



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.

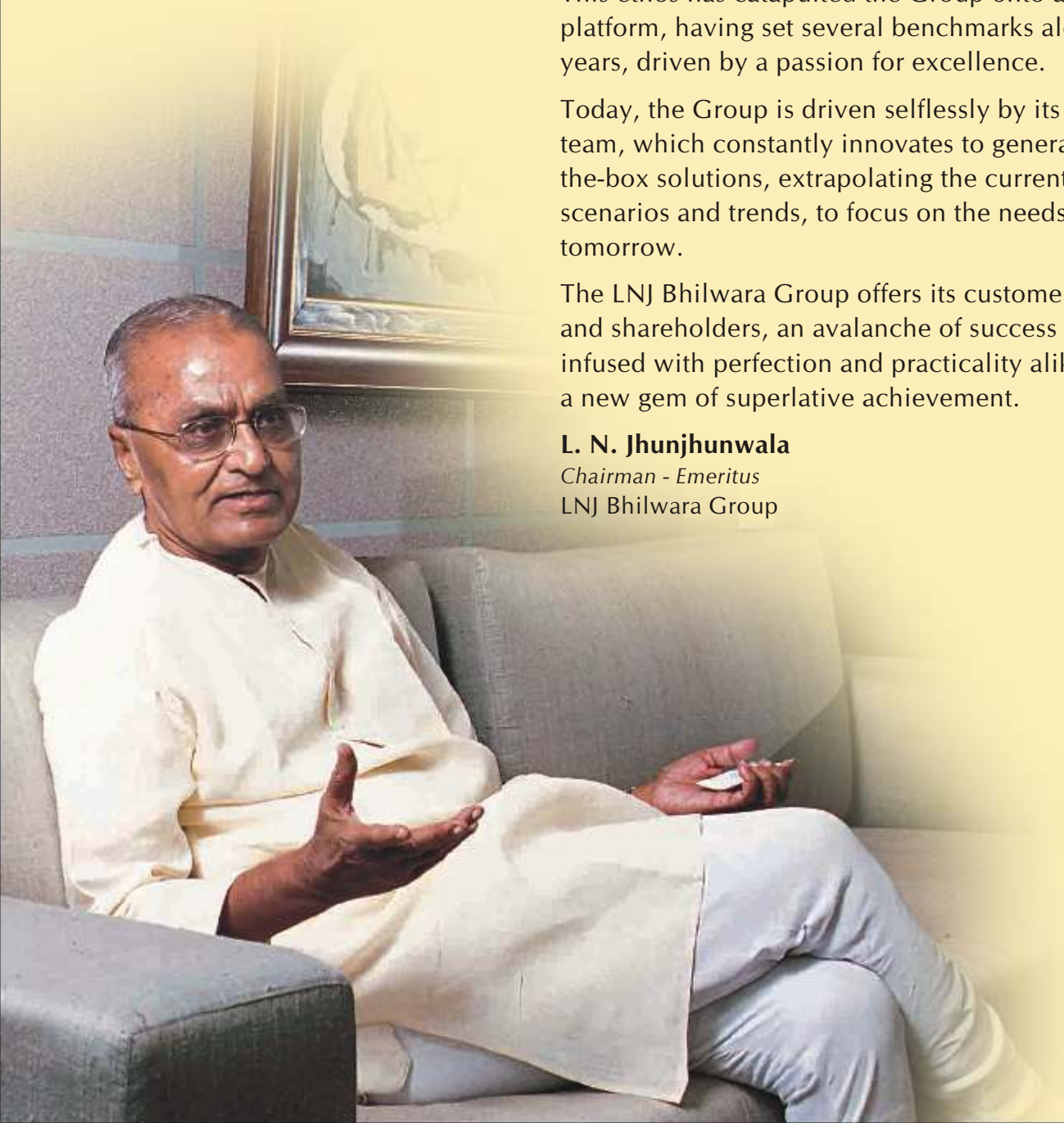
Today, the Group is driven selflessly by its dedicated team, which constantly innovates to generate out-of-the-box solutions, extrapolating the current market scenarios and trends, to focus on the needs of tomorrow.

