

**DUGAR HYDRO POWER LIMITED**

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

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### 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, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable. 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements 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. An audit also includes evaluating 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.

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**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, 2016, 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 Section 143 (3) of the Act, we report that:

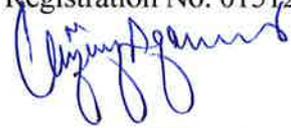
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of 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 prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) 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 23 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses -Refer Note 31 to the financial statements;

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- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



**Vijay Agarwal**  
(Partner)  
(Membership No. 094468)

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Place: Gurgaon  
Date: May 3<sup>rd</sup>, 2016

**Deloitte**  
**Haskins & Sells**

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Dugar Hydro Power Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

  
**Vijay Agarwal**  
(Partner)  
(Membership No. 094468)

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Place: Gurgaon  
Date: May 3<sup>rd</sup>, 2016

**ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (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.
  - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the CARO 2016 is not applicable.
- (vii) 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, Customs Duty, Excise Duty, Value Added Tax and Cess are not applicable to the Company.

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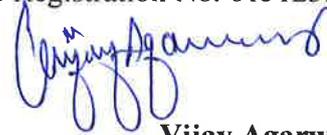
- (b) There were no undisputed amounts payable in respect of Income-tax, Service Tax and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax and Service Tax which have not been deposited as on March 31, 2016 on account of disputes.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debenture during the year. Hence reporting under clause (viii) of the CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
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- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided managerial remuneration to any of the managerial personnel hence reporting under clause (xi) of the CARO 2016 Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

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



**Vijay Agarwal**  
Partner

(Membership No. 094468)

*ks*

Place: Gurgaon

Date: *May 3<sup>rd</sup>, 2016*

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**DUGAR HYDRO POWER LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2016**

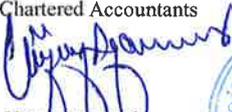
(Rs. in lacs)

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
<b>A) EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
s (a) Share capital	3	8,650.00	7,600.00
(b) Reserves and surplus	4	(205.67)	(167.37)
<b>2 Non-current liabilities</b>			
Long-term provisions	5	2.35	1.45
<b>3 Current liabilities</b>			
(a) Trade payables	6	-	-
(i) total outstanding dues of micro enterprises and small enterprises; and		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		11.15	11.20
(b) Other current liabilities	7	173.39	444.15
(c) Short-term provisions	8	1.07	0.46
<b>TOTAL</b>		<b>8,632.29</b>	<b>7,889.89</b>
<b>B) ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	14.23	18.84
(ii) Capital Work in Progress	10	4,722.07	4,722.07
(iii) Pre-operative expenditure (Pending Allocation)	11	3,485.99	2,741.06
(b) Long-term loans and advances	12	0.54	2.39
<b>2 Current assets</b>			
(a) Current Investment	13	400.00	401.51
(b) Cash and cash equivalents	14	4.87	1.57
(c) Short-term loans and advances	15	4.59	2.45
<b>TOTAL</b>		<b>8,632.29</b>	<b>7,889.89</b>

Accompanying notes forming part of the financial statements 1 to 32

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 3<sup>rd</sup>, 2016

Place: New Delhi  
Date : May 3, 2016

**DUGAR HYDRO POWER LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

(Rs. in lacs)

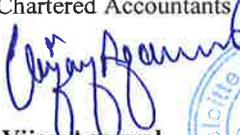
Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
1 Other income	16	25.60	17.96
<b>2 Total revenue</b>		<b>25.60</b>	<b>17.96</b>
<b>3 Expenses</b>			
(a) Employee benefits expenses	17	6.50	4.68
(b) Finance cost	18	0.79	0.02
(c) Depreciation and amortization expense	9	1.37	1.33
(d) Other expenses	19	55.24	66.11
<b>Total expenses</b>		<b>63.90</b>	<b>72.14</b>
<b>4 Loss for the year (2-3)</b>		<b>(38.30)</b>	<b>(54.18)</b>
<b>5 Loss per share (of Rs 10/- each)</b>	21		
(a) Basic		(0.05)	(0.08)
(b) Diluted		(0.05)	(0.08)

Accompanying notes forming part of the financial statements

1 to 32

In terms of our report attached

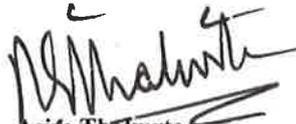
For Deloitte Haskins & Sells  
Chartered Accountants

