

DUGAR HYDRO POWER LIMITED

DIRECTORS' REPORT

The Members,

Your Directors have great pleasure in presenting the First Annual Report on the business and operations of your company along with the Audited Statement of Accounts of the Company and Auditors' Report for the year ended March 31, 2012.

PROGRESS OF 236 MW DUGAR HYDRO ELECTRIC PROJECT

The Company has entered into Tripartite agreement dated May 31, 2011 with Governor of Himachal Pradesh, on behalf of Government of Himachal Pradesh and The Tata Power Company Limited/SN Power Holding Singapore Pte Limited wherein Company has given unequivocal acceptance of all the assets, rights, abilities, obligations, privileges and benefits arising for Pre- Implementation Agreement (PIA) dated May 31, 2011 for setting up Dugar Hydro-Electric Power Project (236MW) in district Chamba, Himachal Pradesh on river Chenab.

During the year, in line with Pre Implementation Agreement and Letter of Intent no. DOE/CE(Energy)/Bids-Eval. 18 HEPs,Vol-II/2011/04 dated April 5, 2011 received from Directorate of Energy, Government of Himachal Pradesh, Rs.2360 lakhs has been deposited for upfront premium fee.

As per the preliminary findings of the pre-feasibility study, an additional head of 33 m has been explored by the project team, which is under the process of approval by government and expected to be approved soon. Based on internal projection, discussion with technical team of Statkraft Norfund Power Invest AS and Tata Power Limited, the project is viable. Accordingly, second instalment of Rs. 2360 lakhs has been deposited on May 3, 2012.

Expenditure incurred during the construction and incidental to setting up the project are carried forward as "Capital Work-in-Progress" and "Preoperative expenses pending allocation". These expenses would be capitalised as fixed assets on completion of the project and commencement of commercial operations. Considering the current status and future plans with regard to the project, the Company does not envisage provision for impairment as at the Balance sheet date

FINANCIAL RESULTS

Particulars	For the Year ended March 31, 2012 (INR in Lacs)
Total Revenue	5.44
Total Expenses	29.98
Loss for the Period	(24.54)
Balance Carried to Balance Sheet	(24.54)

DUGAR HYDRO POWER LIMITED

FIXED DEPOSIT

During the year, the Company has neither accepted any deposit from the public, nor does it have any scheme to invite any such deposit.

DIRECTORS

As on the date of this report following are the Directors:

1. Mr. Rahul Chandrakant Saha
2. Mr. Soumendra Chandra Rout
3. Mr. Deepak Kumar Mahendra
4. Mr. Hanoz Minoo Mistry
5. Mr. Erik Knive

During the year under review, Mr. Hanoz Minoo Mistry and Erik Knive were appointed on the Board as additional directors with effect from 08.08.2011 and 05.03.2012 respectively under the provisions of section 260 of the Companies act, 1956. Appointment of Mr. Hanoz Minoo Mistry and Mr. Erik Knive, as additional director, is liable to cease on the date of forthcoming annual general meeting. Mr. Hanoz Minoo Mistry and Mr. Erik Knive, being eligible, have offered his candidature for the election as Director. The Board recommends appointment of Mr. Hanoz Minoo Mistry and Mr. Erik Knive as director.

Mr. Knut Reed resigned from the Board wef 01.03.2012.

Mr. Soumendra Chandra Rout is liable to retire by rotation at this Annual General Meeting and being eligible, offers himself for appointment.

APPOINTMENT OF AUDITORS

M/s. Deloitte Haskin & Sells, Chartered Accountants, Gurgaon, retire at the ensuing Annual General Meeting. The Company intends to appoint M/s. Deloitte Haskin & Sells, Gurgaon. The Company has received confirmation that their appointment will be within the limits prescribed under section 224(1B) of the Companies Act, 1956. The shareholders' approval is required to appoint Auditors for the current year and to fix their remuneration on mutually agreed terms.

DUGAR HYDRO POWER LIMITED

AUDITORS' REPORT

Auditors Report on the financial statement for the year ended on March 31, 2012 together with Notes thereon is attached and is self explanatory and does not call for any further explanation. A perusal of the statement reflects that it certifies true and fair view of state of affairs of the company.