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





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# Group Salient Features : 2006-07

## Power



- **Hydro Power Generation**
  1. **Bhilwara Energy Ltd.**
  2. **Malana Power Company Ltd.**
  3. **AD Hydro Power Ltd.**
- **Captive Power**
  1. Thermal
  2. Hydro
  3. Waste Heat Recovery
  4. Wind Energy
- **Power Consultancy**
  1. **Indo Canadian Consultancy Services Ltd.**

- Bhilwara Energy Limited incorporated as the Holding Company for the Group's power businesses.
- Bhilwara Energy Limited bags three Hydel Power projects in Arunachal Pradesh.
- Bhilwara Energy formalises agreement with Punjab State Electricity Board to develop and run a 75 MW power plant near Pathankot.
- MPCL becomes the first hydro power company in India to implement ERP.
- RSWM Limited is the new name for Rajasthan Spinning & Weaving Mills Ltd.
- RSWM has initiated a Rs. 900 crore expansion plan. Its Denim & Captive Thermal Power Plants are nearing completion.
- RSWM, Maral Overseas and BSL Limited expand their spindle capacities.
- RSWM was recently felicitated with Rajiv Gandhi National Quality Award.
- RSWM announced the acquisition of Cheslind Textiles Ltd., a Bangalore based textile unit.
- RSWM International B.V., Holland, incorporated, a 100% subsidiary of RSWM, executes a 50:50 JV with SISA S.A., Spain. The new JV entity is known as RSWM SISA.
- RSWM ropes in Salman Khan as brand ambassador for Mayur Suitings.
- HEG's 52,000 MT per annum, Graphite Electrode plant stabilised.
- HEG institutes LNJ Award for outstanding work in the field of Carbon.
- HEG initiated Rs. 110 crore Capex during the year.
- Bhilwara Scribe ranked amongst the top 5 BPOs in Healthcare segment.

## Textiles



- **RSWM Limited** (yarn, fabric, garments, technical textiles, Denim)
- **Maral Overseas Ltd.** (cotton yarn, fabric & knitted garments)
- **BSL Ltd.** (fabric - worsted, polyester & silk furnishing)
- **BMD Pvt. Ltd.** (automotive fabric)
- **Bhilwara Spinners Ltd.** (yarn)
- **Bhilwara Processors Ltd.** (process house)

## Graphite Electrodes / Steel



- HEG Limited

## GROUP FINANCIAL HIGHLIGHTS

(Rs. in crore)

PARTICULARS	2004-05	2005-06	2006-07
Turnover	2049	2387	<b>2859</b>
Export Sales	893	1016	<b>1361</b>
PBIDT	274	374	<b>434</b>
PBDT	208	286	<b>323</b>
PBT	96	156	<b>193</b>
PAT	79	115	<b>134</b>
Gross Fixed Assets	2494	2922	<b>3835</b>
Net Worth	969	1382	<b>1525</b>



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## From the Chairman's Desk

Dear Shareholders,

The Indian Economy is presently undergoing a wave of change because of the various liberalization and globalization initiatives undertaken over the past decade. The economy is moving along a high growth path which is clearly visible from the strong growth rate of GDP for 2006-2007 pegged at 9.4%, rising foreign exchange reserve and booming capital market.

India's performance in recent years has been among the best in the world with compounded annual growth rate over the last four years has exceeded 8.6%. Among the large economies of the world, only China has performed better.

During the financial year under review, Corporate Sector has witnessed major global acquisitions and buyouts by Indian Companies, reflecting integration of Indian market with Global Economy and also confidence of Indian Business houses to take global opportunities.

However infrastructure development has not been able to keep pace with the strong performance and robust growth of over 8% during past few years and continues to be a major hurdle and road block in further progress of the economy. Power shortages, bad roads, inadequate capacity in ports, and poor water and sanitation facilities are some of the important concerns that need to be addressed for us to sustain the economic growth in coming years.

During the period 2007-2012, average economic growth has been projected at 9% per annum and to sustain this economic growth our power generation capacities will also need to grow by minimum 9% annually. To revamp the Power Sector, number of path breaking initiative have been taken in the recent past which includes harnessing full potential of the hydro power capacity in the country and treating all hydro projects eligible for benefits under Clean Development Mechanism.

Your Company remains very optimistic with the upcoming opportunities and investments in the hydro power sector. The Company is well focused to harness not only to fullest



**Ravi Jhunjunwala**  
*Chairman*

potential but also to maximize the shareholders value on a consistent basis. The Company is confident of its management team and sustainable development policies paying rich dividends going forward. As a Group we are committed to achieve 1500 mw of power generation by 2012.

Just as I am optimistic about India, so am I confident of your Company's management team and its ability to significantly increase revenues, profits and returns on shareholder funds. And I look forward to an even better performance in the future.

On behalf of the Board of Directors, I wish to record my thanks and gratitude to all our stakeholders, financial institutions, employees, government bodies for their tremendous support and contributions.

