

# **AD HYDRO POWER LIMITED**

## **17<sup>TH</sup> ANNUAL REPORT FOR THE FINANCIAL YEAR 2019-20**

**To The Members**  
**AD Hydro Power Limited**

The Board of Directors of the Company are pleased to present their Seventeenth Annual Report on the business and operations of the Company and audited financial statements for the year ended 31<sup>st</sup> March, 2020 together with the Auditors' Report.

**1. FINANCIAL PERFORMANCE**

Rs. In Million

Particulars	For the financial year ended	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Revenue from operations	2,339.97	2,336.70
Other Income	83.48	220.48
<b>Total Revenue</b>	<b>2,423.46</b>	<b>2,557.18</b>
Operating and Administrative Expenses	699.28	546.91
<b>Operating Profit before Interest, Depreciation &amp; Tax</b>	<b>1,724.18</b>	<b>2,010.27</b>
Depreciation & Amortization Expenses	604.40	603.02
<b>Profit/ (Loss) before finance costs and Exceptional Items and Tax</b>	<b>1,119.78</b>	<b>1,407.25</b>
Finance Costs	771.54	1,113.70
Exceptional Items	-	-
<b>Profit/(Loss) before tax</b>	<b>348.25</b>	<b>293.55</b>
<b>Tax Expenses</b>	<b>62.58</b>	<b>67.21</b>
<b>Net Profit/(Loss)</b>	<b>285.67</b>	<b>226.34</b>
Other Comprehensive Income	(6.70)	(1.61)
<b>Total Comprehensive Income/(Loss) for the year</b>	<b>278.96</b>	<b>224.73</b>
Surplus brought forward from previous year	(1,467.33)	(1,692.06)
<b>Balance available for appropriation</b>	<b>278.96</b>	<b>224.73</b>
<b>Balance Carried to Balance Sheet</b>	<b>(1,188.37)</b>	<b>(1,467.33)</b>
<b>Earning Per Share (in Rs.)</b>		
i) Basic	0.51	0.40
ii) Diluted	0.51	0.40

**OVERALL PERFORMANCE AND THE STATEMENTS OF AFFAIRS OF THE COMPANY ARE AS UNDER:**

The Company recorded revenue from operations of Rs. 2,339.97 million during the financial year 2019-20 as compared to Rs. 2,336.70 million in the previous financial year. The Net profit during the financial year 2019-20 was at Rs. 285.67 million as compared to net profit of Rs. 226.34 million in the previous financial year. The generation during the year stood at 758.67 Million kWh in the financial year 2019-20 as compared to 582.22 Million kWh in the previous financial year 2018-19.

In the other income side, there has been a net decrease in Transmission Line income (mainly due to recognition of transmission income based upon CERC order and discontinued usage of line by EPPL from December 2019). On the expenditure side, there was an increase in Bulk power transmission charges (mainly on account of revision in tariff from July 17 to Sept 19 due to loading of additional capital cost of Rs 5700 crores on Biswanath Chariali to Agra transmission line, earlier it was funding through the Central Govt; and revision in POC charges from July 11 to March 19 due to loading of Kudgi transmission assets and increase in users of Champa Kurukshetra HVDC transmission assets situated in Western region).

**NOTE ON COVID-19**

The World Health Organization (WHO) had officially declared the outbreak of COVID-19 a pandemic in March 2020, after the disease caused by the new coronavirus spread to more than 100 countries and led to tens of thousands of cases within a few months.

The Members may kindly take note that the Ministry of Home Affairs, Government of India had issued Order No.40-3/2020 dated 24.03.2020, notifying electricity among the essential services in its guidelines. This allowed power companies in India to operate during lock down in the crisis situation of COVID-19, declared as pandemic by World Health Organization.

Therefore, ADHPL Plant continued its operation at all times during lockdown period after complying with the guidelines issued by the Central and State Govt. Also the Company also did not expect any significant change in the accounting estimates as the Company continued to run its business and operations as usual without any major disruptions. The Members may kindly take note of this.

**2. DIVIDEND**

Keeping in view the accumulated losses and financial position of the Company, your Directors are unable to propose any dividend for the financial year under review.

**3. TRANSFER TO RESERVES**

The Company has not transferred any amount to the General Reserve for the financial year 2019-20.

#### 4. SUBSIDIARY, ASSOCIATE COMPANIES OR JOINT VENTURES

There is no subsidiary or associate or joint venture of the Company.

#### 5. MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments, affecting the financial positing of the Company have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

#### 6. INDUSTRY POTENTIAL & DEVELOPMENT

India is third largest producer of electricity and fifth largest installed power capacity in the world. The all India installed power generation capacity stood at 3,70,106 MW as on 31.03.2020 comprising of 2,30,600 MW from Thermal, 45,699 MW from Hydro, 6,780 MW from Nuclear and 87,028 MW from Renewable.

With respect to Hydro power, India is blessed with immense amount of hydro-electric potential and ranks 5th in terms of exploitable hydro-potential on global scenario. India is endowed with large hydropower potential of 1, 48,700 MW of which only about 46,000 MW has been utilized so far.

