



PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

Setting Benchmarks



Annual Report 2006-2007



A Passion for Excellence

Having been built on solid, reliable foundations, the LNJ Bhilwara Group has evolved beyond its rich heritage, steeped in integrity, reliability, quality... and most importantly, an innate ability for innovation.

This ethos has catapulted the Group onto a global platform, having set several benchmarks along the years, driven by a passion for excellence.

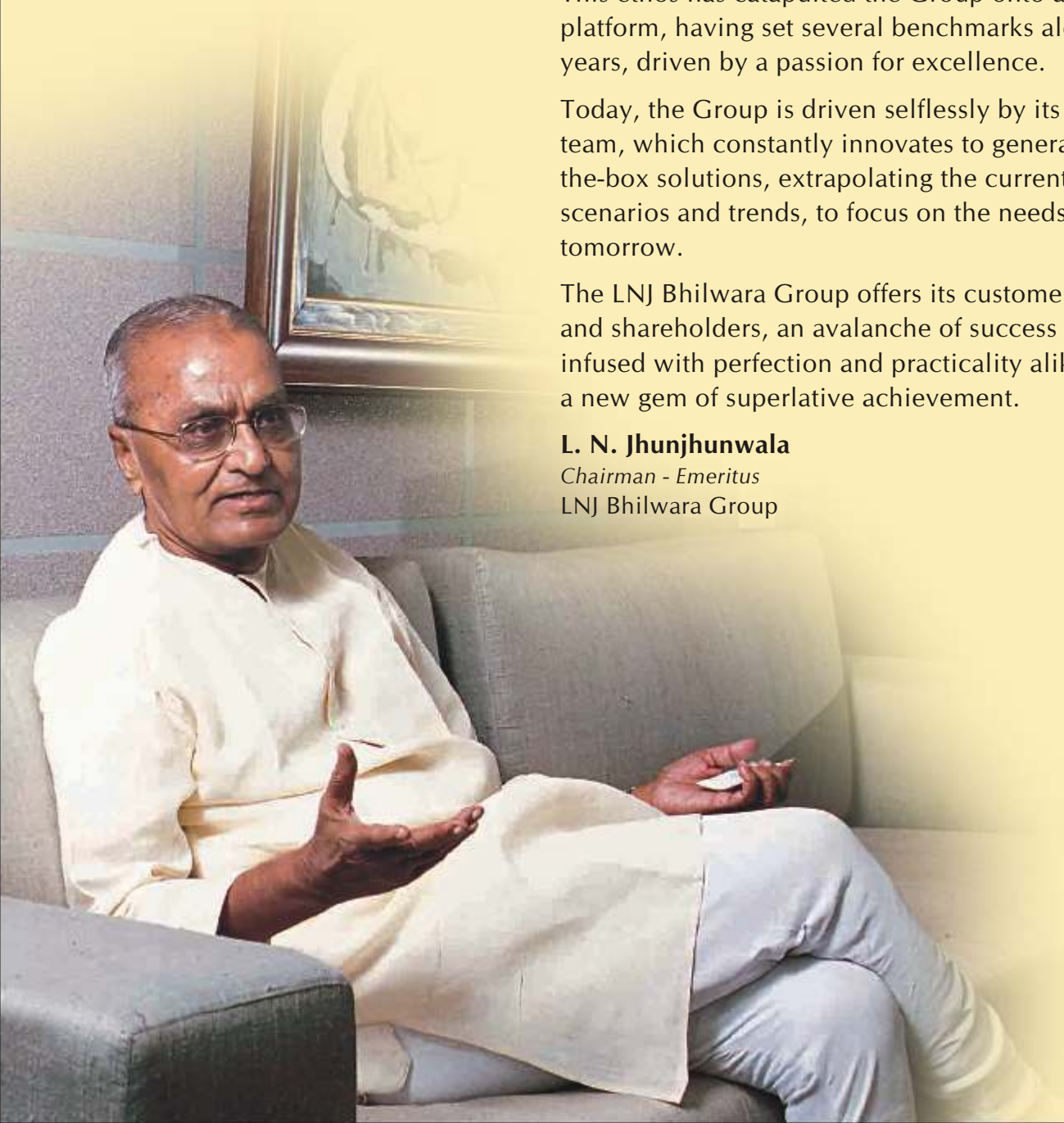
Today, the Group is driven selflessly by its dedicated team, which constantly innovates to generate out-of-the-box solutions, extrapolating the current market scenarios and trends, to focus on the needs of tomorrow.