With kind regards,

Yours sincerely,

**Ravi Jhunjunwala**  
*Chairman*



## Message from the CEO



**A. B. Giri**  
*Chief Executive Officer*

Dear Shareholders,

The financial year 2006-2007 has been year of exciting developments for the Company. The Company was founded with the objective to achieve another milestone in industry to set up 192 MW AD Hydro Electric Project ahead of set timelines.

The construction work at high altitude of 2800mtrs is challenging task for all those involved in implementation of project. The construction work at project site is in full swing with total capital expenditure on the project already incurred above Rs. 525 crore. The 16 Km road from Prini Village to Allain head works is complete and construction of 12 Km long road between Jagatsukh Village and Duhangan site is progressing on schedule despite tough weather conditions and terrain. Allain Upstream works are as per schedule and 65% of total excavation work at intermediate reservoir is complete. The progress of construction of Powerhouse, Pressure Shaft, Surge Shaft and Tailrace Tunnel continues to be satisfactory on all fronts. The EOT crane is successfully operational at power house area. Testing for turbine and generator has been successfully completed. During the year, the contract for 220 KV D/C Line 185 Km transmission line was awarded and will be complete as per schedule. There is no compromise on quality with RSW Inc, Canada taking overall responsibility for quality management plan and same is supervised by SGS Ltd.

During the year, IFC, Washington became the shareholder in the Company and infused part of its equity. The Company also underwent debt restructuring and inducted IDBI as senior lender to replace subordinate debt of IDFC.

The Company is following environmental management plan as per IFC Operational policies and procedures to reduce any adverse environmental and social impacts. During the year, Company signed Emission Reduction Purchase agreement with International Bank for Reconstruction and Development (IBRD) to avail CDM Benefits under Kyoto Protocol and project also got registered with Executive Board at UNFCCC.

The Company being a part of the LNJ Bhilwara Group is committed to its social responsibilities and sustainable development. The Company has constructed primary health centers with qualified medical officer and other staff at Village Prini & Jagatsukh treating approx. 1500 patients in a month and giving away free medicines and services. The Company has spent significant amount towards local development including social, religious and cultural activities. The project has also participated in construction of local roads, school buildings and play grounds, community centre, foot paths, street lights, potable drinking water in near by areas.

Utmost care is being taken for the protection of environment including protection of water quality, disposal of muck and solid waste disposal norms. The Company is following up with forest department for afforestation and implementation of CAT Plan. The Company has proper system of environmental monitoring and analysis for air and water quality standards at site.

With all your support and efforts, the construction work at project site is going at fast pace for the challenging task to complete the project by mid- 2008. This achievement will not be possible with the sincere and dedicated team at project as well as at corporate office.

I wish to place on record the continued contribution and support given by financial institution, commercial banks, Ministry of Power, Government of Himachal Pradesh, Himachal Pradesh State Electricity Board and other government departments and cooperation extended by highly motivated employees who are determined to set another benchmark in the industry.

With kind regards,

Yours sincerely,

**A. B. Giri**  
*Chief Executive Officer*



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AD Hydro Power Limited » Annual Report 2006-2007

## Corporate Information

### BOARD OF DIRECTORS

#### DIRECTORS

Ravi Jhunjunwala  
L. N. Jhunjunwala  
Kamal Gupta  
Øistein Andresen  
Einar Stenstadvold  
Leiv Pedersen  
R. P. Goel

### COMMITTEES OF THE BOARD AUDIT COMMITTEE

Ravi Jhunjunwala, Chairman  
Kamal Gupta, Member  
Einar Stenstadvold, Member

### KEY EXECUTIVES

A. B. Giri,  
Chief Executive Officer  
O. P. Ajmera,  
Chief Financial Officer  
Ashok Joshi,  
Project Incharge - Site

### COMPANY SECRETARY

Ajay Hemrajani

### STATUTORY AUDITORS

S. R. Batliboi & Associates,  
Gurgaon

### INTERNAL AUDITORS

Ashim & Associates,  
New Delhi

### TECHNICAL CONSULTANTS

RSW International Inc.,  
Canada  
Indo-Canadian Consultancy  
Services Ltd.

### BANKERS & FINANCIAL INSTITUTIONS

IFC, Washington  
IDBI Ltd.  
Infrastructure Development  
Finance Company Ltd.  
UTI Bank Ltd.  
Punjab & Sind Bank  
Punjab National Bank  
The Jammu &  
Kashmir Bank Ltd.  
Oriental Bank of Commerce  
ICICI Bank Ltd.  
State Bank of India  
Yes Bank Ltd.  
Centurion Bank of Punjab Ltd.

