

DUGAR HYDRO POWER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUGAR HYDRO POWER LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Dugar Hydro Power Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position – Refer Note 24 to the financial statements;

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- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 32 to the financial statements;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)



Vijay Agarwal
(Partner)
(Membership No. 094468)

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Gurgaon, May 7, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the Company's business / activities / results during the year, clauses (ii), (v), (vi), (viii) and (xi) of paragraph 3 of the Order are not applicable to the Company.

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. There are no purchases of inventories and sale of goods and services during the year. During the course of our audit, we have not observed any major weakness in such internal control system.
- (iv) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Service Tax and other material statutory dues applicable to it with the appropriate authorities. We are informed that the provision of Provident Fund, Employees State Insurance, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Value Added Tax and Cess are not applicable to the Company.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Service Tax and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

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- (c) There are no dues of Income-tax and Service Tax which have not been deposited as on March 31, 2015 on account of disputes.
- (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and Rules made thereunder.
- (v) The Company has not taken any loan from banks and financial institutions and has not issued any debenture during the year.
- (vi) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (vii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 015125N)



Vijay Agarwal
Partner

(Membership No. 094468)

Place: Gurgaon

Date: May 7, 2015

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DUGAR HYDRO POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2015

(Rs. in lacs)

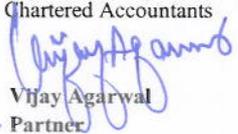
Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
A) EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	7,600.00	7,000.00
(b) Reserves and surplus	4	(167.37)	(113.19)
2 Non-current liabilities			
Long-term provisions	5	1.45	1.00
3 Current liabilities			
(a) Trade payables	6	11.20	6.60
(b) Other current liabilities	7	444.15	258.05
(c) Short-term provisions	8	0.46	-
TOTAL		7,889.89	7,152.46
B) ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	18.84	24.23
(ii) Capital Work in Progress	10	4,722.07	4,720.00
(iii) Pre operative expenditure (Pending Allocation)	11	2,741.06	1,940.85
(b) Long-term loans and advances	12	2.39	1.96
2 Current assets			
(a) Current Investment	13	401.51	-
(b) Cash and cash equivalents	14	1.57	463.93
(c) Short-term loans and advances	15	2.45	0.67
(d) Other current assets	16	-	0.82
TOTAL		7,889.89	7,152.46

Accompanying notes forming part of the financial statements

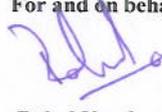
1 to 33

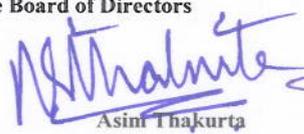
In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants


Vijay Agarwal
Partner

For and on behalf of the Board of Directors


Rahul Varshney
Director
DIN: 03516721


Asim Thakurta
Director
DIN: 07177614


Deepak Kakkar
Company Secretary &
CFO
PAN: BEQPK3958C

Place: Gurgaon
Date: May 7, 2015

Place: New Delhi
Date: May 7, 2015

DUGAR HYDRO POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

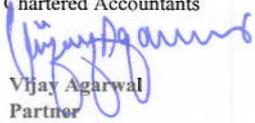
(Rs. in lacs)

Particulars	Note No.	(Rs. in lacs)	
		For the year ended March 31, 2015	For the year ended March 31, 2014
1 Other income	17	17.96	10.38
2 Total revenue		17.96	10.38
3 Expenses			
(a) Employee benefits expenses	18	4.68	3.22
(b) Finance cost	19	0.02	4.06
(c) Depreciation and amortization expense	9	1.33	0.92
(d) Other expenses	20	66.11	58.85
Total expenses		72.14	67.05
4 Loss for the year (2-3)		(54.18)	(56.67)
5 Loss per share (of Rs 10/- each)	22		
(a) Basic		(0.08)	(0.09)
(b) Diluted		(0.08)	(0.09)

Accompanying notes forming part of the financial statements 1 to 33

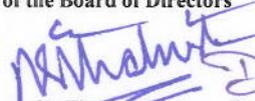
In terms of our report attached

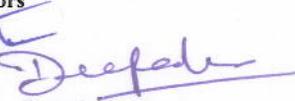
For Deloitte Haskins & Sells
Chartered Accountants