  
**Vijay Agarwal**  
 Partner



  
**Rahul Varshney**  
 Director  
 DIN: 03516721

For and on behalf of the Board of Directors

  
**Asim Thakurta**  
 Director  
 DIN: 07177614

  
**Deepak Kakkar**  
 Company Secretary & CFO  
 PAN: BEQPK3958C

Place : Gurgaon  
 Date : May 3<sup>rd</sup>, 2016

Place: New Delhi  
 Date : May 3, 2016

**DUGAR HYDRO POWER LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

(Rs. in lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. Cash flow from operating activities</b>		
Net loss before tax	(38.30)	(54.18)
<b>Adjustments for:</b>		
Depreciation/amortization expenses	1.37	1.33
Interest income	(0.11)	(7.96)
Gain on sale of mutual funds	(25.33)	(10.00)
Interest on delay in statutory remittances	0.79	0.02
<b>Operating profit / (loss) before working capital changes</b>	<b>(61.58)</b>	<b>(70.79)</b>
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(0.05)	4.60
Other current liabilities	(31.13)	3.33
Long-term provisions	0.90	0.45
Short-term provisions	0.61	0.46
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Short-term loans and advances	(2.14)	(1.78)
Long-term loans and advances	1.85	-
Other current assets	-	0.82
<b>Cash generated from operation</b>	<b>(91.54)</b>	<b>(62.91)</b>
Income tax paid (net)	1.85	(0.43)
<b>Net cash used in operating activities (A)</b>	<b>(89.69)</b>	<b>(63.34)</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure including project pre-operative expenditure (net of capital creditors)	(986.33)	(615.45)
Purchase of investments in mutual funds	(1,810.00)	(1,681.00)
Interest received	0.11	7.96
Proceeds from sale of investments in mutual funds	1,840.00	1,289.49
<b>Net cash flow used in investing activities (B)</b>	<b>(956.22)</b>	<b>(999.00)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares	1,050.00	600.00
Interest on delay in statutory remittances	(0.79)	(0.02)
<b>Net cash flow from financing activities (C)</b>	<b>1,049.21</b>	<b>599.98</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>3.30</b>	<b>(462.36)</b>
Cash and cash equivalents at the beginning of the year	1.57	463.93
<b>Cash and cash equivalents at the end of the year*</b>	<b>4.87</b>	<b>1.57</b>

\* Refer Note 14

Accompanying notes forming part of the financial statements

1 to 32

In terms of our final report attached

For Deloitte Haskins & Sells

  
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 3<sup>rd</sup>, 2016

Place: New Delhi  
Date : May 3, 2016

**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 449 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 below:



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**DUGAR HYDRO POWER LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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.



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**DUGAR HYDRO POWER LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Short-term employee benefits**

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



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## DUGAR HYDRO POWER LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 impairment loss is reversed only to the extent that the asset's carrying amount does not 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, 2016		As at March 31, 2015	
	Number of shares	Rs. in lacs	Number	Rs. in lacs
<b>(a) Authorised</b>				
Equity shares of face value of Rs. 10 each with voting rights	90,000,000	9,000	90,000,000	9,000
<b>(b) Issued, Subscribed and Paid up</b>				
Equity shares of face value of Rs. 10 each fully paid up with voting rights	86,500,002	8,650	76,000,002	7,600
<b>Total</b>	<b>86,500,002</b>	<b>8,650</b>	<b>76,000,002</b>	<b>7,600</b>

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, 2016		As at March 31, 2015	
	Number of shares	Rs. in lacs	Number of shares	Rs. in lacs
Number of shares at beginning of the year	76,000,002	7,600	70,000,002	7,000
Add: Issued during the year#	10,500,000	1,050	6,000,000	600
Number of shares at end of the year	<b>86,500,002</b>	<b>8,650</b>	<b>76,000,002</b>	<b>7,600</b>

# 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, 2016		As at March 31, 2015	
	No. of Shares held	% Holding	No. of Shares held	% Holding
The Tata Power Company Limited - Holding Company#	43,250,002	50.000001	38,000,002	50.000001
Statkraft Holding Singapore Pte Limited@	43,250,000	49.999999	38,000,000	49.999999
	<b>86,500,002</b>	<b>100.000000</b>	<b>76,000,002</b>	<b>100.000000</b>

# 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, 2016	As at March 31, 2015
<b>Deficit in Statement of Profit and Loss</b>		
Opening balance	(167.37)	(113.19)
Add: Loss for the current year	(38.30)	(54.18)
<b>Closing balance</b>	<b>(205.67)</b>	<b>(167.37)</b>

**5. Long term provisions**

(Rs. in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
-Gratuity	2.35	1.45
<b>Total</b>	<b>2.35</b>	<b>1.45</b>

**6. Trade payables**

(Rs. in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Other than acceptances (Refer Notes below)		
(a) total outstanding dues of micro enterprises and small enterprises; and	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	11.15	11.20
<b>Total</b>	<b>11.15</b>	<b>11.20</b>

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. 1.13 Lacs (Previous year Rs. 4.82 Lacs) payable to related party. Refer Note 20.