### CORPORATE OFFICE

**Bhilwara Towers**  
A-12, Sector - 1,  
NOIDA - 201 301 (U.P.)  
Phone : 0120-2541810  
Fax : 0120-2531648, 745  
Website : [www.adhydropower.com](http://www.adhydropower.com)  
[www.lnjbhilwara.com](http://www.lnjbhilwara.com)

### REGISTERED OFFICE & PROJECT SITE

Village Prini, P.O. Tehsil - Manali  
Distt. Kullu (H.P.)  
Phone : 01902- 250183 / 184  
Fax : 01902 - 251798  
Email - [adhpl@lnjbhilwara.com](mailto:adhpl@lnjbhilwara.com)

### LIAISON OFFICE

Bhilwara Bhawan  
40-41, Community Centre  
New Friends Colony,  
New Delhi - 110 065  
Phone : 011-26822997



## Directors' Report

TO THE MEMBERS,

### AD HYDRO POWER LIMITED

On behalf of the Board of Directors, I have pleasure in presenting the Fourth Annual Report of the Board along with the audited statement of accounts for the year ended 31st March, 2007 together with the Auditors' Report.

The Company has not yet started its commercial activities and therefore no Profit and Loss Account has been prepared and the expenditure incurred has been shown under Schedule -5 under the head "Project & Pre-operative Expenses ( Pending Allocation )" to the Balance Sheet.

#### 1.0 PROJECT EXPENSES

During the financial year ending 31st March, 2007, the following expenditure has been incurred on the project as per the details given below:

<i>(Rs. in Million)</i>	
PARTICULARS	AMOUNT
Fixed Assets ( Gross )	236.39
Capital Work in Progress	4032.31
Preoperative Expenses	1031.56
Net Current Assets	864.31
Miscellaneous	.03
<b>TOTAL</b>	<b>6164.60</b>

#### 2.0 CONSTRUCTION ACTIVITIES

The construction work is in full swing at project site despite tough weather conditions and terrain. The progress on construction activities are detailed below:

##### 2.1 Infrastructure Works

The construction work of Field Hostel has been completed and construction of about 87 Houses of township has commenced in Sept, 2006. Road of 16 km from Prini village to the Allain head works is complete. Construction of 12Km long road between Jagatsukh village and Duhangan diversion site is in advance stage of completion.

##### 2.2 Engineering

Basic design and detailed engineering activities are progressing on schedule to meet the construction requirement of the project. Out of total 262 drawings for civil works, 215 drawings have already been released for







construction. Model studies for optimization of project configuration have been carried out by LaSalle Laboratories, Canada.

### 2.3 Allain Upstream Works and Intermediate Reservoir

The contract for the Allain Upstream Works was awarded to Larsen & Toubro Ltd. The barrage has been designed to pass 50 year design flood of 662.00 cumecs. The required resources have been mobilized at barrage and intermediate reservoir locations. The excavation work and concreting work have been progressing as per schedule. At the intermediate reservoir site, approximately 65% of the total excavation had been completed.

### 2.4 Head Race Tunnel

Despite adverse geology, efforts are being made by the Project Team to complete the HRT on schedule.

### 2.5 Powerhouse

The progress of construction of Powerhouse, Pressure Shaft, Surge Shaft and Tailrace Tunnel continues to be satisfactory on all fronts. The Powerhouse cavern excavation is complete. The EOT crane columns have been erected in service bay and unit bay. The EOT crane has been erected and tested. All the excavation work in the Power House and Transformer cavern is complete.

### 2.6 Electro Mechanical Equipments

Model test of Turbine and Generator has been successfully completed during the year at BHEL, Bhopal. All first stage embedments have reached the site. All first stage embedments

drawings, foundation drawings for Turbine, Generator & MIV required for civil design have been approved. Erection and testing of EOT crane in power house is complete. The crane is now fully operational in the service bay area.

Contract for transformer was awarded to Areva T & D (India) Ltd during the year. The progress in this package is as per agreed schedule with the contractor. All drawings and Quality Assurance Plan have been approved. The order for penstock protection butterfly valve has been placed and the design activity is in progress. The work for switchyard has been awarded to VOLTECH during the year and the civil works in the switchyard area scheduled to start in July 2007.

