentives to construct and generate FSI in years to come. Fact Enterprise Limited has established itself into the western suburban of Mumbai city where the population has witnessed a steep rise in the recent past. The company has identified some of its projects of construction of commercial/residential retail malls for which company plans to augment long term resources of near about to 35 to 40 Crores.

Media, the fourth estate, when entwined with the entertainment component represents an effective facet of consumers in India. Technology has played a key role in influencing the entertainment industry, by redefining its products, cost structure and distribution.

The Indian Media and Entertainment (M&E) industry stood at US\$ 12.9 billion in 2009 registering a 1.4 per cent growth over last year, according to a report by one of the reputed consultancy firm of India. Over the next five years, the industry is projected to grow at a compound annual growth rate (CAGR) of 13 per cent to reach the size of US\$ 24.04 billion by 2014, the report stated.

**(C) Segment-wise Performance:**

Your company has identified segments reporting in terms of AS 17 issued by Institute of Chartered Accountants of India(ICAI), these are Construction/Property, Construction/Finance & Media. The company has made an investment of Rs. 207.94 Lacs in the field of Consultancy/Finance/Investments/Media. Rs. 779.50 lacs in construction &/or property development activities and Rs. 7.50 lacs in media segment in the current financial year.

**(D) Outlook for the Company:**

Your Company shall continue to lay thrust for obtaining optimum results and minimize expenses in their business ventures to achieve better results in the coming years.

**(E) Opportunities and threats:**

**1) Opportunities**

- Introduction of new projects in the gamut of Company's activities.
- Improvement in the Global Economic Situation
- Various Stimulus packages by Governments globally for growth for the Infrastructure Sector.
- Launch of various Beauty Pageant Shows
- Production of Part Animated Movie which has been untouched avenue in entertainment segment

- Increasing disposable income in the hand of young individuals thereby leading a huge viewer ship space
- Marketing of DVD, CD as home Video segment has becoming more profitable.

**2) Threats**

- Lack of Brand presence
- Depressed prices has affected Real Estate Market during the year and there Could be a Spill over effect.
- Variations in viewer's taste and preferences.
- Competition from the peers.
- Valuation methodology and accounting practice in broadcasting business may change.
- Spat of New TV Channels has been launched every year.

**(F) Risks & Concerns:**

- Macro Economic factors including economic and political developments
- Natural Calamities which affect the Industrial Sector Generally
- Dependence on availability and performance of subcontractors.
- Lack of geographical presence as operations are only Mumbai based.
- Lack of adequate infrastructure FacilitLong gestation period (life cycle) of projects from land acquisition to completion of the project. Lack of accuracy in estimating overall risks, market cycles, revenue or costs in respect of a project, may adversely affect our projects too.
- Delay in execution of redevelopment projects due to unavoidable delay in receiving required consents from the concerned authorities.
- Volatility of share prices on listing.

**(G) Future Outlook:**

Mumbai being the commercial hub of India, need for housing has been on an upwards trend since years. As the standard of living of masses has improved, need for good and permanent housing has also increased. This situation has given an impetus to real estate developers like YOUR COMPANY, as our main focus is on slum rehabilitation, a boost to provide permanent dwellings to slum rehabilitants.

**(H) Company's Strategy:**

- Our projects are self financing i.e. Sales and bookings begin at the initial stage of our projects which facilitates us to construct the projects and develop new projects without taking any help of external finances.
- Maintaining a tight control over costs, improving cost to income ratios
- Increasing productivity across all functions.
- We tend to enter into joint ventures with experienced concerns for handling bigger projects for building brand equity and expansion of our business. We do not have any technical or other collaboration.
- We hire contractors who bring in necessary equipments, plant and machinery etc. as per the project requirements.
- We focus on building superior infrastructure, using best quality and most cost effective economic materials. The Contractors hired are experienced and use technology evolving in construction sector and hence implement new projects faster and in a more efficient manner.
- We conduct marketing of our projects through real estate agencies, site office. Advertisement mediums like: bill boards, newspapers, participation in property exhibitions and most convincing word of mouth through our existing customers.

**(I) Internal Control Systems and their Adequacy:**

Your Company has a proper and adequate system of internal controls, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposal and commercial transactions are authorized., recorded and reported correctly. The internal controls is supplemented by an extensive programme of internal, external audits and periodic review by the management. The system is designed to adequately ensure that financial and other records are reliable for presenting financial information and other data and maintaining accountability of assets.

**(J) Human Resources:**

Human resource is the most performing asset of any organizations. We believe that business is a byproduct of relationships. Regular training and development programmes are conducted for the employees to help them in improving their performance levels and in ultimately increasing the level of performance of the Company. Good congenial environment prevails in Your Company.

Performance appraisal of employees is done on a regular basis. Our employees have an Opportunity of participation for giving suggestions towards various management decisions. This helps them to improve their decision making power, increases their motivation and morale which ultimately results into increasing their productivity.

**(H) AWARDS AND RECOGNITIONS**

- Indian Economic Studies has conferred upon M/s. Fact Enterprise Limited an excellence award for its incredible performance and also has graced Mr. Rajiv Kashyap., Managing Director of the Company by granting Udyog Ratna Award.
- All India Achiever's Foundation has conferred upon Mr.Rajiv Kashyap, an All India Achiever's Award.
- Mr. Rajiv Kashyap has also been graced with awards like Best Citizen Awards, Best Corporate Citizen Award.
- Mr. Rajiv Kashyap has been honored with Pride of Asia Award which was organized by the Integration of Peace Society at Dubai (UAE)

For and on behalf of Board

Sd/-

Mumbai  
DATED: 14<sup>th</sup> July 2010.

**Mr. RAJIV KASHYAP**  
**CHAIRMAN & MANAGING DIRECTOR**

## CORPORATE GOVERNANCE REPORT

### 1. Company's Philosophy on code of Corporate Governance:

In the era of good corporate governance, your company believes in attainment of highest levels of transparency in all facets of its operations. The company is committed to maximize the shareholders value by adopting the principles of good corporate governance in line with provisions stipulated in the listing agreement.