The LNJ Bhilwara Group offers its customers, clients and shareholders, an avalanche of success stories, infused with perfection and practicality alike, each one a new gem of superlative achievement.

L. N. Jhunjunwala

Chairman - Emeritus

LNJ Bhilwara Group





ANNEXURE I TO THE DIRECTORS REPORT

STATEMENT OF PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES,1988

1. CONSERVATION OF ENERGY - NIL
2. TECHNOLOGY ABSORPTION - NIL
 - A. RESEARCH AND DEVELOPMENT (R& D) - NIL
 - B. TECHNOLOGICAL ABSORPTION, ADAPTATION AND INNOVATION - NIL
 - C. EXPORTS & FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. in Million)

		(Rs. in Million)
I. Foreign Exchange Outgo		
a)	Engineering Fees and Consultancy charges	62.03
b)	Legal and Professional charges	4.62
c)	Travelling	0.94
d)	Financial charges	8.72
Total		76.31

II Foreign Exchange Earnings

As the Company is in business of power generation , there shall not be any export earnings.



AUDITORS' REPORT

The Members of AD Hydro Power Limited

1. We have audited the attached balance sheet of AD Hydro Power Limited as at March 31, 2007 and the cash flow statement for the year ended on that date annexed thereto. No profit and loss account has been prepared for the year ended on that date, as the Company has not commenced its commercial operations. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2007;
 - b) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Associates

Chartered Accountants

per Pankaj Chadha

Partner

Membership No. : 91813

Place : Gurgaon

Date : June 06, 2007



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Annexure referred to in paragraph 3 of our report of even date

Re: AD Hydro Power Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence clause 4 (iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence clause 4 (iii) (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) 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 inventory and fixed assets. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business
- (viii) The Company is in the construction phase and accordingly, clause (viii) of paragraph 4 of the Order is not applicable to the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, , customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year..
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.



- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment .
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. Batliboi & Associates
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. : 91813

Place : Gurgaon
Date : June 06, 2007



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BALANCE SHEET AS AT 31ST MARCH, 2007

(Rs. '000)

	SCHEDULE	As at 31.3.2007	As at 31.3.2006
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	2,120,844	1,910,500
Share application money (pending allotment)		140,000	9,784
		2,260,844	1,920,284
Loan Funds			
Secured loans	2	3,851,826	190,000
Deferred Payment Liabilities (Payable towards Loyalty Bonus Scheme) (Amount repayable within one year Rs. Nil)		5,455	-
		3,857,281	190,000
TOTAL		6,118,125	2,110,284
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	3	236,388	96,582
Less : Depreciation		46,470	8,802
Net Block		189,918	87,780
Capital work-in-progress including capital advances	4	4,032,307	1,432,647
Project and pre-operative expenses (pending allocation)	5	1,031,557	499,317
		5,253,782	2,019,744
Current Assets, Loans and Advances			
Inventories	6	95,748	12,679
Cash and bank balances	7	1,046,612	149,147
Other current assets	8	6,011	2,991
Loans and advances	9	32,145	17,946
		1,180,516	182,763
Less: Current Liabilities and Provisions			
Liabilities	10	296,023	82,100
Provisions	11	20,179	10,152
		316,202	92,252
Net Current Assets		864,314	90,511
Miscellaneous Expenditure (to the extent not written off or adjusted)	12	29	29
TOTAL		6,118,125	2,110,284
Notes to Accounts	13		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date
For S. R. Batliboi & Associates
Chartered Accountants