### 2.7 Transmission Line

The contract for construction of transmission line of 220 KV D/C Line for 62.5 km from ADHEP up to Panarsa was awarded to M/s. Reliance Energy Ltd (REL) during the year under review. Engineering for this section is essentially complete. A detailed schedule has been drawn for the progress as well for various activities for the Transmission line work and procurement of tower, conductors etc. The progress so far has been as per the agreed schedule.

The construction works for Transmission line of 220 KV D/C Line for 120 Kms from Banala to Nalagarh was also assigned during the year to M/s. Larsen & Toubro Ltd. Survey route has been completed.

Efforts are on hand to obtain the requisite permission for diversion of the forest land within the schedule period.

Good progress has been made in acquisition of tower spots in





construction. Model studies for optimization of project configuration have been carried out by LaSalle Laboratories, Canada.

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Efforts are on hand to obtain the requisite permission for diversion of the forest land within the schedule period.

Good progress has been made in acquisition of tower spots in privately owned land.





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planned to be greened as the project construction draws to close. The accommodation at labour camps is being maintained properly in accordance with safety regulations and environmental health. Management of labor camps also includes prevention of illegal felling of trees, usage of kerosene or LPG as primary fuel in labor camps.

The plan for air pollution control is adhered to in the project as per norms of the pollution board. Water is sprinkled on roads to suppress dust. Air qualities are being monitored at the working face of tunnels and adits using the hand-held monitoring equipment. Plan for control of water pollution includes treatment of waste water generated from colony, camp and workshops and regular participatory monitoring of treated waste water before discharge. The laboratory at site is functional. The water quality is being monitored from 6 stations on Allain and 5 in Duhangan stream.

In pursuance of it's commitment to protect the environment, your Company has paid a sum of

Rs. 153.6 millions to the government towards the loss of environment value, compulsory afforestation, cost of tree felling and Catchment Area Treatment Plan, besides undertaking a greening plan for the entire project area.

### 7.0 CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to meeting it's social commitments. Our vision continues to place social responsibility at the heart of our dealings with local communities, stakeholders and environments in which we operate. The corporate social responsibility measures includes compensation against land acquisition as per negotiated rates, training/skill capacity building for income generating facilitation, community development plan, formation of a Monitoring cell for monitoring of RAP, provision for option, value and quality for Families losing > 75% of the land, Community Development Programme (CDP) using participatory approach. Many villagers are involved in the road construction up to Duhangan weir. Community Development Programmes (CDP) is in progress which includes improvement of water quality in nearby Jagatsukh village, providing street lights, community toilets and dental and veterinary camps. There is a provision of training to the affected families for skill enhancement.

The Health Centre at Prini village and Jagatsukh village are progressing well and hav been helpful to the villagers. Prini Health Centre has also procured pathological testing equipments for ensuring better medicare. During the year, Company also incurred significant expenditure on religious and welfare activities of local communities at Project Site.

### 8.0 HUMAN RESOURCE DEVELOPMENT

The Company values human resources very vital to the augmentation of the organization. Management encourages friendly job culture and recognizes initiatives and performance of the individuals. The Company encourages new ideas and views of young personnel in organization. Your Company has also put in place a recruitment and human resource





### 2.8 Quality Assurance/Quality Control

RSW International Inc., Canada has been given the overall responsibility for quality management on the project and it is also acting as the Quality-in-charge. The quality control program has been supervised by the site inspection staff and SGS Ltd. A Quality manual has been prepared as a part of quality management plan and it indicates quality assurance, quality control and quality acceptance procedures. Quality control is being carried out through testing of materials used in the construction and manufacture and through various inspections and tests required during the construction / manufacture process. A well equipped site laboratory for the testing of materials for the civil works contracts is fully operational.

### 3.0 SHARE CAPITAL

During the year under review, International Finance Corporation, Washington infused equity of Rs. 210.3 Millions in the Company and became the shareholder in the company which is about 67% of the total IFC equity commitments.

### 4.0 STATUS OF FINANCING

The company achieved complete execution of the financing documentation for the debt amount of Rs. 5822.2 million. During the year the Company availed disbursements to the tune of Rs. 3860 million which includes disbursement of Rs. 760 million from IFC, Washington.

To mitigate the rising interest rates the company also underwent debt restructuring during the year by replacement of subordinate debt with senior debt. The Company also inducted IDBI Ltd as a senior lender. Due to the support and cooperation rendered by the lenders to the project the Company was able to maintain the weighted average rate of interest at the level of 8.85 % annum even in the scenario in which the interest rates soared high in the country owing to liquidity and inflationary pressures.