**7. Other current liabilities**

(Rs. in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Other Payable</b>		
Statutory remittances	16.53	46.64
Capital creditors (Refer Note Below)	150.20	389.84
Retention money	5.82	6.90
Staff reimbursable expense	0.84	0.77
<b>Total</b>	<b>173.39</b>	<b>444.15</b>

Note:

Includes an amount of Rs. 6.67 Lacs (Previous year Rs. 211.93 lacs) payable to related party. Refer Note 20.

**8. Short term provisions**

(Rs. in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
-Compensated absences	1.07	0.46
<b>Total</b>	<b>1.07</b>	<b>0.46</b>



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DUGAR HYDRO POWER LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

9. Fixed assets

Particulars	Gross Block				Accumulated Depreciation/amortization			Net Block	
	Balance As at April 1, 2015	Additions	Disposal	Balance As at March 31, 2016	Balance As at April 1, 2015	Disposal of the year	Balance As at March 31, 2016	Balance As at March 31, 2016	Balance As at March 31, 2015
<b>(i) Tangible assets- Owned</b>									
(a) Computers	5.26	1.05	-	6.31	2.36	-	3.97	2.34	2.90
(b) Office equipments	7.50	0.57	-	8.07	3.23	-	5.49	2.58	4.27
(c) Motor vehicle	13.45	-	-	13.45	2.78	-	4.42	9.03	10.67
(d) Furniture and Fixtures	0.43	-	-	0.43	0.11	-	0.15	0.28	0.32
<b>Current year total (A)</b>	<b>26.64</b>	<b>1.62</b>	<b>-</b>	<b>28.26</b>	<b>8.48</b>	<b>-</b>	<b>14.03</b>	<b>14.23</b>	<b>18.16</b>
<b>(ii) Intangible assets- Owned</b>									
(a) Computer software	2.44	-	-	2.44	1.76	-	2.44	0.00	0.68
<b>Current year total (B)</b>	<b>2.44</b>	<b>-</b>	<b>-</b>	<b>2.44</b>	<b>1.76</b>	<b>-</b>	<b>2.44</b>	<b>0.00</b>	<b>0.68</b>
<b>Grand Total (A+B)</b>	<b>29.08</b>	<b>1.62</b>	<b>-</b>	<b>30.70</b>	<b>10.24</b>	<b>-</b>	<b>16.47</b>	<b>14.23</b>	<b>18.84</b>

# Out of total depreciation/amortization, Rs. 4.86 lacs (previous year Rs. 4.59 lacs) has been capitalized as project and pre-operative expenses. Refer note 11.



DUGAR HYDRO POWER LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

9. Fixed assets (Contd...)

Particulars	(Rs. in laes)						Net Block	
	Gross Block			Accumulated Depreciation/amortization			Balance As at March 31, 2015	Balance As at March 31, 2015
	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#		
<b>(i) Tangible assets- Owned</b>								
(a) Computers	5.20	0.06	-	5.26	0.85	1.51	-	2.36
(b) Office equipments	7.08	0.47	0.05	7.50	1.24	2.04	0.05	3.23
(c) Motor vehicle	13.45	-	-	13.45	1.14	1.64	-	2.78
(d) Furniture and Fixtures	0.43	-	-	0.43	0.07	0.04	-	10.67
<b>Current year total (A)</b>	<b>26.16</b>	<b>0.53</b>	<b>0.05</b>	<b>26.64</b>	<b>3.30</b>	<b>5.23</b>	<b>0.05</b>	<b>8.48</b>
<b>(ii) Intangible assets- Owned</b>								
(a) Computer software	2.44	-	-	2.44	1.07	0.69	-	1.76
<b>Current year total (B)</b>	<b>2.44</b>	<b>-</b>	<b>-</b>	<b>2.44</b>	<b>1.07</b>	<b>0.69</b>	<b>-</b>	<b>1.76</b>
<b>Grand Total (A+B)</b>	<b>28.60</b>	<b>0.53</b>	<b>0.05</b>	<b>29.08</b>	<b>4.37</b>	<b>5.92</b>	<b>0.05</b>	<b>10.24</b>
								<b>18.84</b>

# Out of total depreciation/amortization, Rs. 4.59 laes has been capitalized as project and pre-operative expenses. Refer note 11.