Vijay Agarwal
Partner

For and on behalf of the Board of Directors


Rahul Varshney
Director
DIN: 03516721


Asim Thakurta
Director
DIN: 07177614


Deepak Kakkar
Company Secretary &
CFO
PAN: BEQPK3958C

Place : Gurgaon
Date : May 7, 2015

Place: New Delhi
Date: May 7, 2015

DUGAR HYDRO POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(Rs. in lacs)

Particulars	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
A. Cash flow from operating activities			
Net loss before tax		(54.18)	(56.67)
Adjustments for:			
Depreciation/amortization expenses		1.33	0.92
Assets written off		-	0.27
Interest income		(7.96)	(10.38)
Gain on sale of mutual funds		(10.00)	-
Interest on delay in statutory remittances		0.02	3.62
Operating profit / (loss) before working capital changes		(70.79)	(62.24)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>			
Trade payables		4.60	(2.46)
Other current liabilities		3.33	(1.62)
Long-term provisions		0.45	1.00
Short-term provisions		0.46	-
<i>Adjustments for (increase) / decrease in operating assets:</i>			
Short-term loans and advances		(1.78)	-
Long-term loans and advances		0.00	0.72
Other current assets		0.82	(0.56)
Cash generated from operation		(62.91)	(65.16)
Income tax paid (net)		(0.43)	(1.05)
Net cash used in operating activities (A)		(63.34)	(66.21)
B. Cash flow from investing activities			
Capital expenditure including project pre-operative expenditure (net of capital creditors)		(615.45)	(976.43)
Purchase of investments in mutual funds		(1,681.00)	-
Interest received		7.96	9.75
Proceeds from sale of investments in mutual funds		1,289.49	-
Net cash flow used in investing activities (B)		(999.00)	(966.68)
C. Cash flow from financing activities			
Proceeds from issue of equity shares		600.00	1,340.00
Finance cost		(0.02)	-
Net cash flow from financing activities (C)		599.98	1,340.00
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(462.36)	307.11
Cash and cash equivalents at the beginning of the year		463.93	156.82
Cash and cash equivalents at the end of the year*		1.57	463.93

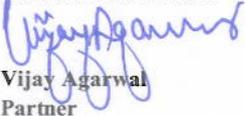
* Refer Note 14

Accompanying notes forming part of the financial statements

1 to 33

In terms of our report attached

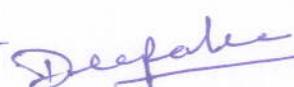
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CFO
PAN: BEQPK3958C

Place : Gurgaon
Date : May 7, 2015

Place: New Delhi
Date: May 7, 2015

DUGAR HYDRO POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate Information

Dugar Hydro Power Limited ("the Company"), joint venture of The Tata Power Company Limited (TPC) and Statkraft Holding Singapore Pte Limited (formerly known as SN Power Holding Singapore Pte Limited) with an equity shareholding of 50.000001% and 49.999999% respectively, incorporated in India on April 21, 2011 as public limited company with an objective to develop 380 MW Hydro Electric Project on the Chenab River, Near Killar Village, Chamba District, Pangi Valley of Himachal Pradesh, India.

2. Significant accounting policies

a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of estimates

The preparation of the financial statement in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the year in which the results are known / materialise.

c) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

d) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

e) Depreciation and amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013

Intangible assets are amortised over their estimated useful life on straight line method as

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Computer software – 4 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

f) Other income

Revenue in respect of interest on fixed deposit with banks is recognized on accrual basis at the rate at which such entitlement accrue.

g) Fixed assets (Tangible/Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and any other incidental expenses up to the date the asset is ready for its intended use. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

h) Pre-operative expenditure (pending allocation)

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

i) Foreign currency transactions and translations

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Foreign currency monetary items of the Company outstanding at the Balance Sheet date are restated at the year-end rates.

