

## INDEPENDENT AUDITOR'S REPORT

**To**  
**The Members**  
**NE HILLS HYDRO LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the **Ne Hills Hydro Limited** ("**The Company**"), which comprise the Balance Sheet as at 31st March, 2015 and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2015.

### **Report on Other Legal and Regulatory Requirements**

1. As it is obligatory on our part to issue our report on the matters specified in paragraphs 3 and 4 of CARO 2015, based on the discussions with the Company, as a measure of good governance, we give hereinafter a statement on the matters specified in paragraphs 3 and 4 of CARO 2015. This may be treated as an Annexure to our aforesaid Report on standalone financial statements for the year ended March 31, 2015.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account, as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet dealt with by this report, are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has made adequate disclosure required to make as per Act.
- (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required.

**For S. Bhalotia & Associates  
(Chartered Accountants)  
Firm's Registration no.: 325040E**

**CA. Vikash Kumar  
(Partner)  
Membership No: 067471**

**Place: Kolkata**

**Date: The 28<sup>th</sup> Day of April, 2015**

## **Annexure to Independent Auditors' Report**

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.  
  
(b) As explained to us, the fixed assets are physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (ii) Since the Company does not have any inventory, we are not required to comment on this clause.
- (iii) According to the information and explanation given to us, the company has not granted any loans, secured or unsecured, to the party covered in the register maintained under section 189 of the Companies Act, 2013 for the year ended 31st March, 2015 and therefore paragraph 3(iii) of the order are not applicable to the company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for sale of shares. During the course of audit, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
- (v) According to the information and explanations given to us, the Company has not received any public deposits during the year..
- (vi) According to information and explanation given by the management, the maintenance of cost records have not been prescribed by the Central Government under section 148(1) of the Act, for any of the activities carried on by the company.
- (vii) (a) According to the information and explanation given to us and on the basis of records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty etc to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities.  
  
(b) According to the information and explanations given to us, there were no undisputed amounts payable in respect statutory dues in arrears as at 31<sup>st</sup> March 2015, for a period of more than six months from the date they became payable.

- (viii) The Company does not have any accumulated losses and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company does not have any outstanding dues to any financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us the company has not given any corporate guarantee for loans taken by others from banks or financial institutions during the year.
- (xi) The company has not obtained any term loan during the year, so this para of order is not applicable.
- (xii) Based upon the audit procedure performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reopened during the course of our audit.

**For S. Bhalotia & Associates**  
**(Chartered Accountants)**  
**Firm's Registration no.: 325040E**

**CA. Vikash Kumar**  
**(Partner)**  
**Membership No: 067471**

**Place: Kolkata**

**Date: The 28<sup>th</sup> Day of April, 2015**

**NE HILLS HYDRO LIMITED**  
**Regd. Office:1st FLOOR, UNIT 9B, SATYAM TOWER, 3 ALIPORE ROAD**  
**KOLKATA-700027**  
**Balance Sheet as at 31st March 2015**

(₹) In Hundred

	Note No	31.03.15	31.03.14
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>Shareholders' Funds</u></b>			
Share Capital	2.1	7,000.00	7,000.00
<b><u>Current Liabilities</u></b>			
Other Current Liabilities	2.2	121.18	154.74
<b>Total</b>		<b>7,121.18</b>	<b>7,154.74</b>
<b><u>ASSETS</u></b>			
<b><u>Non-current Assets</u></b>			
Fixed Assets			
- Capital Work in Progress	2.3	1,751.90	1,503.07
Non Current Investments	2.4	2,700.00	2,700.00
Long Term Loans and Advances	2.5	750.00	750.00
Other Non Current Assets	2.6	417.08	417.08
		<b>5,618.98</b>	<b>5,370.15</b>
<b><u>Current Assets</u></b>			
Cash and Bank Balances	2.7	1,502.20	1,784.59
<b>Total</b>		<b>7,121.18</b>	<b>7,154.74</b>
Summary of significant accounting policies and notes on account	1 & 2		
The accompanying notes are an integral part of the financial statements			

As per our Report on even date

**For & on behalf of Board**

**For S. Bhalotia & Associates**  
**Firm's Registration No.325040E**  
**(Chartered Accountants)**

**Sanjay Kr. Agarwal**  
**Director**  
**Din No.00232938**

**Rajesh Kr. Agarwal**  
**Director**  
**Din No.00223718**

**CA. Vikash Kumar**  
**(Partner)**  
**Membership No. 067471**  
**Date: 28th Day of April, 2015**  
**Place: Kolkata**

# **NE HILLS HYDRO LIMITED**

## **Significant Accounting Policies & Notes on Accounts**

### **Corporate information**

NE Hills Hydro Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. No Statement of Profit & Loss has been prepared since the Company has not commenced commercial operation.

## **1. Significant Accounting Policies**

### **1.1. Basis of preparation**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013, to the extent notified. The financial statements are prepared under the historical cost convention on accrual basis and on the basis of going concern.