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**DUGAR HYDRO POWER LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**10. Capital work in progress**

(Rs. in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Upfront premium fee for Hydro Project	4,722.07	4,722.07
<b>Total</b>	<b>4,722.07</b>	<b>4,722.07</b>

**11. Pre-operative expenses (pending allocation)**

(Rs. in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Opening Balance	2,741.06	1,940.85
Additions during the current period/ year:		
Depreciation on fixed assets	4.86	4.59
Data procurement expenses	15.66	12.97
Travel expenses	10.85	25.90
Vehicle running and maintenance	11.74	13.70
Purchase of services	156.43	307.22
Professional and consultancy expenses	429.37	328.12
Employee cost	51.67	53.61
Repair and maintenance- others	24.38	25.77
Miscellaneous expenses	26.39	15.10
Rent	13.58	13.23
<b>Closing balance</b>	<b>3,485.99</b>	<b>2,741.06</b>

**12. Long-term loans and advances**

(Rs. in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good</b>		
Tax deducted at source	0.54	2.39
<b>Total</b>	<b>0.54</b>	<b>2.39</b>



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**DUGAR HYDRO POWER LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**13. Current Investments**

(Rs. in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Investment in mutual funds (unquoted) (At lower of cost or fair value)		
Sundaram Money Fund Regular Growth 315553.574 units each of Rs. 31.69034 (Previous Year: 307420.100 units each of Rs. 29.2759)	100.00	90.00
Tata Money Market Fund - Plan A Growth 4223.594 units each of Rs. 2367.6516 (Previous Year: 4145.917 units each of Rs. 2170.8104)	100.00	90.00
Religare Invesco Liquid fund - Growth Plan 4831.670 units each of Rs. 2069.6779 (Previous Year: 4792.941 units each of Rs. 1867.5786)	100.00	89.51
Axis Liquid Fund - Growth 6004.342 units each of Rs. 1665.4615 (Previous Year : Nil)	100.00	-
ICICI Prudential Liquid Regular Plan Growth (Previous Year: 20318.517 units each of Rs. 206.70799)	-	42.00
IDFC FCCG - IDFC Cash Fund Growth Regular Plan (Previous Year: 5340.822 units each of Rs. 1685.1339)	-	90.00
<b>Total</b>	<b>400.00</b>	<b>401.51</b>
Aggregate amount of unquoted investments- Book value	400.00	401.51
Aggregate amount of unquoted investments- Market value	402.33	406.74

**14. Cash and cash equivalents**

(Rs. in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Cash in hand	0.22	0.42
Balances with banks - In current accounts	4.65	1.15
<b>Total</b>	<b>4.87</b>	<b>1.57</b>

**15. Short term loans and advances**

(Rs. in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
Security deposit	2.41	2.41
Prepaid expenses	0.01	0.03
Advance to vendors	2.17	0.01
<b>Total</b>	<b>4.59</b>	<b>2.45</b>



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**DUGAR HYDRO POWER LIMITED**  
**NOTES FORMING PART OF THE INTERIM FINANCIAL STATEMENTS**

**16. Other income**

Particulars	(Rs. in lacs)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest income	0.11	7.96
Gain on sale of mutual funds	25.33	10.00
Liabilities no longer required written back	0.16	-
<b>Total</b>	<b>25.60</b>	<b>17.96</b>

**17. Employee benefit expenses**

Particulars	(Rs. in lacs)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries and wages	5.84	4.06
Staff welfare expenses	0.66	0.62
<b>Total</b>	<b>6.50</b>	<b>4.68</b>

**18. Finance cost**

Particulars	(Rs. in lacs)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest on delay in deposit of statutory dues	0.79	0.02
<b>Total</b>	<b>0.79</b>	<b>0.02</b>

**19. Other expenses**

Particulars	(Rs. in lacs)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Legal and professional	21.37	20.06
Rates and taxes	0.15	6.00
Auditor's remuneration	9.42	11.41
Rent	11.84	11.93
Travel expense	3.58	3.67
Meeting and seminar expenses	0.94	7.47
Miscellaneous expenses	7.94	5.57
<b>Total</b>	<b>55.24</b>	<b>66.11</b>



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**DUGAR HYDRO POWER LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**20. 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, 2016\***

Particulars	(Rs. In lacs)		
	The Tata Power Company Limited	Statkraft Holding Singapore Pte Limited	Statkraft India Private Limited
<b>Issue of Share Capital</b>	525.00 (300.00)	525.00 (300.00)	- (-)
<b>Expense incurred by the Company:</b>			
Purchase of services	82.77 (125.42)	- (-)	64.44 (146.75)
Reimbursement of expenses	- (1.82)	- (-)	0.75 (1.59)
Rent expense	- (-)	- (-)	10.93 (10.79)
Legal and Professional expenses	- (-)	- (-)	2.09 (10.6)
Security deposit received	3.00 (1.00)	- (1.00)	- (-)
Security deposit repaid	3.00 (1.00)	- (1.00)	- (-)
Advance taken	- (-)	- (-)	- (6.2)
Advance re-paid	- (-)	- (-)	- (6.2)