### 2. Board of Directors:

The details of directors including the details of their Board Directorships and committee are given below:

Name of the Director	Category	No. of Directorships held in other Companies	No. of Board Committee memberships held in other Companies
Mr. Rajiv Kashyap	Chairman & Managing Director (Promoter)	2	Nil
Mr. Dattapal Chandrakant Neroy	Independent & Non Executive Director	Nil	Nil
Mr. Praful S. Rane	Independent Director & Non Executive Director	Nil	Nil
Mr. Varun Sadashiv Gautam	Independent Director & Non Executive Director	Nil	Nil

### Meetings and Attendance:

During the year ended 31<sup>st</sup> March 2010, 9 (Nine) Board Meetings were held on the following Dates: 29<sup>th</sup> April, 2009, 30<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 31<sup>st</sup> October 2009, 31<sup>st</sup> January 2010, 11<sup>th</sup> February 2010, 12<sup>th</sup> February 2010, 16<sup>th</sup> March 2010 and 20<sup>th</sup> March 2010.

Attendance of Directors at the Board Meeting and at the Annual General Meeting (AGM) (30<sup>th</sup> September 2009)

Name of Director	No. of Board Meeting Attended	Whether attended AGM on 30/9/2009
Mr. Rajiv R. Kashyap	9	Yes
Mr. Dattapal C Neroy	9	Yes
Mr. Varun Sadashiv Gautam	9	Yes
Mr. Praful Sadanand Rane	9	Yes

**Code of Conduct:**

The Company has formulated a code of conduct for the members of the Board and senior management of the company.

**3. Committees of the Board:****(a) Audit Committee:****Terms of Reference:**

The role of the Audit Committee broadly includes periodic discussions with the statutory Auditors concerning the accounts of the company and internal control systems, recommending appointment /removal of statutory auditors and fixing their remuneration, reviewing the financial statement before submission to the Board, reviewing adequacy of internal control systems.

**Composition & Meeting:**

The Audit Committee consists of the following Directors:

1. Mr. Dattapal C Neroy Chairman (Independent & Non Executive Director)
2. Mr. Varun Sadashiv Gautam Member (Independent & Non Executive Director)
3. Mr. Praful Rane Member (Independent & Non Executive Director)

**The managing Director is a permanent invitee to the Audit Committee.**

During the year ended 31<sup>st</sup> March 2010, meetings of the Audit Committee were held on the following dates: 30<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 31<sup>st</sup> October 2009, 31<sup>st</sup> January 2010.

The attendances of the members of the meeting were as follows:

<b>Name of the Member</b>	<b>Status</b>	<b>No. of Meetings Attended</b>
Mr.Dattapal Chandrakant Neroy	Independent & Non Executive Director	4
Mr. Varun Sadashiv Gautam	Independent & Non Executive Director	4
Mr. Praful Sadanand Rane	Independent & Non Executive Director	4



## CORPORATE GOVERNANCE REPORT

### (b) Remuneration Committee:

The Remuneration Committee of the Company has been constituted in the following manner:

1. Mr. Dattapal Chandrakant Neroy :Chairman (Independent & Non Executive Director)
2. Mr. Praful S. Rane Member (Independent & Non Executive Director)
- 3 Mr. Varun Sadashiv Gautam Member (Independent & Non Executive Director)

The role of the Committee is to consider the company's policy on specific remuneration packages for Executive Directors and determine the same within the overall limits provided in the Companies Act 1956. The decisions of the Committee are placed before the Board of Directors at the next meeting for approval.

### (c) Investor Grievance Committee and Share Transfer Committee:

#### (i) Terms of Reference:

The existing Share Transfer Committee of the Company has been constituted as the Investor Grievance and Share Transfer Committee. The brief terms of reference of the Committee include redressing shareholders and investor complaints like transfer and transmission of shares, non-receipt of Balance sheet, non-receipt of dividend etc. Approving transfer of shares transmission of shares, dematerialization of shares, issuance of duplicate share certificate, splitting and consolidation of shares etc.

#### DETAILS OF INVESTORS COMPLAINTS RECEIVED DURING THE YEAR:

Sr. No.	Nature of Complaints	Received	Disposed	Pending
1.	Non receipt of Dividend Warrants.	1	1	NIL
2.	Non receipt of Share Cert. After Transfer & others.	5	5	NIL
<b>TOTAL</b>		<b>6</b>	<b>6</b>	<b>NIL</b>

#### (ii) Composition:

The Committee at present consists of the following Directors:

Mr. Rajiv Kashyap	Chairman
Mr. Varun Sadashiv Gautam	Member
Mr. Praful S. Rane	Member

### 4. General Body Meeting:

The last three Annual General Meetings of the Company were held as under:

Financial Year	Date	Time	Location
2008-09	30-09-2009	12.00 noon	Conference Hall, Juhu Supreme Shopping Centre, J.V.P.D.Scheme, Andheri(w), Mumbai-400 049.

**CORPORATE GOVERNANCE REPORT**

2007-08	05-09-2008	12.00 noon	Conference Hall, Juhu Supreme Shopping Centre,,J.V.P.D.Scheme, Andheri(w), Mumbai-400 049.
2006-07	25-09-2007	11.00 a.m.	Senate Hall, Anand Bhavan, Gandhi Gram Road, Near Hare Krishna Tmpl, Juhu, Andheri (w), Mumbai-49

**Special resolution passed in the previous three Annual General Meetings are as below :**

**2006-07 – Alteration in Articles of Association of the Company with respect to increase in Authorised share Capital .**

**2007-08 - Nil**

**2008-09 - Nil**

**Extraordinary General Meetings held in Last Three Years**

**2009-10 - Preferential Allotment of Equity Shares**

**2008-09 - Nil**

**2007-08 - Nil**

**5. Disclosures:**

**(i) Related Party Transactions:**

The Company has entered into transactions in ordinary course of business with Managing Director only and no other transactions with any other promoters, the Directors or the management, their subsidiary or Relative etc. However, these transactions are such that they do not have any potential conflict with the interest of the Company.

**(ii) Compliance by the Company:**

The Company has complied with the requirements of the Stock Exchanges SEBI and other statutory authorities on all matters related to capital markets.

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities.

The Company has obtained a certificate from Auditors of the company regarding compliance with the provisions relating to the corporate governance laid down in clause 49 of the listing agreement with the Stock Exchanges. This certificate is annexed to the report.

**6. CEO/CFO Certification:**

A certificate from the Managing Director regarding the financial statements and accounting policies etc. of the Company was placed before the Board.

## **CORPORATE GOVERNANCE REPORT**

### **DECLARATION:**

I, Rajiv Rajaram Kashyap, Managing Director of Fact Enterprise Limited hereby affirm and declare, to the best of my knowledge and belief, and on behalf of the Board of Directors of the Company and senior management personnel, that:

The Board of Directors has laid down a code of conduct for all Board members and senior management of the Company [‘the code of conduct’];

The code of conduct has been complied with;

### **CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MENAGEMENT:**

The Board of Directors has laid down the Code of Conduct for all the Board Members and members of Senior Management of the company. Certificate from the Managing Director affirming compliance of the said Code by all the Board Members and members of Senior Management of the Company to whom the code is applicable is annexed separately to this report.