PARTICULARS OF EMPLOYEES

During the year under review, there was no employee who was in receipt of remuneration in excess of limits prescribed under the provisions of section 217 (2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules 1975.

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

Particulars required to be furnished in this report under Section 217 (1) (e) of the Companies Act, 1956 relating to conservation of energy and technology absorption are not applicable for the year under review, as it has not commenced its operation.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of earnings of foreign exchange and the expenditure in foreign currency during the period under review are as under:

	INR (In Lacs)
Foreign Exchange Earnings	NIL
Expenditure in Foreign Currency	
Professional and Consultancy Expenses	42.37

CORPORATE GOVERNANCE

Although not mandatorily required your board is committed to achieve high standard of corporate governance. Your company has project steering committee (PSC) comprises of four very highly experienced people both from Tata Power and SN Power. The role of PSC is to supervise, review and monitor the progress of the Dugar Hydro Electric project.

DUGAR HYDRO POWER LIMITED

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, the Directors confirm that:

- i. In the preparation of the accounts for the financial year ended 31st March, 2012 the applicable accounting standards have been followed.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 and of the profit or loss of the Company for the year under review.
- 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. That the Directors have prepared the accounts for the financial year ended 31st March, 2012 on 'going concern' basis.

ACKNOWLEDGEMENT

The Board places on record its sincere gratitude to the shareholders, Bankers, professionals associated with the company for their continued support. Your Directors wholeheartedly acknowledges with thanks the dedicated efforts and contribution made by the employees at all levels.

By Order of the Board of Directors
For Dugar Hydro Power Limited



(Soumendhra Chandra Rout)

DIRECTOR
DIN 00306830

(Rahul Chandrakant Shah)

DIRECTOR
DIN 03392443

Place: NOIDA
Date: 17.06.2012

PART I – Form of BALANCE SHEET

**Name of the Company - Dugar Hydro Power Ltd , Himachal Pradesh
Balance Sheet as at 31st March ,2012 (Unaudited)**

(` in Lakhs)

Particulars	Note No.	Figures as at the end of current reporting period 31 March 2012
1	2	3
I. EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) <u>Share capital</u>	1.a	2,800
(b) <u>Reserves and surplus</u>	1.b	(15)
(c) Money received against share warrants		-
2 Share application money pending allotment		-
3 Non-current liabilities		
4 Current liabilities		
(c) <u>Other current liabilities</u>	2.a	30
(d) <u>Short-term provisions</u>	2.b	149
TOTAL		2,964
II. ASSETS		
Non-current assets		
1 (a) <u>Fixed assets</u>		
(i) <u>Tangible assets</u>	3.a	-
(ii) <u>Intangible assets</u>	3.a	-
(iii) <u>Capital work-in-progress</u>	3.a	2,661
(iv) <u>Intangible assets under development</u>	3.a	-
2 Current assets		
(d) <u>Cash and cash equivalents</u>	4.a	302
(e) <u>Short-term loans and advances</u>	4.b	0
(f) <u>Other current assets</u>	4.c	1
TOTAL		2,964

For and on behalf of the board



**Somendra Chandra Rout
Director**

Place : Noida

Date : May 01 , 2012



PART II - Form of STATEMENT OF PROFIT AND LOSS

Name of the Company - Dugar Hydro Power Ltd , Himachal Pradesh
 Profit and loss statement for the period ended 31st December , 2011

(` in Lacs)

Particulars		Refer Note No.	Figures as at the end of current reporting period 31 March 2012
I	Revenue		
	Interest Income on FD		5
II	Expenses:		
	Preincorporation Expenses		19
	Other expenses	4	2
	Total expenses		21
	Profit before exceptional and extraordinary items and tax (I- II)		(15)
III			
IV	Exceptional items		-
V	Profit before extraordinary items and tax (III - IV)		(15)
VI	Extraordinary Items		
VII	Profit before tax (V- VI)		(15)
VIII	Tax expense:		
	(1) Current tax		-
	(2) Deferred tax		-
			-
IX	Profit (Loss) for the period (VII-VIII)		(15)

For and on behalf of the board

Somendra Chandra Rout

Somendra Chandra Rout
 Director

Date : May 01 , 2012



Schedule - 1 (a) Share Capital

(` In Rupees)