The exchange differences arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/ reported in previous financial statements are recognized as income/expense in the Statement of Profit and Loss.

j) Investments

Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

k) Employee benefits

Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Short-term employee benefits

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The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur. Gratuity liability is determined as per Payment of Gratuity Act 1972 based on the assumption that every employee will serve the company till last day. The Company has no other post-employment and long term benefit plans.

l) Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis.

m) Earnings per share

Basic earnings per share are computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

n) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

o) Impairment of assets

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An

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exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss has been recognized.

p) Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes forming part of the financial statements.

q) Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

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DUGAR HYDRO POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. Share capital

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Rs. in lacs	Number	Rs. in lacs
(a) Authorised				
Equity shares of face value of Rs. 10 each with voting rights	90,000,000	9,000.00	80,000,000	8,000.00
(b) Issued, Subscribed and Paid up				
Equity shares of face value of Rs. 10 each fully paid up with voting rights	76,000,002	7,600.00	70,000,002	7,000.00
Total	<u>76,000,002</u>	<u>7,600.00</u>	<u>70,000,002</u>	<u>7,000.00</u>

Refer to Note (i) to (iii) below

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting Year:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Rs. in lacs	Number of shares	Rs. in lacs
Number of shares at beginning of the year	70,000,002	7,000	56,600,002	5,660
Add: Issued during the year#	6,000,000	600	13,400,000	1,340
Number of shares at end of the year	<u>76,000,002</u>	<u>7,600</u>	<u>70,000,002</u>	<u>7,000</u>

pursuant to rights offered and exercised by the existing shareholders .

(ii) Rights, preferences and restrictions attached to the equity shareholders:

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Details of shares held by each shareholder holding more than 5% shares and detail of shares held by the holding Company:

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% Holding	No. of Shares held	% Holding
The Tata Power Company Limited - Holding Company#	38,000,002	50.000001	35,000,002	50.000001
	38,000,000	49.999999	35,000,000	49.999999
Statkraft Holding Singapore Pte Limited@	<u>76,000,002</u>	<u>100.000000</u>	<u>70,000,002</u>	<u>100.000000</u>

includes 3 shares jointly held with other shareholders.

@ include 2 shares held by wholly owned subsidiaries of Statkraft Holding Singapore Pte Limited

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DUGAR HYDRO POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4. Reserves and surplus

(Rs. in lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
Deficit in Statement of Profit and Loss		
Opening balance	(113.19)	(56.52)
Add: Loss for the current year	(54.18)	(56.67)
Closing balance	(167.37)	(113.19)

5. Long term provisions

(Rs. in lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits -Gratuity	1.45	1.00
Total	1.45	1.00

6. Trade payables

(Rs. in lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
Other than acceptances (Refer Notes below)	11.20	6.60
Total	11.20	6.60

Notes:

(i) According to the records available with the Company, dues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the period is Rs. Nil (Previous year Rs. Nil). Accordingly, disclosures relating to amounts unpaid at the period end together with the interest paid/ payable as required under the said Act are not applicable.

Dues to Micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

(ii) Includes an amount of Rs. 4.82 lacs (Previous year Rs. Nil) payable to related party. Refer Note 21.

7. Other current liabilities

(Rs. in lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
Other Payable		
Statutory remittances	46.64	43.15
Capital creditors (Refer Note Below)	389.84	207.07
Retention money	6.90	4.46
Application money received for allotment of securities and due for refund	-	2.64
Staff reimbursable expense	0.77	0.73
Total	444.15	258.05

Note:

i) Includes an amount of Rs. 211.93 lacs (Previous year Rs. 48.12 lacs) payable to related party. Refer Note 21.

8. Short term provisions

(Rs. in lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits -Compensated absences	0.46	-
Total	0.46	-

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DUGAR HYDRO POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

9. Fixed assets

(Rs. in lacs)

Particulars	Gross Block			Accumulated Depreciation/amortization				Net Block	
	Balance As at April 1, 2014	Additions	Disposal	Balance As at March 31, 2015	Balance As at April 1, 2014	Depreciation/amortization for the year	Disposal of the year	Balance As at March 31, 2015	Balance As at March 31, 2014
(i) Tangible assets- Owned									
(a) Computers	5.20	0.06	-	5.26	0.85	1.51	-	2.90	4.35
(b) Office equipments	7.08	0.47	0.05	7.50	1.24	2.04	0.05	4.27	5.84
(c) Motor vehicle	13.45	-	-	13.45	1.14	1.64	-	10.67	12.31
(d) Furniture and Fixtures	0.43	-	-	0.43	0.07	0.04	-	0.32	0.36
Current year total (A)	26.16	0.53	0.05	26.64	3.30	5.23	0.05	18.16	22.86
(ii) Intangible assets- Owned									
(a) Computer software	2.44	-	-	2.44	1.07	0.69	-	0.68	1.37
Current year total (B)	2.44	-	-	2.44	1.07	0.69	-	0.68	1.37
Grand Total (A+B)	28.60	0.53	0.05	29.08	4.37	5.92	0.05	18.84	24.23