### **POSTAL BALLOT:**

The provision relating to Postal Ballot will be complied with in respect of matters, wherever applicable.

## **7 Means of Communication**

1. In compliance with the requirements of Listing Agreement, the Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges immediately after they are taken on record by the Board and the same is published in the newspapers. The results are not sent individually to the shareholders.

2. Management Discussion and Analysis Report forms part of the Report of the Directors

## **8. General Shareholder Information:**

### **(a) Annual General Meeting:**

**Date:** 16<sup>th</sup> August, 2010  
**Time:** 12:30 Noon.  
**Venue:** Conference Hall, Juhu Supreme Shopping Centre,  
J.V.P.D.Scheme, Andheri (West), Mumbai-400049

**(b) Book Closures:** 14<sup>th</sup> August 2010 to 18<sup>th</sup> August 2010 (both days inclusive).

### **(c) Financial Calendar for 2010-11**

Financial Year Ending	31st March 2011
First Quarter Results	By July 2010
Second Quarter Results	By October 2010
Third Quarter Results	By January 2011
Fourth Quarter Results	By April 2011

**CORPORATE GOVERNANCE REPORT**

**(d) Listing of Equity Shares**

The Company's Shares is listed in the Bombay Stock Exchange.

**(e) Stock Code:**

The Stock Exchange, Mumbai (BSE) **511668**

Under depository system, the International Securities Identification No (ISIN) allotted to the company's Share is **INE 923D01019**

**(f) Stock Market Price for the financial year April 2009 to March 2010:**

<b>BSE</b>		
<b>Month</b>	<b>High (Rs)</b>	<b>Low (Rs.)</b>
April' 09	24.75	21.75
May' 09	27.80	23.40
June' 09	34.30	28.35
July' 09	32.10	22.00
Aug' 09	31.20	23.50
Sep' 09	28.05	21.30
Oct' 09	28.45	20.20
Nov' 09	23.75	17.50
Dec' 09	22.00	17.50
Jan' 10	27.40	18.65
Feb' 10	29.50	17.85
Mar' 10	45.65	29.10

**(g) Registrar & Share Transfer Agent:**

M/s Big Share Services Private Ltd is the Registrar & Share Transfer Agent of the Company.

**Correspondence Address: M/s Big Share Services P. Ltd,**

E/2, Ansa Industrial Estate, Saki-Vihar Road, Saki Naka, Andheri (East), Mumbai-400 072.  
Phone No.- 022-40430200

**(h) Shareholding of Non Executive Directors**

The shareholding in the Company by the Non Executive Directors in their own name is NIL

**(i) Share Transfer System:**

Presently the share transfers which are received in physical form are processed and the share certificates returned within a period of 10 to 15 days from the date of receipt, subject to the documents being valid and complete in all respects. As regards the dematerialized shares the same can be effected through the demat accounts of the transferor(s) and or transferee(s) maintained with the recognized Depository participants.

## CORPORATE GOVERNANCE REPORT

### (i) Dematerialization of Shares:

The company's shares are traded in the Stock Exchange in demat mode. As on 31<sup>st</sup> March 2010, 46,69,400 Equity shares of the company forming 49.29% of the total shares of the company stand dematerialized. It is advised to those shareholders, who still hold the shares in physical form to get their shares converted to DEMAT to avail various advantages such as quick delivery on transfers, minimizing the risk on loss in transit, bad deliveries etc.

### (j) Distribution of Shareholding as on 31<sup>st</sup> March 2010

Range in Rs.	Number of shareholders	Percentage of Shareholders	Total Holding in Rs.	Percentage of Capital
Upto 5000	1280	70.87	2091340.00	2.21
5001-10000	144	7.97	1205580.00	1.27
10001-20000	77	4.26	1208450.00	1.27
20001-30000	55	3.04	1458910.00	1.54
30001-40000	23	1.27	834750.00	0.88
40001-50000	37	2.05	1789190.00	1.89
50001-100000	83	4.60	7552890.00	7.97
100001 and above	107	5.92	78586890.00	82.96
<b>Total</b>	<b>1806</b>	<b>100.00</b>	<b>94728000.00</b>	<b>100.00</b>

### (k) Pattern of Shareholding as on 31<sup>st</sup> March 2010

Category	No. of Shares Held	Percentage of Shareholding
1. Regular	7267211	76.72
2. Promoters	302194	3.19
3. Private Corporate Bodies	1710522	18.06
4. NRI	7499	0.08
5. FIIs	25000	0.26
6. Clearing Members	160374	1.69
<b>Grand Total:</b>	<b>9472800</b>	<b>100.00</b>

### 9. Address for Correspondence:

**Registered Office:** 51/ 54 Juhu Supreme Shopping Centre,  
Gulmohar Cross Road No:9,  
J.V.P.D. Scheme, Andheri (West), Mumbai- 400 049.

### 10. Compliance Officer: Mr. Rajiv Kashyap.

51/ 54 Juhu Supreme Shopping Centre,  
Gulmohar Cross Road No:9,  
J.V.P.D. Scheme, Andheri (West), Mumbai- 400 049.  
Tel: 26705025/27/. Fax No: +91 22 2623 2208  
E-Mail: [fel\\_2006@rediffmail.com](mailto:fel_2006@rediffmail.com). Website: [www.factent.com](http://www.factent.com).

For and on behalf of the Board of Directors

Date : 14<sup>th</sup> July 2010.  
Place: Mumbai

**Mr. RAJIV KASHYAP**  
**CHAIRMAN & MANAGING DIRECTOR**



## AUDITORS CERTIFICATE

To The Members of  
FACT ENTERPRISE LIMITED

We have examined the compliance of conditions of Corporate Governance by **Fact Enterprise Limited** for the Year ended 31<sup>st</sup> March, 2010 as stipulated in clause 49 of the listing Agreement of the said Company with The Stock Exchange, Mumbai.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of information and according to the explanations given to us, and the representations made by the directors and management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March 2010, no investor grievances are pending against the company as per the records maintained by the Company and presented to the Shareholders / Investors Grievance Committee of the Company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M. V. DAVE & CO.**  
Chartered Accountants

S/d

MAHESH DAVE  
Proprietor  
(M.No. 17637)  
MUMBAI: 16<sup>th</sup> June 2010.