Note 1

Share Capital	As at 31 March 2012	
	Number	Amount
Authorised		
Equity Shares of Rs.10/- each	3,00,00,000	30,00,00,000
Issued		
Equity Shares of Rs.10/- each	2,80,00,001	28,00,00,010
Subscribed & Paid up		
Equity Shares of Rs.10/- each	2,80,00,001	28,00,00,010
Total	2,80,00,001	28,00,00,010

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Schedule - 1 (b) RESERVE & SURPLUS

Note 1

<u>Reserves & Surplus</u>	As at 31 March 2012
	(` in Lacs)
h. Surplus	
Opening balance	-
(+) Net Profit/(Net Loss) For the current year	(15)
(+) Transfer from Reserves	-
(-) Proposed Dividends	-
(-) Interim Dividends	-
(-) Transfer to Reserves	-
Closing Balance	(15)
Total	(15)
Note: 1. Reserve specifically represented by earmarked investments 2. Debit balacne of P & L shall be shown as negative figure	

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SCHEDULE-2(a) OTHER CURRENT LIABILITIES

Note 1	<u>Other Current Liabilities *</u>	As at 31 March 2012
		(` in Lacs)
(a) Other payables		
Expenses payable to SN Power India Ltd		1
Expenses payable - Others		25
Provision for Liability		0
TDS Payable		5
	Total	30

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SCHEDULE - 2(b) SHORT PROVISIONS

Note 1

<u>Short Term Provisions</u>	As at 31 March 2012
	(` in Lacs)
Others Provision for Services	149
	149
Total	149

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SCHEDULE - 4(a) CASH & CASH EQUIVALENTS

Note 1	Cash and cash equivalents	As at 31 March 2012
		(` in Lacs)
	a. Balances with banks*	302
	b. Cheques, drafts on hand	-
	c. Cash on hand*	0
		302

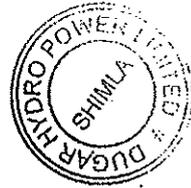
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SCHEDULE - 4(b) SHORT TERM LOANS & ADVANCE

Note 1	Short-term loans and advances	As at 31 March 2012
		(` in Lacs)
Others		
Unsecured, considered good		0
Advance recoverable in cash or in kind or for value to be received		0
		0
		0

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SCHEDULE - 4(c) OTHER CURRENT ASSETS

Note 1

Other Current Assets	As at 31 March 2012
	(` in Lacs)
Prepaid Tax TDS on interest income on Fixed Deposit	1
	1
	1

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Dugar Hydro Power Ltd

Notes to the financial statements and significant accounting policies

I. Background

Dugar Hydro Power Ltd (the company) has been set up as a company incorporated under the companies' act 1956 during the year to carry on business in the field of hydro power.

II. Major Accounting Policies

1) Basis of Accounting:

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the Accounting Standards notified under the Companies Act, 1956 and generally accepted accounting principles. The financial statements are presented in Indian rupees.

2) The Tata Power Company Ltd, Mumbai (the holding company) holds majority stake in the company (50% of share capital increased by two shares).

As on March 31, 2012, there is no share application money received pending allotment.

3) Incidental expenses pending capitalisation as at 31st March 2012 are summarised as below :

Particulars	As at 31.03.2011 (Rupees)	For the Period (Rupees)	As at 31.03.2012 (Rupees)
SCHEDULE 3			
INCIDENTAL EXPENDITURE			
ADMINISTRATIVE AND OTHER EXPENSES			
A.			
Travelling	-	17,60,822	17,60,822
Professional and consultancy charges	-	1,74,15,784	1,74,15,784
Net incidental expenditure	-	1,91,76,606	1,91,76,606

4) Administrative and related expenses transferred to Profit and Loss account for the period ending 31st March 2012 are summarised as below :

	ADMINISTRATIVE AND OTHER EXPENSES	For the period ended 31 March 2012 (` in Lacs)
1	Rent and hire charges	0.34
2	Printing and stationery	0.24
3	Financial Charges (including bank charges)	0.55
4	Recruitment Expenses	0.18
5	Software Maintenance Charges	0.15
6	Depreciation	0.42
		1.88

- 5) This being first year of the incorporation of company, comparative figures for the previous year are not available.

For and on behalf of the Board



Somendra Chandra Rout

Director



Place : Noida

Date : May 01, 2012