### **1.2. Presentation and disclosure of financial statements**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India. The company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular No.15/2013 dated 13<sup>th</sup> September 2013 issued by Ministry of Corporate Affairs, in respect of section 133 of Companies Act, 2013. The financial statements are prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### **1.3 Fixed Assets**

- i) Fixed Assets are stated at cost net of CENVAT/Value Added Tax, rebates, less accumulated depreciation and impairment loss, if any.
- ii) All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustment arising from exchange rate variations attributable to fixed assets are capitalized.
- iii) Expenses incurred relating to project prior to commencement of commercial production are classified as Pre-operative expenditure and disclosed under Capital Work in Progress (net of income earned during Pre-operative Stage.)

### **1.4 Depreciation**

Depreciation on Fixed Assets is provided on Written Down Value method in accordance with the provisions of Schedule II to the Companies Act, 2013 and considering the useful lives for computing depreciation specified in Part 'C' thereof

# NE HILLS HYDRO LIMITED

## **1.5 Capital Work In Progress**

Capital work in progress is carried at cost comprising direct cost and pre-operatives expense during construction period to be allocated to the fixed assets on the completion of construction.

## **1.6 Investments**

Current Investments are stated at lower of cost and market/fair value. Long-term investments are stated at cost after deducting provisions for permanent diminution in the value, if any.

## **1.7 Revenue Recognition**

Sale is recognized on passing of title of goods and net of trade discount and rebate and duties in respect of which set-off can be claimed. Expenses to the extent considered payable, unless specifically stated to be otherwise, are accounted on mercantile basis.

## **1.8 Miscellaneous Expenditure**

Preliminary Expenses are written of in the first year of operation.

## **1.9 Taxes on Income**

Tax expenses comprises of current and deferred tax. Provision for the current tax is made on the basis of taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961. The deferred tax in respect of timing differences which originate during the tax holiday period and is likely to reverse during the tax holiday period, is not recognized to the extent income is subject to deduction during the tax holiday period as per the requirements of the Income Tax Act,1961. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future. Deferred tax assets / liabilities are reviewed as at Balance Sheet date based on developments during the year and available case laws to reassess realization / liabilities.

## **1.10 Provisions and Contingencies**

A Provision is recognized for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimates of the amount required to settle the obligation at the Balance Sheet date. A contingent liability of an outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements.



## **NE HILLS HYDRO LIMITED**

### **2. Note to Financial Statement for the year ended 31st March 2015**

(₹) in Hundred

<b>Note - 2.1</b>	<b>31.03.15</b>	<b>31.03.14</b>
<b><u>Share Capital</u></b>		
<b><u>Authorised Capital</u></b> 1,00,000 (1,00,000 as at 31.03.14) Equity Shares of ` 10/- each	<b>10,000</b>	<b>10,000</b>
<b><u>Issued, Subscribed &amp; Paid -up</u></b> 70,000 ( 70,000 as at 31.03.14) Equity Shares of ` 10/- each fully paid up in cash	<b>7,000</b>	<b>7,000</b>

**a Terms/Rights attached to equity shares**

The company has only one class of equity shares having par value of ` 10/- per share. Each holder of Equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general meeting.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**b Reconciliation of No. of shares outstanding at the beginning and at the end of the reporting period**

<u>Equity Share Capital</u>	<b>No. of Shares</b>	<b>No. of Shares</b>
At the beginning of the year	70,000	70,000
Issued during the year	-	-
Outstanding at the end of the year	<b>70,000</b>	<b>70,000</b>

**c Shares held by Holding Company**

	<b>No. of Shares</b>	<b>No. of Shares</b>
Cement Manufacturing Company Ltd	69,994	69,994

**d Details of Shareholders holding more than 5% of Equity Share capital**

<u>Name of the Shareholder</u>	<b>No. of Shares % of holding</b>	<b>No. of Shares % of holding</b>
Cement Manufacturing Company Ltd*	70,000 100.00%	70,000 100.00%

\* Out of 70,000 shares, 60 shares has been held by other persons as nominee shareholders

(₹) in Hundred

<b>Note - 2.2</b>	<b>31.03.15</b>	<b>31.03.14</b>
<b><u>Other Current Liabilities</u></b>		
-Creditors for expenses	121.18	154.74
	<b>121.18</b>	<b>154.74</b>

**NE HILLS HYDRO LIMITED****Note to Financial Statement for the year ended 31st March 2015****(₹) in Hundred**

<b>Note -2.3</b>	<b>31.03.15</b>	<b>31.03.14</b>
<b><u>CAPITAL WORK IN PROGRESS</u></b>		
<b><u>Pre-operative Expenses pending allocation</u></b>		
Audit Fees	445.38	389.20
Bank Charges	8.63	8.41
Certification Expenses	37.51	37.51
Director Sitting Fees	200.00	200.00
Filing Fees	142.98	102.08
General Expenses	60.50	60.50
Legal Expenses	21.30	21.30
Printing & Stationery	94.99	94.99
Professional & Consultancy	278.00	144.97
Rates & Taxes	421.50	403.00
Travelling & Conveyence	41.11	41.11
	<b>1,751.90</b>	<b>1,503.07</b>