For and on behalf of the Board of Directors

per Pankaj Chadha
Partner
Membership No. : 91813
Place : Gurgaon
Date : June 06, 2007

Ravi Jhunjunwala Director
Øistein Andresen Director
Ajay Hemrajani Company Secretary



SCHEDULES TO THE ACCOUNTS

SCHEDULE 1 : SHARE CAPITAL

(Rs. '000)

	31.03.2007	31.03.2006
AUTHORISED		
314,000,000 (Previous year 200,000,000) equity shares of Rs. 10/- each	3,140,000	200,000
ISSUED, SUBSCRIBED AND PAID UP		
212,084,000 (Previous year 191,050,000) equity shares of Rs. 10/- each (191,050,000 (Previous year Nil) equity shares are held by Malana Power Company Limited, the Holding Company, along with its nominees)	2,120,844	1,910,500
	2,120,844	1,910,500

SCHEDULE 2 : SECURED LOANS

(Rs. '000)

	31.03.2007	31.03.2006
Rupee term loans		
– From banks	3,091,826	190,000
– from institutions	760,000	–
	3,851,826	190,000

Note:

Term loans from banks and institutions are secured by way of a first mortgage/charge on all immovable properties wherever situated both present and future and hypothecation of all movable assets, rights, etc. present and future of the Company, on pari passu basis.

SCHEDULE 3 : FIXED ASSETS

(Rs. '000)

Particulars	Gross Block				Depreciation				Net Block	
	Cost As At 01.04.2006	Additions	Deduction	Cost As At 31.03.2007	At 01.04.2006	For The Year	Deletion	At 31.03.2007	As At 31.03.2007	As At 31.03.2006
Building	26,690	23,583	–	50,273	315	1,158	–	1,473	48,800	26,375
Project equipment	43,617	78,416	–	122,033	3,394	28,389	–	31,783	90,250	40,223
Other equipment	2,135	2,195	–	4,330	397	466	–	863	3,467	1,738
Electrical installation	4,663	20,924	–	25,587	97	1,174	–	1,271	24,316	4,566
Furniture & fixtures	5,871	4,662	–	10,533	1,263	1,303	–	2,566	7,967	4,608
Computer	3,473	5,365	–	8,838	1,272	2,562	–	3,834	5,004	2,201
Office equipments	2,732	1,786	–	4,518	299	951	–	1,250	3,268	2,433
Vehicles	7,401	2,875	–	10,276	1,765	1,665	–	3,430	6,846	5,636
Total	96,582	139,806	–	236,388	8,802	37,668	–	46,470	189,918	87,780
Previous Year	6,665	89,938	21	96,582	1,260	7,547	5	8,802	87,780	



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SCHEDULE 4 : CAPITAL WORK IN PROGRESS

(Rs. '000)

PARTICULARS	As At	Additions	As At
	01.04.2006		31.03.2007
Government / private land	232,484	58,397	290,881
Road	249,520	647,822	897,342
Buildings	6,065	40,004	46,069
Head race tunnel	12,792	173,443	186,235
Pressure shaft	6,719	34,635	41,354
Surge shaft	6,682	–	6,682
Intermediate reservoir	1,016	110	1,126
Upstream	6,816	211,676	218,492
Power house	214,331	365,341	579,672
Engineering fees	174,202	99,286	273,488
Consultancy charges	40,463	35,529	75,992
Construction power	2,639	6,431	9,070
Bridge	3,029	–	3,029
Transmission line	1,842	109,144	110,986
- includes stocks lying with third parties Rs. 63,192 thousand (Previous year Rs. Nil)			
Turbine & Generators	–	114,534	114,534
Equipments Under Installation	–	26,871	26,871
Other capital expenditure	45,111	–	45,111
Capital stocks	53,126	318,348	371,474
- includes stocks lying with third parties Rs. 318,050 thousand (Previous year Rs. 26,145 thousand))			
Capital advances	375,810	358,089	733,899
Total	1,432,647	2,599,660	4,032,307