**Balance outstanding as at year ended:**

(Rs. In lacs)

Particulars	The Tata Power Company Limited	Statkraft Holding Singapore Pte Limited	Statkraft India Private Limited
Amount payable at year end	1.35 (114.26)	- (-)	7.80 (102.49)

\* Previous year figures are denoted in brackets



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**DUGAR HYDRO POWER LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**21. Earnings per share**

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Loss for the year (Rs. in lacs)	(38.29)	(54.18)
Weighted average number of equity shares (Nos. in lacs)	737.93	717.50
Nominal value per equity share (Rs./share)	10	10
Basic and diluted loss per share (Rs./share)	<b>(0.05)</b>	<b>(0.08)</b>

**22. Expenditure in foreign currency (Accrual basis)**

(Rs. In lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Professional and consultancy expenses	109.83	58.03
Travel expenses	1.49	1.90
<b>Total</b>	<b>111.32</b>	<b>59.92</b>

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

(Rs. In lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Contingent Liabilities*</b>	Nil	Nil
<b>Commitments</b> (Also refer note 29(ii)) Estimated amount of contracts remaining to be executed on capital account (net of advances)	154.62	520.22

\*The Company does not have any pending litigations as on March 31, 2016.

**24. Deferred Taxation**

(Rs. In lacs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Deferred tax liability - Accelerated depreciation	(0.13)	(0.93)
Deferred tax assets on: - Employee benefits - Unabsorbed losses/ depreciation	1.06 38.37	0.59 28.79
<b>Total</b>	<b>39.30</b>	<b>28.44</b>
Net deferred tax asset	Nil	Nil



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## DUGAR HYDRO POWER LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

#### 25. 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. 11.84 lacs (Previous year Rs. 11.93 lacs).

#### 26. 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.

#### 27. Auditors' remuneration

Particulars	(Rs. In lacs)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
For statutory audit	5.99	5.50
For taxation matters	-	2.50
For limited review	2.18	2.00
Out of pocket expenses	0.06	0.15
Service tax on above	1.19	1.26
<b>Total</b>	<b>9.42</b>	<b>11.41</b>

#### 28. 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, 2016		As at March 31, 2015	
	Foreign Currency	Amount (Rs. in lacs)	Foreign Currency	Amount (Rs. in lacs)
<b>Creditors</b>				
- EURO	Nil	Nil	51,720	34.92
- NOK's	12,90,149	103.41	52,260	4.09
- USD	11923.58	7.89	33,425	20.92

#### 29. Status of the project

(i) The Company has entered into an agreement with Government of Himachal Pradesh (GoHP) for setting up Hydro-Electric Power Project (236MW) in district Chamba, Himachal Pradesh on river Chenab. The installed capacity of which has been enhanced to 449MW.

Till date, the Company has submitted Detailed Project Report (DPR) study to GoHP which has been further forwarded to Central Electricity Authority (CEA) for their review



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## DUGAR HYDRO POWER LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

based on revised CEA guidelines. Management is expecting that the final DPR study along with the clearances required, as per revised guidelines, would be submitted to CEA by May 31, 2016.

Based on the progress made so far, management is confident that the DPR shall be submitted within the extended deadline as mentioned above and accordingly will get the Techno Economic Clearance on this project with the adequate return on investment and thus will accordingly continue to complete the project. In view of this, management is of the view that direct expenses incurred till date in relation to project should be carried forward as "Capital Work-in-Progress" and "Preoperative expenses pending allocation" and thus no provision for impairment is required as on the reporting date.

(ii) In view of the enhancement of installed capacity from 236MW to 449MW, the Company is required to pay capacity addition charges @ Rs 20 lacs per MW i.e. 4260 lacs 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 also 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. The compensation of quantum of loss of energy will be determined by GoHP at an appropriate stage.

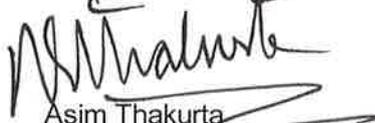
30. The Company is in the process of establishing a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous 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.

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

32. 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



Place: New Delhi  
Date: May 3, 2016

  
Deepak Kakkar  
Company Secretary & CFO  
PAN: BEQPK3958C