## AUDITORS REPORT

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To  
The Members Of  
**FACT ENTERPRISE LIMITED**

1. We have audited the attached Balance Sheet of **FACT ENTERPRISE LIMITED** as on 31<sup>ST</sup> March 2010 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with 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 the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose as Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b) In our opinion, proper books of accounts 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report and comply with the Accounting Standards referred to in Section 211 (3C) of The Companies Act, 1956.
  - e) On the basis of written representations received from the Directors, as on 31<sup>ST</sup> March, 2010 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, 2010 from being appointed as a Director in terms of Section 274 (1) (g) of The Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with the other notes in Schedule '17' give the information required by The Companies Act, 1956 in the manner so required and give a true and fair view:

## **AUDITORS REPORT**

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- I.** In the case of the Balance-Sheet, of the state of affairs of the Company as on **31<sup>st</sup> March 2010**;
- II.** In the case of the Profit & Loss Account, of the **Profit** of the Company for the period ended on that date; and
- III.** In the case of the Cash Flow Statement, of the **Cash Flow** for the year ended on that date.

For M.V.DAVE & CO.  
Chartered Accountants

MAHESH DAVE  
Proprietor  
M.No. 17637

MUMBAI: 16<sup>th</sup> June 2010.



## **ANNEXURE TO THE AUDITORS REPORT**

### ***ANNEXURE TO THE AUDITOR'S REPORT***

(Referred to in paragraph 3 of our Report of even date)

1. (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 during the year. No material discrepancies were noticed on such verification.  
(c) During the year, the Company has not disposed off any Fixed Assets.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) 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) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) The Company has not granted loans secured or unsecured to companies, firms or other parties covered in the register maintained U/s 301 of the Companies Act, 1956. However interest free advance has been given to one Company, the maximum balance outstanding at any given time during the year and closing balance of such advance as on 31.03.2010 were Rs.14.12 Lacs and 9.12 Lacs respectively. However, the advance will be realized / adjusted on implementation of project. Accordingly clauses (b) and (c) of the order are not applicable.  
(d) There was no overdue amount of more than Rs. 1 Lac in respect of the above advance granted by the Company.  
(e) The Company has not taken any unsecured loan from a Company covered in the Register maintained under section 301 of the Companies Act, 1956. Accordingly clauses (f) and (g) of the Order are not applicable.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. (a) In our opinion, and according to the information and explanations given to us, there are no such particulars of contracts or arrangements referred to in section 301 of the Act that need be entered in the register required to be maintained in pursuance of Section 301 of the Companies Act, 1956. Accordingly clause (b) of the order is not applicable.

6. (a) In our opinion and according to the information and explanations given to us, the company has not accepted deposits under the provisions of Sections 58 A and 58 AA of the Companies Act, 1956.  
(b) There have been no proceedings before the Company Law Board, National Company Law Tribunal, Reserve Bank of India, any Court and any other Tribunal in this matter.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We are informed that the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of The Companies Act, 1956 for any of the products of the company.
9. According to the records of the company, it has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, profession tax, tax deducted at source and other statutory dues applicable to it except the following dues that have not been paid till date:
  - a) Income-tax relating to Assessment Year 2008-09 amounting to Rs. 78,01,629/- (Rupees Seventy Eight Lacs One Thousand Six Hundred Twenty Nine Only/-)
  - b) Dividend Distribution Tax relating to the year 2008-09 amounting to Rs. 4,28,937/- (Rupees Four Lacs Twenty Eight Thousand Nine Hundred Thirty Seven Only/-) .
  - c) TDS related to Assessment Year 2010-11 amounting to Rs. 3,49,087/- (Rupees Three Lacs Forty Nine Thousand Eighty Seven Only/-).
10. The company neither has accumulated losses nor has incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has no outstanding dues payable to any financial institution, bank or debenture holders except an amount of Rs. 11,67,275/- (Rupees Eleven Lacs Sixty Seven Thousand Two Hundred Seventy Five Only/-) payable to IDBI Bank Ltd.
12. Based on our examination of documents and records, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. We are informed that the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Society do not apply to the Company.
14. Based on our examination of records in relation of transactions of shares and securities, we are of the opinion that proper records have been maintained of the transaction and contracts and timely entries have been made in those records. We also report that the company has held the shares, securities, debentures, and other securities in its own name except otherwise pending for transfer.

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The company has not availed any term loans during the year.
17. On the basis of our review of statements of accounts and as confirmed by the management, funds raised on short-term basis have not been used for long-term purpose and vice versa.
18. The company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The company has not issued any debentures during the year and accordingly this clause is not applicable.
20. The Company has not raised any money by way of public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For M. V. DAVE & CO.**  
Chartered Accountants

MAHESH DAVE  
Proprietor  
M. No. 17637  
**MUMBAI:** 16<sup>th</sup> June, 2010.

To,  
The Board of Directors,  
**Fact Enterprise Ltd.,**  
Shop No. 51 and 54,  
Juhu Supreme Shopping centre, 2<sup>nd</sup> Floor,  
Gulmohar Cross Road No.9,  
J.V.P.D, Andheri (W)  
Mumbai - 400 049.

I hereby certify that:

- (a) I have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of my knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
  
- (b) These are, to the best of our knowledge and belief, no transactions is entered into by the company during the year which are fraudulent illegal or violative of the Company's code of conduct.
  
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
  
- (d) I have indicated to the Auditors and the Audit Committee:
  - i) Significant changes in internal control over financial reporting during the year.
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai

Date: 16<sup>th</sup> June, 2010

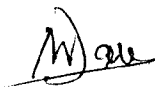
For FACT ENTERPRISE LTD.

Sd/-  
Rajiv Kashyap.  
Managing Director

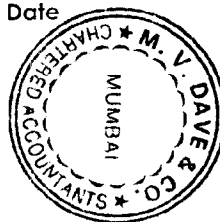
**FACT ENTERPRISE LIMITED**  
BALANCE SHEET AS ON 31st MARCH, 2010