SCHEDULE 5 : PROJECT AND PRE-OPERATIVE EXPENSES (Pending Allocation)

(Rs. '000)

	31.03.2006	Addition during the year up to 31.03.2007	31.03.2007
Personnel Expenses			
Salaries , wages and bonus	80,803	81,155	161,958
Contribution to provident and other funds	8,213	6,014	14,227
Workmen and staff welfare expenses	7,389	5,817	13,206
	96,405	92,986	189,391
Administrative and other expenses			
Rent	8,798	8,492	17,290
Rates & taxes	10,110	5,905	16,015
Insurance	16,114	22,294	38,408
Repairs and maintenance			
Plant and machinery	7,611	1,997	9,608
Civil works	–	141	141
Buildings	178	2,209	2,387
Others	1,582	501	2,083
Travelling expense	23,897	13,215	37,112
Conveyance	8,525	4,900	13,425
Vehicle running & hiring expenses	11,873	27,357	39,230
Communication expenses	4,398	3,171	7,569



CONTD. SCHEDULE 5 : PROJECT AND PRE-OPERATIVE EXPENSES

(Pending Allocation)

(Rs. '000)

	31.03.2006	Addition during the year up to 31.03.2007	31.03.2007
Auditor's Remuneration :			
– Audit Fees	687	453	1,140
– Other Services	110	393	503
– Out of Pocket Expenses	28	84	112
Charity and donations (other than to political parties)	972	2,487	3,459
Director remuneration	376	1,650	2,026
Advertisement	6,960	3,392	10,352
Legal & professional charges	24,188	21,733	45,921
Expenditure on forest land	153,351	59,171	212,522
Fee & subscription	3,109	199	3,308
Stores consumption	22,786	40,036	62,822
Power and fuel	23,175	10,976	34,151
Installation charges	3,612	–	3,612
Security arrangement expense	3,475	6,902	10,377
Social welfare expenses	791	11,601	12,392
Miscellaneous expenses (net of recoveries Rs. 6,813 thousand (Previous year Rs. 24 thousand))	18,120	9,023	27,143
Fringe benefit tax (including Rs. 909 thousand in respect of earlier year)	1,508	4,409	5,917
Interest on Term Loan	2,401	146,862	149,263
Interest on Others	1,853	132	1,985
Financial / bank charges	55,424	11,946	67,370
Depreciation	8,808	37,668	46,476
	424,820	459,299	884,119
Less : Interest earned (Tax deducted at source Rs. 3481 thousand, Previous year Rs. 4192 thousand) (net of provision for income tax Rs. 5242 thousand (Previous year Rs. 7150 thousand))	(21,908)	(20,045)	(41,953)
	499,317	532,240	1,031,557

SCHEDULE 6 : INVENTORIES

(Rs. '000)

	31.03.2007	31.03.2006
Stores and spares (including stocks lying with third parties Rs. 43,823 thousand (previous year Rs. 2,508 thousand))	95,748	12,679
	94,748	12,679

SCHEDULE 7 : CASH AND BANK BALANCES

(Rs. '000)

	31.03.2007	31.03.2006
Cash on hand	1,714	558
Balances with scheduled banks:		
On current accounts	149,885	23,783
On deposit accounts	895,013	124,806
	1,046,612	149,147

Included in deposit accounts is :

Fixed deposit of Rs. 200 thousand pledged with the H. P. Government Sales Tax Department



SCHEDULE 8 : OTHER CURRENT ASSETS

	(Rs. '000)	
	31.03.2007	31.03.2006
Interest accrued on deposits and others	6,011	2,991
	6,011	2,991

SCHEDULE 9 : LOANS AND ADVANCES

(Unsecured, considered good)

	(Rs. '000)	
	31.03.2007	31.03.2006
Loans to employee	710	183
Advances recoverable in cash or in kind or for value to be received	11,285	9,386
Security deposit with govt. departments & others	3,253	783
Advance income tax / tax deducted at source	16,897	7,394
	32,145	17,946