### 5.0 CLEAN DEVELOPMENT MECHANISM

Your company had been making serious efforts for getting the CERs of the Company registered under the Carbon Credit Mechanism. Based on the continuing efforts the United Nations Framework Convention on Climate Change (UNFCCC) registered the Allain Duhangan Hydro Electric Project for availing carbon credit benefits. During the year your company also executed an "Emission Reduction Purchase Agreement" with International Bank for Reconstruction and Development ( IBRD ) acting as trustee for Italian Carbon fund for sale of carbon credits.

### 6.0 ENVIRONMENT, HEALTH AND SAFETY

Your Company has taken best possible measures to comply with the regulatory norms for prevention and control of pollution. The Company has implemented Environmental Management Plan to address various environmental and social issues. Your Company is following the norms to implement the Environmental Management plan as per the guidelines of IFC, Washington. HPSEB approved muck disposal plan is also being implemented in the project.





operations. It assists the Company and the group to accomplish its objectives by bringing a systematic, disciplined approach in evaluating the effectiveness of the Company and the group's risk management, control and governance processes.

Internal audit plans cover matters identified in risk management assessments as well as issues highlighted by the board, the audit committee and senior management. Quarterly Internal audit reports are submitted along with the management's response to the Audit Committee. The Audit Committee monitors performance of Internal Audit on a periodic basis through review of the internal audit plans, audit findings & swiftness of issue resolution through follow ups.

#### 11.0 DISCLOSURE OF PARTICULARS

Particulars required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the prescribed format as Annexure-I to the Directors' Report.

#### 12.0 PARTICULARS OF EMPLOYEES

During the year 2006-2007, No employee of the Company was covered as per the provisions of Section 217(2A) of the Companies Act, 1956 (the Act), read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees..

#### 13.0 DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors' of your company states hereunder:-

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along

with proper explanation relating to material departures;

- ii) that the accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the financial year 2006-2007;
- iii) that the proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) That the annual accounts have been prepared on going concern basis.

#### 14.0 DIRECTORS

Mr. Einar Stenstadvold and Mr. Oistein Andresen retire by rotation and being eligible offers himself for reappointment at ensuing Annual General Meeting.

#### 15.0 AUDIT COMMITTEE

During the year the company met twice to review company's financial results, internal control systems, risk management policies and internal audit reports. The audit committee of the Company comprises of three members. All the members were present in all the meetings of the audit committee and the proceedings of the committee were in accordance with the provisions of the Companies Act, 1956.

#### 16.0 AUDITORS





A minimum of 30% of the muck generated will be reused in the project. Adequate safeguards to retain the muck in the disposal sites are being taken up by project team. These disposal sites are planned to be greened as the project construction draws to close. The accommodation at labour camps is being maintained properly in accordance with safety regulations and environmental health. Management of labor camps also includes prevention of illegal felling of trees, usage of kerosene or LPG as primary fuel in labor camps.

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## 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)

<b>I. Foreign Exchange Outgo</b>	
a) Engineering Fees and Consultancy charges	62.03
b) Legal and Professional charges	4.62
c) Travelling	0.94
d) Financial charges	8.72
<b>Total</b>	<b>76.31</b>

#### 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
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	2,120,844	1,910,500
Share application money (pending allotment)		140,000	9,784
		<b>2,260,844</b>	<b>1,920,284</b>
<b>Loan Funds</b>			
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	-
		<b>3,857,281</b>	<b>190,000</b>
<b>TOTAL</b>		<b>6,118,125</b>	<b>2,110,284</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
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
		<b>5,253,782</b>	<b>2,019,744</b>
<b>Current Assets, Loans and Advances</b>			
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
		<b>1,180,516</b>	<b>182,763</b>
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	10	296,023	82,100
Provisions	11	20,179	10,152
		<b>316,202</b>	<b>92,252</b>
<b>Net Current Assets</b>		<b>864,314</b>	<b>90,511</b>
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	12	29	29
<b>TOTAL</b>		<b>6,118,125</b>	<b>2,110,284</b>
<b>Notes to Accounts</b>	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
<b>AUTHORISED</b>		
314,000,000 (Previous year 200,000,000) equity shares of Rs. 10/- each	<b>3,140,000</b>	200,000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
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)	<b>2,120,844</b>	1,910,500
	<b>2,120,844</b>	1,910,500

### SCHEDULE 2 : SECURED LOANS

(Rs. '000)