	Sch.	As on 31.03.2010	As on 31.03.2009
<b><u>SOURCES OF FUNDS</u></b>			
<b><u>SHAREHOLDERS' FUNDS</u></b>			
Share Capital	1	94,728,000	50,478,000
Reserves & Surplus	2	349,213,258	282,495,290
Share Application Money		33,350,000	-
<b><u>LOAN FUNDS</u></b>			
Unsecured Loans	3	1,412,275	1,862,759
<b>TOTAL . . .</b>		<b>478,703,533</b>	<b>334,836,049</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b><u>Fixed Assets</u></b>			
Gross Block	4	61,389,896	41,377,606
Less :- Depreciation		1,076,577	1,052,446
Net Block		60,313,319	40,325,160
<b><u>INVESTMENTS</u></b>			
	5	75,600	75,600
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			
<b><u>Current Assets</u></b>			
Stock-In-Trade	6	114,629,889	114,629,889
Debtors	7	237,680,091	214,293,323
Cash & Bank Balance	8	124,544,497	10,531,070
Loans & Advances	9	34,632,376	37,869,074
Other Current Assets	10	289,940	225,000
		511,776,793	377,548,356
<b><u>Less : CURRENT LIABILITIES &amp; PROVISIONS</u></b>			
Current Liabilities	11	87,188,223	76,736,544
Provisions	12	7,838,465	8,070,834
		95,026,688	84,807,378
<b>NET CURRENT ASSETS</b>		<b>416,750,105</b>	<b>292,740,978</b>
MISC. Expenses (Asset)	13	932,717	1,065,962
DEFERRED TAX ASSET		631,792	628,349
<b>TOTAL . . .</b>		<b>478,703,533</b>	<b>334,836,049</b>
NOTES FORMING PART OF THE ACCOUNTS	17		

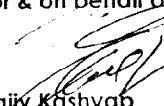
As Per Our Report Of Even Date  
For M.V.DAVE & CO.  
Chartered Accountants




Mahesh V. Dave  
PROPRIETOR, M. No. 17637  
MUMBAI, 16th June 2010



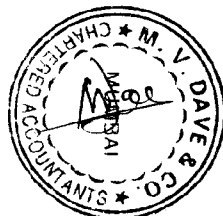
For & on behalf of the Board

  
Rajiv Kashyap  
Chairman & Managing Director

  
Dattopal C. Neroy  
Director

  
Pratul Rane  
Director

<b>FACT ENTERPRISE LIMITED</b>		
<b>Schedules To The Balance Sheet As On 31st March 2010</b>		
	<b>As On</b> 31.03.2010	<b>As On</b> 31.03.2009
<b>Schedule - 1 - SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
2,50,00,000 (Previous Year 2,50,00,000) Equity Shares Of Rs.10/- each	<b>250,000,000</b>	<b>250,000,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP:</b>		
94,72,800 (Previous Year 50,47,800) Equity Shares of Rs10/- each fully paid up	94,728,000	50,478,000
	<b>94,728,000</b>	<b>50,478,000</b>
<b>Schedule - 2 - RESERVES &amp; SURPLUS</b>		
<b>SHARE PREMIUM ACCOUNT</b>		
As Per Last Balance Sheet	23,000	23,000
Add: Premium on issue of shares	57,525,000	-
	<b>57,548,000</b>	<b>23,000</b>
<b>GENERAL RESERVE</b>		
As Per Last Balance Sheet	245,113,000	210,113,000
Add: Transfer From P/L A/c	-	35,000,000
	<b>245,113,000</b>	<b>245,113,000</b>
<b>PROFIT &amp; LOSS A/C</b>	46,552,258	37,359,290
<b>TOTAL RS.</b>	<b>349,213,258</b>	<b>282,495,290</b>
<b>Schedule - 3 - UNSECURED LOANS</b>		
From Banks	1,167,275	1,762,759
From Others	245,000	100,000
<b>TOTAL RS.</b>	<b>1,412,275</b>	<b>1,862,759</b>
<b>Schedule - 4 - FIXED ASSETS (attached separately)</b>		
<b>Schedule - 5 - INVESTMENTS</b>		
Quoted Investments	75,600	75,600
Unquoted Investments	-	-
<b>TOTAL RS.</b>	<b>75,600</b>	<b>75,600</b>
<b>Schedule - 6 - STOCK - IN - TRADE</b>		
Work-in-Progress	114,629,889	114,629,889
<b>TOTAL RS.</b>	<b>114,629,889</b>	<b>114,629,889</b>
<b>Schedule - 7 - SUNDRY DEBTORS</b>		
More Than Six Months (considered good)	231,595,651	153,212,520
Others (Considered Good)	6,084,440	61,080,803
<b>TOTAL RS.</b>	<b>237,680,091</b>	<b>214,293,323</b>



<b>Schedule - 8 - CASH &amp; BANK BALANCES</b>		
Cash on Hand	8,803,683	10,323,814
Balance with Banks		
In Current Accounts:		
with Scheduled Banks	60,740,814	207,256
In Fixed Deposit Accounts:		
with Scheduled Banks	55,000,000	-
<b>TOTAL RS.</b>	<b>124,544,497</b>	<b>10,531,070</b>
<b>Schedule - 9 - LOANS AND ADVANCES</b>		
(Advances recoverable in cash or in kind or for value to be received)		
Advances (Considered doubtful)	120,816	120,816
Advances (Considered good)	912,162	4,250,038
Advance given to Creditors for Expenses	45,457	36,984
Advance to Staff	17,705	-
Loans (Considered good)	32,221,588	32,146,588
Advance Tax & TDS (considered good)	1,314,648	1,314,648
<b>TOTAL RS.</b>	<b>34,632,375</b>	<b>37,869,074</b>
<b>Schedule - 10 - OTHER CURRENT ASSETS</b>		
Interest Accrued on Fixed Deposits with Banks	64,940	-
Sundry Deposits	225,000	225,000
<b>TOTAL RS.</b>	<b>289,940</b>	<b>225,000</b>
<b>Schedule - 11 - CURRENT LIABILITIES</b>		
Sundry Creditors	39,877,718	37,659,693
Bank O/D	87,322	78,650
Advance Against Projects	46,124,544	38,431,071
Other Liabilities	1,098,639	567,130
<b>TOTAL RS.</b>	<b>87,188,223</b>	<b>76,736,544</b>
<b>Schedule - 12 - PROVISIONS</b>		
For Corporate & other Taxes	6,891,185	7,061,274
Proposed Dividend	947,280	1,009,560
<b>TOTAL RS.</b>	<b>7,838,465</b>	<b>8,070,834</b>
<b>Schedule - 13 - MISCELLANEOUS EXP W/OFF</b>		
Exps on Increase of Capital Expenditure		
<b>Opening Balance</b>	1,065,962	1,199,207
Less: W/off for the year	133,245	133,245
<b>Closing Balance</b>	<b>932,717</b>	<b>1,065,962</b>
<b>Schedule - 14 - OTHER INCOME</b>		
Agricultural Income	34,246,872	70,241,600
Media Income	27,399	5,500
<b>TOTAL RS.</b>	<b>34,274,271</b>	<b>70,247,100</b>