SCHEDULE 10 : LIABILITIES

	(Rs. '000)	
	31.03.2007	31.03.2006
Sundry creditors	224,605	51,770
Deposits from contractors and others	51,597	20,864
Interest accrued but not due on loans	2,332	-
Other liabilities	17,489	9,466
	296,023	82,100

SCHEDULE 11 : PROVISIONS

	(Rs. '000)	
	31.03.2007	31.03.2006
Taxation	18,436	8,673
Leave encashment	1,743	1,479
	20,179	10,152

SCHEDULE 12 : MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

	(Rs. '000)	
	31.03.2007	31.03.2006
Share issue expenses		
Balance as per last account	29	29
	29	29



SCHEDULE 13 : NOTES TO ACCOUNTS

1. Nature of Operations

AD Hydro Power Limited (hereinafter referred to as 'the Company') is in the process of setting up of a 192 MW hydro electric power generation plant. The Company is still in the construction stage and has not yet commenced commercial power generation during the year ended March 31, 2007.

2. Statement of Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(c) Expenditure on new projects

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Income earned during construction period is deducted from the total of the indirect expenditure.

(d) Depreciation

- i. On the assets of generating unit, depreciation is provided as per straight-line method (pro-rata basis) at the rates prescribed by the Central Government vide Notification Number S.O. 266(E) dated 29th March 1994 issued under the Electricity (Supply) Act, 1948.
- ii. On Plant & Machinery other than those covered under (i) above, depreciation is provided on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- iii. On fixed assets other than those covered under (i) and (ii) above, depreciation is provided on written down value method at the rates prescribed in Schedule - XIV to the Companies Act, 1956.
- iv. Depreciation on Project Equipments has been provided as per straight line method over the period upto the expected date of completion of the project i.e. 31st March, 2008.

(e) Inventories

Inventories comprising of stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis.

(f) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest

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



(g) Miscellaneous Expenditure to the extent not written off or adjusted

Preliminary Expenses will be amortized / adjusted in the manner to be decided by the Board of Directors starting from the year in which the Company commences its commercial operations.

(h) Foreign currency translation

Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise, except exchange differences on transactions relating to fixed assets acquired from a country outside India, which are adjusted to the carrying amount of fixed assets.

(i) Retirement and other employee benefits

(i) Retirement benefits in the form of Provident Fund and Superannuation Schemes are charged to the Project & Preoperative Expenses (pending allocation) in the year when the contributions to the respective funds are due.

(ii) The Company has taken an insurance policy under Group Gratuity Scheme to cover the gratuity liability of the employees and amount paid/ payable in respect of present value of liability for past services is charged to the Project & Preoperative Expenses (pending allocation) on the basis of actuarial valuation carried out at the end of the financial year.

(iii) Liability for leave encashment is provided for on actuarial valuation basis at the end of the financial year.

(iv) Liability under loyalty bonus scheme is provided for on actual basis in accordance with the period of service accrued during the year.

(j) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event 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 its present value and are determined based on 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.

3. As the Company had not commenced commercial operations as of March 31, 2007, no Profit and Loss Account has been prepared, but in lieu thereof, a statement of Project and Pre-operative expenses (pending allocation) has been prepared as per Schedule 5 and expenses incurred during the year ended March 31, 2007 in relation to the construction of the project, have been included under the said Schedule, to be allocated appropriately at the time of commencement of commercial operations.
4. The Company has signed a Quadripartite Agreement on 5th November, 2005 with Rajasthan Spinning & Weaving Mills Ltd (RSWM) (the holder of Implementation rights /promoter), Malana Power Company Limited and Government of Himachal Pradesh for transfer of the project from RSWM to the Company to give effect to Implementation Agreement signed between RSWM and Government of Himachal Pradesh.
5. (a) Cost of Government land of Rs.5,687 thousand represents amount paid to Deputy Commissioner, Kullu towards transfer of government's agriculture land measuring 10.07 hectare for which the execution of lease deed is pending.