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DUGAR HYDRO POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

9. Fixed assets (Contd..)

Particulars	Gross Block				Accumulated Depreciation/amortization				Net Block	
	Balance As at April 1, 2013	Additions	Disposal	Balance As at March 31, 2014	Balance As at April 1, 2013	Depreciation/amortization for the year	Disposal of the year	Balance As at March 31, 2014	As at March 31, 2014	As at March 31, 2014
(i) Tangible assets- Owned										
(a) Computers	1.47	4.01	0.28	5.20	0.19	0.67	0.01	0.85	4.35	
(b) Office equipments	6.20	0.88	-	7.08	0.66	0.58	-	1.24	5.84	
(c) Motor vehicle	-	13.45	-	13.45	-	1.14	-	1.14	12.31	
(d) Furnitures and Fixtures	-	0.43	-	0.43	-	0.07	-	0.07	0.36	
Current year total (A)	7.67	18.77	0.28	26.16	0.85	2.46	0.01	3.30	22.86	
(ii) Intangible assets- Owned										
(a) Computer software	0.38	2.06	-	2.44	0.38	0.69	-	1.07	1.37	
Current year total (B)	0.38	2.06	-	2.44	0.38	0.69	-	1.07	1.37	
Grand Total (A+B)	8.05	20.83	0.28	28.60	1.23	3.15	0.01	4.37	24.23	

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DUGAR HYDRO POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

10. Capital work in progress

Particulars	(Rs. in lacs)	
	As at March 31, 2015	As at March 31, 2014
Upfront premium fee for Hydro Project	4,722.07	4,720.00
Total	4,722.07	4,720.00

11. Pre-operative expenses (pending allocation)

Particulars	(Rs. in lacs)	
	As at March 31, 2015	As at March 31, 2014
Opening Balance	1,940.85	913.45
Additions:		
Depreciation on fixed assets	4.59	2.23
Data procurement expenses	12.97	14.55
Travel expenses	25.90	30.43
Vehicle running and maintenance	13.70	10.12
Purchase of services (Refer Note 21)*	307.22	235.60
Professional and consultancy expenses	328.12	630.02
Employee cost	53.61	41.73
Repair and maintenance- others	25.77	21.51
Miscellaneous expenses	15.10	29.04
Rent	13.23	12.17
Closing balance	2,741.06	1,940.85

* includes prior period expenses of Rs. 39.55 lacs (Previous year Rs. nil)

12. Long-term loans and advances

Particulars	(Rs. in lacs)	
	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Tax deducted at source	2.39	1.96
Total	2.39	1.96

13. Current Investments

Particulars	(Rs. in lacs)	
	As at March 31, 2015	As at March 31, 2014
Investment in mutual funds (unquoted) (At lower of cost or fair value)		
Religare Invesco Liquid fund - Growth plan 4792.941 (Previous Year : Nil) units each of Rs. 1867.5786	89.51	-
Tata Money Market Fund - Plan A Growth 4145.917 (Previous Year : Nil) Units each of Rs. 2170.8104	90.00	-
Sundaram Money Fund Regyular Growth 307420.100 (Previous Year : Nil) Units each of Rs. 29.2759	90.00	-
ICICI Prudential Liquid Regular Plan Growth 20318.517 (Previous Year : Nil) Units each of Rs. 206.70799	42.00	-
IDFC FCCG - IDFC Cash Fund Growth Regular Plan 5340.822 (Previous Year : Nil) Units each of Rs. 1685.1339	90.00	-
Total	401.51	-
Aggregate amount of unquoted investments- Book value	401.51	-
Aggregate amount of unquoted investments- Market value	406.74	-

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DUGAR HYDRO POWER LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

14. Cash and cash equivalents

Particulars	(Rs. in lacs)	
	As at March 31, 2015	As at March 31, 2014
Cash in hand	0.42	0.23
Balances with banks		
(i) In current accounts	1.15	313.70
(i) In deposit accounts (having maturity less than 3 months)	-	150.00
Total	1.57	463.93