**FACT ENTERPRISE LIMITED**

**Schedules to the Balance Sheet As on 31st March 2010**

**Schedule 4 - FIXED ASSETS**

Particulars	Rate	GROSS BLOCK			DEPRECIATION		NET BLOCK	
		As On 1/4/2009	Pur / Sold during the Year	As On 31/3/2010	For The Year	As On 31/3/2010	As On 31/3/2010	As On 31/3/2009
Land		40,000,000	-	40,000,000	-	-	40,000,000	40,000,000
Capital Work in Progress		-	20,000,000	20,000,000	-	-	20,000,000	-
Furniture	6.33%	97,460	-	97,460	6,169	51,019	46,441	52,610
Computer	4.75%	1,136,387	-	1,136,387	10,922	939,547	196,840	207,762
Telephone System	4.75%	48,250	-	48,250	2,292	34,365	13,885	16,177
Fax Machine	4.75%	25,000	-	25,000	1,188	17,738	7,263	8,450
Office Equipments	4.75%	70,509	12,290	82,799	3,560	33,908	48,891	40,161
<b>TOTAL ...</b>		<b>41,377,606</b>	<b>20,012,290</b>	<b>61,389,896</b>	<b>24,131</b>	<b>1,076,577</b>	<b>60,313,319</b>	<b>40,325,160</b>
<b>Previous Year</b>		<b>41,333,456</b>	<b>44,150</b>	<b>41,377,606</b>	<b>23,060</b>	<b>1,052,446</b>	<b>40,325,160</b>	<b>40,304,070</b>





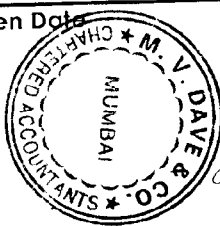
**FACT ENTERPRISE LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR 31ST MARCH 2010**

	Sch	YEAR ENDED 31-03-2010	YEAR ENDED 31-03-2009
<b><u>INCOME</u></b>			
Sales			9,919,620
Interest		64,940	122
Dividend Income		-	9,750
Increase in Stock		-	2,102,174
Other Income	14	34,274,271	70,247,100
		34,339,211	82,278,766
<b><u>EXPENDITURE</u></b>			
Purchase		-	2,001,688
Administrative Exps & other Exp	15	24,269,276	30,548,360
Interest & other Financial Cost	16	377,732	165,532
Depreciation		24,131	23,060
		24,671,139	32,738,640
		9,668,072	49,540,126
<b>PROFIT BEFORE TAX</b>			
Less : Tax Paid over Provision of P. Y.		250	8,592
Less : Provision for Income Tax		-	150,000
Less : Provision for FBT		-	9,769
Less : Deferred Tax		(3,443)	16,224
Add : Excess provision of Tax W/off		39,407	-
<b>PROFIT AFTER TAX</b>		9,710,672	49,355,541
Balance Brought Forward		37,359,290	24,184,884
		47,069,961	73,540,425
<b>SURPLUS AVAILABLE FOR APPROPRIATIONS</b>			
<b>APPROPRIATIONS</b>			
General Reserve		-	35,000,000
Excess provision of Dividend w/off		(504,780)	-
Excess provision of DDT w/off		(85,787)	-
Proposed Dividend		947,280	1,009,560
Corporate Dividend Tax On Eq Shares		160,990	171,575
Balance carried over to Balance-Sheet		46,552,258	37,359,290
		47,069,961	73,540,425
Basic & Diluted Earning Per Shares (Rs.)		1.03	9.78
<b>NOTES FORMING PART OF THE ACCOUNTS</b>	17		

As Per Our Report Of Even Date  
 For M.V.DAVE & CO.  
 Chartered Accountants



Mahesh V. Dave  
 PROPRIETOR  
 M.No. 17637  
 MUMBAI, 16th June 2010



For & on behalf of the Board

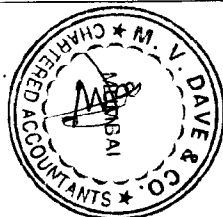
  
 Rajiv Kashyap  
 Chairman & Managing Director

  
 Dattaraj C. Neroy  
 Director

  
 Praful Rane  
 Director

## Schedules - Contd . . .

<b>Schedule - 15 - ADMINISTRATIVE &amp; OTHER EXPENSES</b>				
<b>PARTICULARS</b>		<b>31/03/2010</b>		<b>31/03/2009</b>
Advertisement Expenses		53,936		82,984
Agricultural Expenses		8,023,047		17,823,750
Annual General Meeting Expenses		5,000		104,381
<u>Auditors remuneration</u>				
Audit Fees	24,000		20,000	
Tax Audit Fees	24,000		20,000	
	48,000		40,000	
Service Tax on Audit Fees	4,944		4,120	
Reimbursement of Exps	7,915	60,859		44,120
Bank Charges & Commission		34,084		43,857
Brokerage & Commission Paid		-		10,000
Computer Expenses		-		39,320
Contribution to Provided Fund		39,228		49,404
Conveyance Expenses		24,244		28,707
Duties & taxes		2,400		2,400
Electricity Expenses		50,390		75,090
Event Expenses		14,030,060		3,692,147
Insurance Expenses		12,953		5,843
ISO 9001 Expenses		-		11,236
Legal Expenses		-		8,704
Medical Expenses		-		60,000
Miscellaneous Expenses		-		940
Office Expenses		27,458		144,649
Postage & Courier Expenses		602		11,216
Printing and Stationary		15,138		49,247
Processing Fees		-		43,145
Professional Fees		64,412		67,000
Project Expenses		-		4,003,592
Recruitment Charges		-		71,770
Rent		120,000		120,000
Repairs & Maintenance		5,820		12,632
Right Issue Expenses		-		1,897,443
ROC Filing Fees		29,757		21,000
ROC Filing Fees w/off		133,245		133,245
Salaries, Bonus & other allowances		1,273,543		1,564,017
Share Registration & Transfer		171,703		51,620
Staff Canteen Expenses		3,420		90,119
Staff Welfare		2,448		2,705
Sundry Balance w/off		5,566		3,000
Survey Expenses		-		80,000
Telephone Expenses		14,094		65,560
Travelling Expenses		-		33,017
Website & Internet Exps		65,869		-
<b>TOTAL . . .</b>		<b>24,269,276</b>		<b>30,548,360</b>
<b>Schedule - 16 - INTEREST &amp; OTHER FINANCIAL COSTS</b>				
		<b>31/03/2010</b>		<b>31/03/2009</b>
Interest on IDBI Loan		347,043		150,039
Interest on Loan from UBI		-		15,493
Interest - others		30,689		-
<b>TOTAL . . .</b>		<b>377,732</b>		<b>165,532</b>