- (b) Cost of private land of Rs. 285,194 represents amount paid for execution of 12.61 hectares land, out of which mutation for 6.72 hectares in favour of the Company has been completed. For 0.54 hectares land in village Aleo, the award has been completed. The mutation of 2.20 hectares land in village Prini and .033 hectares land in village jagatsukh is in progress. Apart from notified land, 2.82 hectares land has been acquired directly from the villagers.
- (c) Rs. 212,522 paid to Divisional Forest Officer, Kullu on account of use of forest land measuring 37.69 hectares represents amount paid towards loss of environment value, compulsory afforestation, cost of tree felling and Catchment Area Treatment Plan.

6. Related Party Disclosure

(a) Name of related party

Holding Company

Malana Power Company Limited

Key Management Personnel

Mr. R. P. Goel, Whole Time Director

(b) Transaction with related parties

(Rs. '000)

Nature of Transaction	Holding Company		Key Management Personnel	
	2007	2006	2007	2006
Transactions during the year				
Share application money received from Malana Power Company Limited (net)	130,216	1,345,774		–
Purchase of Fixed Assets from Malana Power Company Limited	16,089	–		–
Director's Remuneration			1,650	376
Balance outstanding as at the year end				
Share Capital held by Malana Power Company Limited	1,910,500	1,910,500		
Loan & Advances :				
Malana Power Company Limited (Share application money)	140,000	9,784		

Note: Reimbursement of expenses to and from related parties on actual basis has not been considered above.



7. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. 4,131,035 thousand (Previous Year Rs 3,110,354 thousand)

8. Amount payable to Small Scale undertakings as at 31st March 2007 is Rs. Nil (previous year Rs. Nil) to the extent such parties have been identified from available information.
9. Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006"

S. No.	Particulars	(Rs. '000)
i)	The principal amount and the interest due thereon remaining unpaid to any supplier	
	– Principal amount	Nil
	– Interest thereon	Nil
ii)	the amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day	Nil
iii)	the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil
iv)	the amount of interest accrued and remaining unpaid	Nil
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	Nil

10. Derivative instruments and unhedged foreign currency exposure.

(a) **There are no forward contract outstanding as at Balance Sheet date.**

(b) **Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date**

(Rs. '000)

Particulars	2006-07	2005-06
Creditors for expenses	25,814	–

11. Statutory Supplementary Information

(Rs. '000)

	2007	2006
(a) Directors' Remuneration		
Salaries	1,020	238
Allowances	630	138
	1,650	376
(b) Expenditure in Foreign Currency (Cash basis)		
Engineering Fees and Consultancy charges	62,034	89,019
Legal and Professional charges	4,618	4,623
Travelling	939	573
Financial charges	8,718	9,442
	76,309	1,03,657



(Rs. '000)

	2007	2006
(c) Value of Imports calculated on CIF basis		
Capital Goods	196,643	18,502
Project Equipment	29,950	17,117
	226,593	35,619

12. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

a) Imported and indigenous stores and spare parts consumed:

Stores & Spares	Percentage of total consumption		Value (Rs.'000)	
	2007	2006	2007	2006
Imported	27.80	–	11,129	–
Indigenously obtained	72.20	100.00	28,908	21,509
	100.00	100.00	40,037	20,509

13. Previous year's figures have been regrouped where necessary to confirm to this year's classification.

As per our report of even date

For S. R. Batliboi & Associates
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. : 91813

Place : Gurgaon
Date : June 06, 2007

For and on behalf of the Board of Directors

Ravi Jhunjunwala Director
Øistein Andresen Director
Ajay Hemrajani Company Secretary



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CASH FLOW STATEMENT AS AT MARCH 31, 2007