	31.03.2007	31.03.2006
Rupee term loans		
– From banks	<b>3,091,826</b>	190,000
– from institutions	<b>760,000</b>	–
	<b>3,851,826</b>	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	–	<b>50,273</b>	315	1,158	–	<b>1,473</b>	<b>48,800</b>	26,375
Project equipment	43,617	78,416	–	<b>122,033</b>	3,394	28,389	–	<b>31,783</b>	<b>90,250</b>	40,223
Other equipment	2,135	2,195	–	<b>4,330</b>	397	466	–	<b>863</b>	<b>3,467</b>	1,738
Electrical installation	4,663	20,924	–	<b>25,587</b>	97	1,174	–	<b>1,271</b>	<b>24,316</b>	4,566
Furniture & fixtures	5,871	4,662	–	<b>10,533</b>	1,263	1,303	–	<b>2,566</b>	<b>7,967</b>	4,608
Computer	3,473	5,365	–	<b>8,838</b>	1,272	2,562	–	<b>3,834</b>	<b>5,004</b>	2,201
Office equipments	2,732	1,786	–	<b>4,518</b>	299	951	–	<b>1,250</b>	<b>3,268</b>	2,433
Vehicles	7,401	2,875	–	<b>10,276</b>	1,765	1,665	–	<b>3,430</b>	<b>6,846</b>	5,636
<b>Total</b>	<b>96,582</b>	<b>139,806</b>	<b>–</b>	<b>236,388</b>	<b>8,802</b>	<b>37,668</b>	<b>–</b>	<b>46,470</b>	<b>189,918</b>	<b>87,780</b>
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
<b>Total</b>	<b>1,432,647</b>	<b>2,599,660</b>	<b>4,032,307</b>

## 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
<b>Personnel Expenses</b>			
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
<b>Administrative and other expenses</b>			
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
<b>Transactions during the year</b>				
Share application money received from Malana Power Company Limited (net)	<b>130,216</b>	1,345,774		–
Purchase of Fixed Assets from Malana Power Company Limited	<b>16,089</b>	–		–
Director's Remuneration			<b>1,650</b>	376
<b>Balance outstanding as at the year end</b>				
Share Capital held by Malana Power Company Limited	<b>1,910,500</b>	1,910,500		
Loan & Advances :				
Malana Power Company Limited (Share application money)	<b>140,000</b>	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) <b>Directors' Remuneration</b>		
Salaries	1,020	238
Allowances	630	138
	1,650	376
(b) <b>Expenditure in Foreign Currency (Cash basis)</b>		
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
<b>(c) Value of Imports calculated on CIF basis</b>		
Capital Goods	196,643	18,502
Project Equipment	29,950	17,117
	<b>226,593</b>	<b>35,619</b>

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
	<b>100.00</b>	<b>100.00</b>	<b>40,037</b>	<b>20,509</b>

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



## CASH FLOW STATEMENT AS AT MARCH 31, 2007

PARTICULARS	(Rs. '000)	
	31.03.2007	31.03.2006
<b>A. Cash flows from investing activities</b>		
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
<b>Net cash used in investing activities</b>	<b>(3,728,266)</b>	<b>(1,486,715)</b>
<b>B. Cash flows from financing activities</b>		
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)
<b>Net cash from financing activities</b>	<b>3,855,524</b>	<b>1,484,889</b>
<b>Net increase / (decrease) in cash and cash equivalents( A + B)</b>	<b>127,258</b>	<b>(1,826)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>24,341</b>	<b>26,167</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>151,599</b>	<b>24,341</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	1,714	558
With scheduled banks - on current accounts	149,885	23,783
	<b>151,599</b>	<b>24,341</b>