**FACT ENTERPRISE LIMITED**

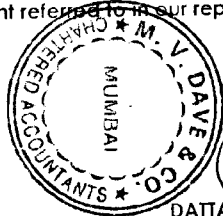
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	FOR THE YEAR ENDED 31-03-2010	FOR THE YEAR ENDED 31-03-2009
	RS.	RS.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extra Ordinary Items	9,668,072	49,540,126
Adjustment for:		
Preliminary & Capital Issue Expenses	133,245	2,030,688
Depreciation	24,131	23,060
Bad Debts	-	-
Dividend	-	(9,750)
Interest Income	-	(122)
<b>Operating Profit before Working Capital Charges</b>	<b>9,825,448</b>	<b>51,584,002</b>
Adjustment for:		
Increase / Decrease in Current Assets	(20,215,010)	(53,725,754)
Increase / Decrease in Current Liabilities	10,456,574	(14,131,534)
<b>Cash Generated from Operations</b>	<b>67,012</b>	<b>(16,273,286)</b>
Income Tax Paid	(206,135)	(12,329)
<b>Cash flow before Extraordinary Items</b>	<b>(139,123)</b>	<b>(16,285,615)</b>
Extraordinary Item	-	-
<b>Net cash flow for operating Activities</b>	<b>(139,123)</b>	<b>(16,285,615)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Investment	-	-
Purchase Of Fixed Assets	(20,012,290)	(44,150)
Dividend Received	-	9,750
Interest Received	-	122
<b>Net Cash From Investing activities</b>	<b>(20,012,290)</b>	<b>(34,278)</b>
<b>C CASH FLOW FROM FINANCE ACTIVITIES</b>		
Proceeds From Issue of Share Capital	135,125,000	-
Loans Borrowed (Repaid)	(450,484)	1,862,759
Dividend Paid	(509,675)	(2,440,478)
Preliminary & Capital Issue Expenses	-	(1,234,366)
<b>Net Cash Used In Financing Activities</b>	<b>134,164,841</b>	<b>(1,812,085)</b>
<b>Net Increase in Cash &amp; Cash equivalents</b>	<b>114,013,428</b>	<b>(18,131,978)</b>
<b>Cash &amp; cash equivalents at the beginning of the Year</b>	<b>10,531,070</b>	<b>28,663,048</b>
<b>Cash &amp; cash equivalents at the end of the Year</b>	<b>124,544,497</b>	<b>10,531,070</b>


This is the Cash Flow Statement referred to in our report of even date

**For M.V.DAVE & CO.**  
Chartered Accountants

  
Mahesh V. Dave  
PROPRIETOR  
M.No. 17637  
MUMBAI, 16th June 2010



  
DATTAPAL NEROY  
DIRECTOR

  
RAJIV KASHYAP  
MANAGING DIRECTOR

  
PRAFUL RANE  
DIRECTOR

**1. SIGNIFICANT ACCOUNTING POLICIES:****A. ACCOUNTING CONVENTION**

These accounts have been prepared in accordance with historical cost convention, applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

**B. SYSTEM OF ACCOUNTING**

The Company has adopted the accrual concept in the preparation of the accounts. The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable. Future results could differ from these estimates.

**C. INFLATION**

Assets and liabilities are recorded at historical cost to the Company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

**D. FIXED ASSETS**

Fixed Assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

**E. DEPRECIATION**

The Company provides depreciation on Fixed Assets on “Straight line basis”, at the rate and manner specified in Schedule XIV to the Companies Act, 1956.

**F. INVESTMENTS**

Long Term Investments are stated at cost inclusive of related expenses. Provision for diminution in value is made if the decline in value is other than temporary in the opinion of the management. There are no Current Investments.

**G. INVENTORIES**

Project Expenses are taken as Stock-in-Trade.

**H. TAXATION**

The accounting treatment for income tax in respect of the Company’s income is based on the Accounting Standard 22 on “Accounting for Taxes on Income” as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognized in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax asset is recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. In situations where the Company has unabsorbed depreciation or carried forward losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that the same can be realized against future taxable profits.

2. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business. The provisions for all known liabilities is adequate and not in excess of the amount reasonably necessary.
3. Balances due to / from are subject to confirmation.
4. No provision has been made in respect of bad & doubtful Advances of Rs. 1,20,816/-.

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

	<b>Year Ended 31-03-2010</b>	<b>Year Ended 31-03-2009</b>
<b>Profit After Tax (Rs.)</b>	<b>97,10,672</b>	<b>4,93,55,541</b>
<b>No. Of Shares</b>	<b>94,72,800</b>	<b>50,47,800</b>
<b>Basic E.P.S. (Rs.)</b>	<b>1.03</b>	<b>9.78</b>
<b>Diluted E.P.S. (Rs.)</b>	<b>1.03</b>	<b>9.78</b>

**6. Related Party Disclosures**

In accordance with the Accounting Standard (AS – 18) on related party disclosures where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the period, along with description of relationship as identified, are given below:

**A. Transacting Related Parties are:**

- Krishna Developers
- Krishna Sagar Builders Ltd
- Fact Biodiesel Limited
- Arymol Builders Private Limited

**B. Relation ship:**

**Key Management Personnel**

<b>Name</b>	<b>Designation</b>
Rajiv Kashyap	Managing Director Cum Chairman
Dattapal Neroy	Director

**C. Transactions with related parties during the year:**

<b>Particulars</b>	<b>Related Party</b>	<b>Amount in Rs.</b>	
		<b>2009-10</b>	<b>2008-09</b>
<b>Advances Given</b>	<b>Krishna Sagar Builders Ltd</b>	<b>70,02,750/-</b>	<b>69,05,000/-</b>
	<b>Krishna Developers</b>	<b>5,88,396/-</b>	<b>1,10,44,000/-</b>
	<b>Fact Biodiesel Limited</b>	<b>14,12,162/-</b>	<b>-</b>
<b>Advances Recovered / Received</b>	<b>Krishna Sagar Builders Ltd</b>	<b>84,92,341/-</b>	<b>1,31,90,000/-</b>
	<b>Krishna Developers</b>	<b>91,11,318/-</b>	<b>30,01,692/-</b>
	<b>Fact Biodiesel Limited</b>	<b>5,00,000/-</b>	<b>-</b>
	<b>Arymol Builders Pvt Ltd</b>	<b>18,09,000/-</b>	<b>-</b>
<b>Rent Payable</b>	<b>Krishna Developers</b>	<b>1,20,000/-</b>	<b>1,20,000/-</b>

**7.** Information pursuant to clause 32 of the listing Agreements with stock Exchanges in respect of Loans & Advances in the nature of Loans where there is no repayment schedule or repayment beyond seven years or no interest or interest under 372A of The Companies Act, 1956 is Rs. NIL. And the Maximum Outstanding during the year is Rs. NIL.