	(Rs. '000)	
PARTICULARS	31.03.2007	31.03.2006
A. Cash flows from investing activities		
Acquisition of fixed assets	(2,980,413)	(1,406,860)
Proceeds from sale of fixed assets	–	16
Fixed deposit accounts	(770,207)	(104,606)
Interest received	22,354	24,735
Net cash used in investing activities	(3,728,266)	(1,486,715)
B. Cash flows from financing activities		
Proceeds from issuance of share capital	340,560	1,345,774
Repayment of share application money	–	–
Proceeds from long term borrowings	3,661,826	190,000
Repayment of long -term borrowings	–	(48,484)
Interest paid	(146,862)	(2,401)
Net cash from financing activities	3,855,524	1,484,889
Net increase / (decrease) in cash and cash equivalents(A + B)	127,258	(1,826)
Cash and cash equivalents at the beginning of the year	24,341	26,167
Cash and cash equivalents at the end of the year	151,599	24,341
Components of cash and cash equivalents		
Cash on hand	1,714	558
With scheduled banks - on current accounts	149,885	23,783
	151,599	24,341

As per our report of even date

For S. R. Batliboi & Associates
Chartered Accountants

per Pankaj Chadha
Partner
Membership No. : 91813

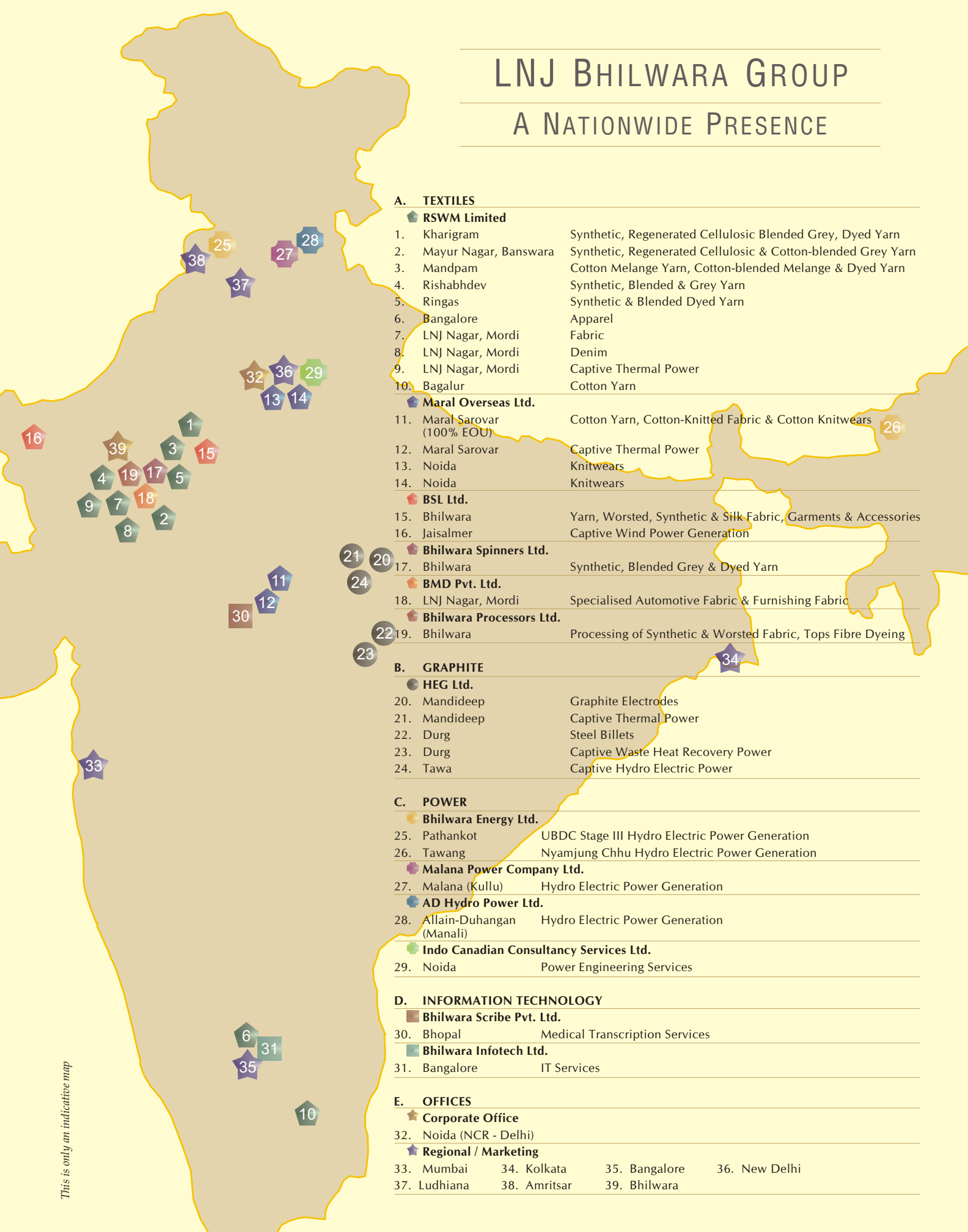
Place : Gurgaon
Date : June 06, 2007

For and on behalf of the Board of Directors

Ravi Jhunjhunwala Director
Øistein Andresen Director
Ajay Hemrajani Company Secretary

LNJ BHILWARA GROUP

A NATIONWIDE PRESENCE



A. TEXTILES

RSWM Limited

1. Kharigram Synthetic, Regenerated Cellulosic Blended Grey, Dyed Yarn
2. Mayur Nagar, Banswara Synthetic, Regenerated Cellulosic & Cotton-blended Grey Yarn
3. Mandpam Cotton Melange Yarn, Cotton-blended Melange & Dyed Yarn
4. Rishabhdev Synthetic, Blended & Grey Yarn
5. Ringas Synthetic & Blended Dyed Yarn