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

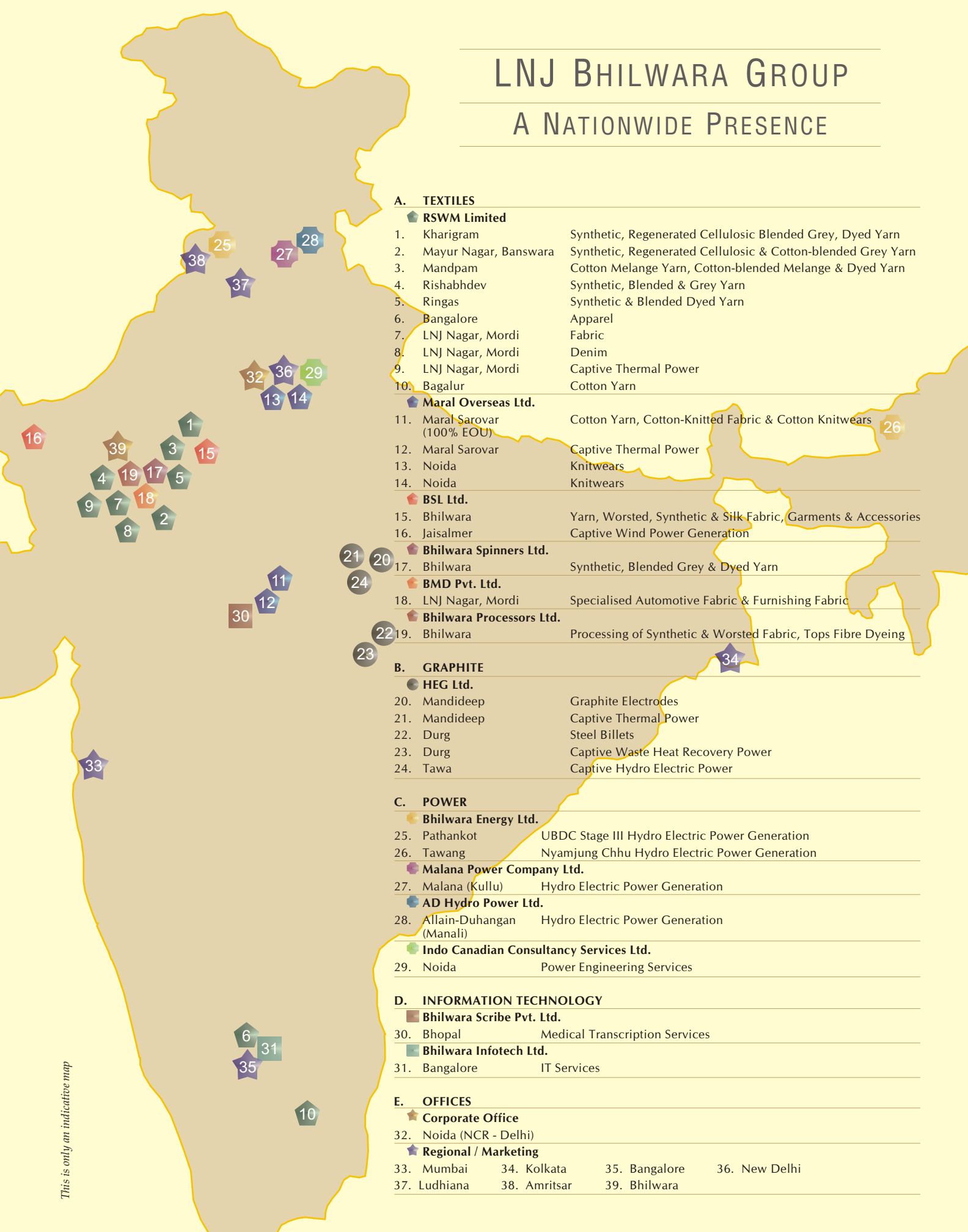
For and on behalf of the Board of Directors

**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  |               |








PROUD TO BE INDIAN  
PRIVILEGED TO BE GLOBAL

## the Group Companies

	Textiles
	Graphite Electrode
	Knitted Garments
	Power Generation
	Power Generation
	Power Generation
	Power Engineering Consultancy
	Suitings
	Automotive Fabric
	Yarn
	Information Technology
	Medical Transcription Services

## the Group Brands

	Suitings
	Suitings
	Yarn
	Garments
	Fabric

## the Group Partnerships

Company	Partner with	Activity
Statkraft Norfund Power Invest A.S., Norway	Malana Power Co. Ltd.	192 MW Hydro-electric Power Project
RSW International, Canada	ICCS Ltd.	Power Consultancy Services
International Finance Corporation, Washington	AD Hydro Power Ltd.	Equity holders in AD Hydro Power Project
Tencel, UK (now Lenzing, Austria)	RSWM Ltd.	Tencel Yarn Spinning
Trevira GmbH, Germany	RSWM Ltd.	Flame Retardant Yarn & Fabric
eScribe Inc., USA	Bhilwara Scribe Pvt. Ltd.	IT Enabled Services
Enercon (India), a subsidiary of Enercon (Germany)	BSL Ltd.	Wind Energy Project
SISA S.A., Spain	RSWM Ltd.	Yarn Marketing



### Corporate Office :

Bhilwara Towers, A-12, Sector I, Noida - 201301 (NCR - Delhi), India

Website : [www.adhydropower.com](http://www.adhydropower.com) / [www.lnjbhilwara.com](http://www.lnjbhilwara.com)