**8.** Information pursuant to clause 32 of the listing Agreements with stock Exchanges in respect of Loans & Advances in the nature of Loans to the firms / companies in which directors are interested is Rs. NIL. And the Maximum Outstanding during the year is Rs. NIL.

**9. Investments include:-**

**Quoted Shares:**

<b>Particulars</b>	<b>No. Of Shares</b>	<b>Face Value in Rs.</b>	<b>As On 31-03-10</b>	<b>As On 31-03-09</b>
Prime Properties Ltd (Formerly Soni Softech Ltd)	5,000	5/-	25,000	25,000
Computech International Ltd.	10,000	10/-	50,600	50,600
<b>TOTAL</b>			75,600	75,600
<b>Total Market Value</b>			<b>3,05,000/-</b>	<b>2,70,700/-</b>

**10. Earning In Foreign Exchange** NIL

**11. Expenditure in Foreign Currencies** NIL

**12. Deferred Tax Liabilities:**

In accordance with Accounting Standard 22 on Accounting for Taxes on Income the Company has accounted for Deferred Tax Asset / Liability in the current year. The break up is as under

		<b>31-03-2010</b>	<b>31-03-2009</b>
<b>A</b>	<b>Deferred Tax Assets</b>		
<b>1</b>	<b>Un-absorbed Capital-gain Loss</b>	<b>698936</b>	<b>698936</b>
<b>2</b>	<b>Un-absorbed Depreciation</b>	-	-
<b>A</b>	<b>Total Deferred Tax Assets (1-2)</b>	<b>698936</b>	<b>698936</b>
<b>B</b>	<b>Less: Deferred Tax Liability</b>		
<b>3</b>	<b>Excess of Net Block as per Accounts over the WDV as per the provision of The Income Tax Act, 1961</b>	<b>67144</b>	<b>70587</b>
<b>B</b>	<b>Total Deferred Tax Liability (3)</b>	<b>67144</b>	<b>70587</b>
	<b>NET DEFERRED TAX ASSETS (A-B)</b>	<b>631792</b>	<b>628349</b>

13. Figures of previous year have been regrouped and rearranged wherever considered necessary.

**14. Additional information as required under Part IV of The Companies Act, 1956**

**Balance Sheet Abstract and Company’s General Business Profile.**

**I. Registration Details:**

Registration No.	71166
State Code	11
Balance Sheet Date	31-03-2010

**II. Capital Raised during the year (Amount Rs.)**

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	4,42,50,000

**III. Position of Mobilisation and Deployment of funds (Amount Rs.)**

Total Liabilities	4,78,703,533
Total Assets	4,78,703,533

**Sources of Funds**

Paid up Capital	94,728,000
Reserves & Surplus	34,92,13,258
Secured Loans	NIL
Unsecured Loans	14,12,275
Share Application Money	3,33,50,000

**Application of Funds**

Net Fixed Assets	6,03,13,319
Investments	75,600
Net Current Assets	41,67,50,105
Misc Expenditure (net)	15,64,509
Accumulated Losses	NIL





**SCHEDULE – 17 – NOTES FORMING PART OF ACCOUNTS**

**IV .Performance of Company (Amount Rs.)**

Income From Operations	3,43,39,211
Total Expenditure	2,46,71,139
Profit Before Tax	96,68,072
Profit After Tax	97,10,672
Earnings Per Share	1.03
Dividend Rate	1 %

**V. Generic name of Three Principal Products / services of the Company (as per Monetary terms)**

Not Applicable

As per our report of even date

For M.V.DAVE & CO.  
Chartered Accountants

RAJIV KASHYAP  
Managing Director

DATTAPAL NEROY  
Director

M.V.DAVE  
Proprietor  
M.No. 17637

PRAFUL RANE  
Director

MUMBAI: 16<sup>th</sup> June, 2010



**PROXY FORM**

**FACT ENTERPRISE LIMITED**  
**Regd Office: 51, Juhu Supreme Shopping Centre,**  
**Gulmohar Cross Road No.9, J.V.P.D. Scheme,**  
**Mumbai – 400 049.**

**17<sup>th</sup> ANNUAL GENERAL MEETING**

**Folio No. .... D.P.ID NO.....CLIENT I.D.**  
**NO.....**

**I/We \_\_\_\_\_ of \_\_\_\_\_**  
**\_\_\_\_\_ in the district of \_\_\_\_\_ being the**  
**member(s) of the above named Company \_\_\_\_\_ hereby**  
**appoint \_\_\_\_\_**  
**of \_\_\_\_\_ in the district of \_\_\_\_\_**  
**\_\_\_\_\_ or failing**  
**him/her \_\_\_\_\_ of \_\_\_\_\_**  
**\_\_\_\_\_ as my/ our proxy to vote for me/ us on my/our behalf, at the Annual General Meeting**  
**of the Company to be held**  
**at \_\_\_\_\_ on \_\_\_\_\_ 2010 and at any adjournment thereof.**

**Signed this day \_\_\_\_\_ day of \_\_\_\_\_ 2010.**

**Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.**

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**ATTENDANCE SLIP**

**FACT ENTERPRISE LIMITED**

**Regd Office: 51, Juhu Supreme Shopping Centre,  
Gulmohar Cross Road No.9, J.V.P.D.Scheme, Andheri (W),  
Mumbai – 400 049.**

**17<sup>th</sup> ANNUAL GENERAL MEETING**

**I Certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company at \_\_\_\_\_ on \_\_\_\_\_ 2010 at the Company's Registered Office.**

**Registered Folio No.:..... D.P. ID.NO.....Client ID No.....**

**Name of the Shareholder :-**

.....  
.....

**Note: Please fill in this attendance slip and hand it over at the Entrance.  
Members are requested to bring their copy of Annual Report of the meeting.**

**of the Shareholder/Proxy:.....**

**Signature**

**BOOK – POST  
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51, Juhu Supreme Shopping Centre,  
Gulmohar Cross Road No .9, J.V.P.D. Scheme,  
Andheri (W), Mumbai – 400 049.**



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Web : www.fectent.com / www.factmissteenindia.com