6. Bangalore Apparel
7. LNJ Nagar, Mordi Fabric
8. LNJ Nagar, Mordi Denim
9. LNJ Nagar, Mordi Captive Thermal Power
10. Bagalur Cotton Yarn

Maral Overseas Ltd.

11. Maral Sarovar (100% EOU) Cotton Yarn, Cotton-Knitted Fabric & Cotton Knitwears
12. Maral Sarovar Captive Thermal Power
13. Noida Knitwears
14. Noida Knitwears

BSL Ltd.

15. Bhilwara Yarn, Worsted, Synthetic & Silk Fabric, Garments & Accessories
16. Jaisalmer Captive Wind Power Generation

Bhilwara Spinners Ltd.

17. Bhilwara Synthetic, Blended Grey & Dyed Yarn

BMD Pvt. Ltd.

18. LNJ Nagar, Mordi Specialised Automotive Fabric & Furnishing Fabric

Bhilwara Processors Ltd.

19. Bhilwara Processing of Synthetic & Worsted Fabric, Tops Fibre Dyeing

B. GRAPHITE

HEG Ltd.

20. Mandideep Graphite Electrodes
21. Mandideep Captive Thermal Power
22. Durg Steel Billets
23. Durg Captive Waste Heat Recovery Power
24. Tawa Captive Hydro Electric Power

C. POWER

Bhilwara Energy Ltd.

25. Pathankot UBDC Stage III Hydro Electric Power Generation
26. Tawang Nyamjung Chhu Hydro Electric Power Generation

Malana Power Company Ltd.

27. Malana (Kullu) Hydro Electric Power Generation

AD Hydro Power Ltd.

28. Allain-Duhangan (Manali) Hydro Electric Power Generation

Indo Canadian Consultancy Services Ltd.

29. Noida Power Engineering Services

D. INFORMATION TECHNOLOGY

Bhilwara Scribe Pvt. Ltd.

30. Bhopal Medical Transcription Services

Bhilwara Infotech Ltd.

31. Bangalore IT Services

E. OFFICES

Corporate Office

32. Noida (NCR - Delhi)

Regional / Marketing

- | | | | |
|--------------|--------------|---------------|---------------|
| 33. Mumbai | 34. Kolkata | 35. Bangalore | 36. New Delhi |
| 37. Ludhiana | 38. Amritsar | 39. Bhilwara | |