15. Short term loans and advances

Particulars	(Rs. in lacs)	
	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Security deposit	2.41	0.11
Prepaid Expenses	0.03	-
Advance to vendors	0.01	0.36
Staff advance	-	0.20
Total	2.45	0.67

16. Other current assets

Particulars	(Rs. in lacs)	
	As at March 31, 2015	As at March 31, 2014
Interest accrued on fixed deposits	-	0.82
Total	-	0.82

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DUGAR HYDRO POWER LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

17. Other income

(Rs. in lacs)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest income on fixed deposits	7.96	10.38
Gain on sale of mutual funds	10.00	-
Total	17.96	10.38

18. Employee benefit expenses

(Rs. in lacs)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries and wages	4.06	1.11
Staff welfare expenses	0.62	2.11
Total	4.68	3.22

19. Finance cost

(Rs. in lacs)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest on delay in deposit of statutory dues	0.02	3.62
Bank Charges	-	0.44
Total	0.02	4.06

20. Other expenses

(Rs. in lacs)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Legal and professional*	20.06	13.18
Rates and taxes	6.00	10.29
Repairs and maintenance - others	-	0.01
Auditor's remuneration	11.41	10.23
Rent	11.93	11.93
Travel expense	3.67	4.65
Meeting and seminar expenses	7.47	4.75
Miscellaneous expenses	5.57	3.54
Asset written off	-	0.27
Total	66.11	58.85

* Includes prior period expenses of Rs. 5.30 lacs (Previous year Rs. Nil)

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21. Related party transactions

a) Name of related parties and their relationships

Name of related party	Nature of relationship
The Tata Power Company Limited	Holding Company
Statkraft Holding Singapore Pte Limited (formerly known as SN Power Holding Singapore Pte Limited)	The Company is an Associate
Statkraft India Private Limited	Company having significant influence

b) Transaction entered with the related parties during the financial year ended March 31, 2015*

Particulars	(Rs. In Lacs)		
	The Tata Power Company Limited	Statkraft Holding Singapore Pte Limited	Statkraft India Private Limited
Issue of Share Capital	300 (670)	300 (670)	- (-)
Expense incurred by the Company:			
Purchase of services	125.42 (124.4)	- (-)	146.75 (53.3)
Reimbursement of expenses	1.82 (3.02)	- (-)	1.59 (0.09)
Rent expense	- (-)	- (-)	10.79 (10.79)
Legal and Professional expenses	- (-)	- (-)	10.6 (-)
Security deposit received	1 (-)	1 (-)	- (-)
Security deposit repaid	1 (-)	1 (-)	- (-)
Advance taken	- (-)	- (-)	6.2 (-)
Advance re-paid	- (-)	- (-)	6.2 (-)

Balance outstanding as at year ended:

Particulars	The Tata Power Company Limited	Statkraft Holding Singapore Pte Limited	Statkraft India Private Limited
Amount payable at year end	114.26 (7.98)	- (2.64)	102.49 (0.13)

* Previous year figures are denoted in brackets

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22. Earnings per share

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Loss for the year (Rs. in lacs)	(54.18)	(56.67)
Weighted average number of equity shares (Nos.)	717.50	591.75
Nominal value per equity share (Rs./share)	10	10
Basic and diluted loss per share (Rs./share)	(0.08)	(0.09)

23. Expenditure in foreign currency (Accrual basis)

Particulars	(Rs. in lacs)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Purchase of services	58.03	57.89
Travel expenses	1.90	12.43
Total	59.92	70.32

24. Contingent liabilities and commitments (to the extent not provided for)

Particulars	(Rs. in lacs)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Contingent Liabilities	Nil	Nil
Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances)	520.22	886.79

25. Deferred Taxation

Particulars	(Rs. in lacs)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Deferred tax liability		
- Accelerated depreciation	(0.93)	(1.39)
Deferred tax assets on:		
- Employee benefits	0.59	0.31
- Preliminary expenses	-	-
- Unabsorbed losses/ depreciation	28.79	24.39
Total	28.44	23.31
Net deferred tax asset	Nil	Nil

The Company has not recognized the deferred tax assets in absence of virtual certainty that sufficient taxable income will be available in future years, against which such deferred tax asset could be realized.