**NE HILLS HYDRO LIMITED****Note to Financial Statement for the year ended 31st March 2015**

(₹) in Hundred		
Note - 2.4	31.03.15	31.03.14
<b><u>Non Current Investments</u></b>		
<b><u>Trade Investments (Valued at cost unless stated otherwise)</u></b>		
<b><u>Investment in Unquoted Equity Instruments</u></b>		
Ribhoi Engineering Co Pvt Ltd		
27,000 ( 27,000 as at 31.03.14) Equity Shares of ` 10/- each fully paid up	2,700.00	2,700.00
	<b>2,700.00</b>	<b>2,700.00</b>
(₹) in Hundred		
Note - 2.5	31.03.15	31.03.14
<b><u>Long Term Loans and Advances</u></b>		
<b><u>Capital Advances</u></b>		
-Advances against Capital Works	750.00	750.00
	<b>750.00</b>	<b>750.00</b>

**NE HILLS HYDRO LIMITED****Note to Financial Statement for the year ended 31st March 2015****(₹) in Hundred**

<b>Note - 2. 6</b>	<b>31.03.15</b>	<b>31.03.14</b>
<b><u>Other Non Current Assets</u></b>		
<b><u>Others</u></b>		
-Unammortised Expenses	417.08	417.08
	<b>417.08</b>	<b>417.08</b>

**(₹) in Hundred**

<b>Note - 2. 7</b>	<b>31.03.15</b>	<b>31.03.14</b>
<b><u>Cash &amp; Bank Balances</u></b>		
<u>Bank Balance</u>		
- Balances With Bank in Current Account	1,491.17	773.56
Cash In Hand	11.03	1,011.03
	<b>1,502.20</b>	<b>1,784.59</b>

## NE HILLS HYDRO LIMITED

### NOTE -2.8

- i) No Statement of Profit and Loss Account has been prepared since the Company has not commenced revenue operation. The expenditures incurred during the construction period are classified as 'Pre-operative Expenses' pending capitalization and will be apportioned to the Assets on the completion.

(₹ In hundred)

Sl. No.	Particulars	For the year 2014-15	For the year 2013-14
	<b>Opening Balance</b>	<b>1503.07</b>	<b>1301.91</b>
(i)	Auditors Remuneration	56.18	56.21
(ii)	Bank Charges	0.22	0.55
(iii)	General Expense	-	-
(iv)	Filing Fees	40.90	6.84
(v)	Professional & Cons.	133.03	72.42
(vi)	Printing & Stationary	-	-
(vii)	Rates & Taxes	18.50	25.14
(viii)	Certification Fees	-	-
(ix)	Director Sitting Fees	-	-
(x)	Travelling & Conveyance	-	40.00
	<b>Total</b>	<b>1751.90</b>	<b>1503.07</b>

- ii) Payment made to the Auditors' during the period is as under:

(₹ In hundred)

Particulars	2014-15	2013-14
As Auditor		
- Audit Fees	56.18	56.21

- iii) The contingent liability of the company is nil.
- iv) The Company does not have dues with respect to the Micro, Small and Medium Enterprises as defined in Micro, Small & Medium Enterprise Development Act, 2006.
- v) Considering the nature of company's business and operations, there are no separate reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17-'Segment reporting'. Notified in the Companies (Accounting Standards) Rules 2006.

## NE HILLS HYDRO LIMITED

vi) **Related Party Disclosures**

Names of the related parties and related party relationship

<b>Holding Company</b>	Cement Manufacturing Company Limited (CMCL)
<b>Key Management Personnel</b>	Mr. Sanjay Kumar Agarwal (Director)
	Mr. Rajesh Kumar Agarwal (Director)
	Mr. Mangilal Jain (Director)

Details of transactions between the Company and related parties and the status of outstanding balance as at 31<sup>st</sup> March'2015

(i) There was no Related Party Transaction in the Current Financial Year i.e. 2014-15.

vii) **Previous year figures**

Previous period's figures have been regrouped/re-classified wherever deemed necessary

viii) All the figures have rounded to the nearest Rupees in Hundred.

**For S. Bhalotia & Associates**  
**(Chartered Accountants)**  
**Firm's Registration No. 325040E**

**For and on behalf of the Board**

**CA. Vikash Kumar**  
**(Partner)**  
**Membership No - 067471**  
**Date: 28th Day of April, 2015**  
**Place: Kolkata**

**Rajesh Kumar Agarwal**  
**Director**  
**(DIN : 00223718)**

**Sanjay Kumar Agarwal**  
**Director**  
**(DIN : 00232938)**