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26. Operating lease

The Company has operating lease arrangements for office premises, guest house and equipment. The lease arrangements are cancellable in nature by giving notice in writing and range between 1-5 years. The rent charged to Statement of Profit and Loss relating to operating lease for office premises during the year is Rs. 11.93 lacs (Previous year Rs. 11.93 lacs).

27. Segment Reporting

As the Company's business activity falls within a single primary segment viz. Development of Hydro Electric Power Plant, and is a single geographical segment, the disclosure requirements of Accounting Standard (AS 17) "Segment Reporting" are not applicable.

28. Auditors' remuneration

Particulars	(Rs. in lacs)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Statutory audit fee	5.50	5.50
For Taxation matters	2.50	2.50
Limited review fee	2.00	1.00
Out of pocket expenses	0.15	0.11
Service tax on above	1.26	1.13
Total	11.41	10.23

29. Foreign Currency Exposure

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Foreign Currency	Amount (Rs. in lacs)	Foreign Currency	Amount (Rs. in lacs)
Creditors				
- EURO	51,720	34.92	-	-
- NOK's	52,260	4.09	119,246	12.43
- USD	33,425	20.92	41,671	24.95

30. The Company has entered into Tripartite agreement dated May 31, 2011 with Governor of Himachal Pradesh, on behalf of Government of Himachal Pradesh and Joint Venture The Tata Power Company Limited and Statkraft Holding Singapore Pte Limited (former name SN Power Holding Singapore Pte Ltd) wherein the Company has given unequivocal acceptance of all the assets, rights, liabilities, obligations, privileges and benefits arising for from 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.

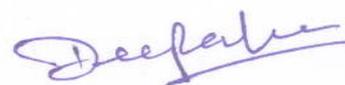
In line with PIA and letter of intent dated April 5, 2011 received from Directorate of Energy, Government of Himachal Pradesh, Rs.4720 lacs has been deposited as upfront premium fee.

As per the findings of the pre-feasibility study, an additional head of 33 m was explored by the project team which was forwarded for approval to Directorate of Energy, Government of

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Further, based on the additional head of 9 meter, the Company filed the revised Pre-feasibility report with the DoE and started the Detailed Project Report (DPR) study and has entered into contracts with various parties for conducting site investigation and topographical survey.

Further, during the current year, the Company has obtained in-principal approval from DOE for enhancement of installed capacity from 236MW to 380MW and relocation of domain and get an extension of 12 months in submitting the revised DPR study vide letter dated July 30, 2014. On account of capacity enhancement, the Company is required to pay capacity addition charges @ Rs 20 lakh per MW i.e. 28.80 crores and additional free power @3% of the deliverable energy on the capacity increase at the time of signing implementation agreement. Further, on account of relocation of domain, the Company is required to pay compensation for loss of energy in lieu of the truncation of the power house of Lujai HEP on annual basis with effect from commencement of the project. Accordingly, the quantum of loss of energy will be determined by DOE, Government of Himanchal Pradesh at an appropriate stage.

Based on the progress made so far, management believes that DPR shall be completed within the extended deadline as mentioned above and will be submitted for Techno Economic Clearance (TEC) to Government Authorities. Hence direct expenses incurred in this phase are carried forward as "Capital Work-in-Progress" and "Preoperative expenses pending allocation". These expenses would be capitalised as fixed assets on completion of construction of the project and commencement of commercial operations.

31. The Company is in the process of establishing a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length and the transfer pricing legislation under Section 92-92F of the Income-tax Act, 1961 will not have any impact on the annual financial statement, particularly on the amount of tax expense and that of provision of taxation, if any.

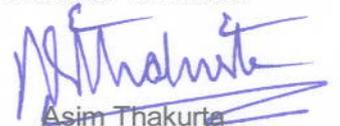
32. The Company does not have any long term contracts including derivative contracts for which there is any material foreseeable losses.

33. Previous year figures have been regrouped/ reclassified wherever necessary to correspond with current period's classification / disclosure.

For and on behalf of the Board of Directors



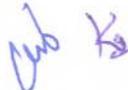
Rahul Varshney
Director
DIN: 03516721



Asim Thakurta
Director
DIN: 07177614



Deepak Kakkar
Company Secretary & CFO
PAN: BEQPK3958C


Place: New Delhi
Date: May 7, 2015