Despite being environment friendly, having unique features like ability for quick ramping, grid balancing/ stability, generating peak power etc, the development of hydro power is going through a challenging phase and the share of hydropower in the total capacity has been constantly going down. Currently it is about 12% only. Besides, hydropower also helps in socio-economic development of the entire region by providing employment opportunities and boosting tourism etc.

Though, from time to time the Govt of India has been taking policy initiatives to boost the development of hydro sector in the country. In this direction Earlier, in 2019, Union Cabinet had approved various measures to promote the hydropower sector. One of the main decisions was to declare large hydropower projects as renewable energy against the existing practice of only calling hydropower projects less than 25MW as renewable energy projects. Now in May/June 2020, the Ministry of Power (MoP) has proposed amendment to Electricity Act of 2003, wherein suggesting changes to include Hydro Purchase Obligation (HPO) norms on the lines of Renewable Purchase Obligation (RPO) norms. Once done, it would mean that the power distribution companies will have to buy a particular amount of power in the form of non-solar renewable power from such large hydropower projects. Further, in the draft amendment to Electricity Act of 2003, MoP has also proposed the penalty mechanism on non-compliance of purchase of Renewable or Hydro source of energy under HPO during the financial year.

Hopefully all such measures put together would make development of hydro power projects commercially viable and will restore the confidence & interest of the private players in development of hydro power projects in India.

During the fiscal year 2019-20, the energy availability was 1,284 BU as against requirement of 1291 BU kWh with a marginal shortfall of 0.5% and peak load was 183 GW as against peak demand of 184 GW with a marginal shortfall of 0.7%. The average monthly market clearing price at the Indian Energy Exchange (IEX) remained moderate taking the average price to Rs 3.01/kWh in 2019-20 @ Regional Periphery. During 2019-20, total short term power transactions were approximately 11% of yearly generation.

The Covid-19 outbreak and subsequent nationwide lockdown has caused slowdown in economic activities across India which led to a sharp decline in power demand in the month of March, April & May. This will reflect on the overall demand for 2020-21. The Govt of India unveiled a series of economic measures as part of Rs 20 Trillion stimulus package to revive the economy hit by Covid-19 pandemic. One of the key announcements was Rs 900 billion liquidity injection for discoms through state guarantee mechanism to ensure the timely payment to generators.

The newly introduced Real Time Market (RTM) is an endeavor by the regulator, Central Electricity Regulatory Commission (CERC), to make the power market dynamic by enabling trade in electricity through half-hourly auctions which are close to delivery period. Both the power exchanges the Indian Energy Exchange (IEX) & the Power Exchange of India Ltd. (PXIL) have launched this Real Time Market trading platform wef 1<sup>st</sup> June'20. Under RTM segment bidding starts 5 time blocks prior (1 Hr 15 min) to delivery. The market segment features auction session every half an hour with power to be delivered after 4 time blocks or an hour after gate closure of the auction. Further, under RTM, Generators are allowed to purchase power (only in case of generating unit(s) outage). This provision of allowing purchase of power by the generating entities during forced outage of generating unit(s) may help to decrease in any commercial penalty as per contract (Power Purchase Agreement) or under Deviation Settlement Mechanism when generation schedules are not possible to meet (in force majeure conditions). This mechanism is going to help all run of the river hydro power projects in case of sudden increase in water flow of course to the extent of limit granted in NOC and will reduce dependence on DSM mechanism to handle close real time fluctuations in water discharge.

Going forward, it is expected that the demand will grow steadily during coming months as commercial establishments and economic activities resume their full operational capacities to cater to the continued economic growth of the country, creating more volume in the power market with strengthening of financials of Discoms.

## 7. CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by under the Companies Act, 2013.

Your Company is committed to achieving the higher standard of Corporate Governance by application of the best management practices, compliance with law, adherence to ethical standards and discharge of social responsibilities. Your Company has in all spheres of its activities adequate checks and balances to ensure protection of interest of all stakeholders. Your Company also endeavors to share, with its stakeholders' openly and transparently, information on matters which have a bearing on their economic and reputational interest.

The majority of the Board comprises of Non-Executive Directors including Independent Directors appointed under the Companies Act, 2013, who play a critical role in imparting balance to the Board processes, by bringing an independent judgment to decide on issues of strategy, performance, resources, standards of Company's conduct, etc. The Audit Committee of the Board provides assurance to the Board on the adequacy of Internal Control Systems and Financial Systems.

## 8. INTERNAL CONTROL SYSTEMS AND ADEQUACY THEREOF

The Company has an adequate internal control system commensurate with the size and nature of its business. An internal audit program covers various activities and periodical reports are submitted to the management. The Audit Committee reviews financial statements, internal audit reports along with internal control systems. The Company has a well-defined organizational structure, authority levels, delegation of powers and internal rules and guidelines for conducting business transactions.

## 9. PERSONNEL

### a) Industrial relations

The industrial relations during the period under review generally remained cordial at all the plants of the Company without any untoward incidents.

### b) Particulars of employees

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as **Annexure - I**.

## 10. PUBLIC DEPOSITS

The details in regard to deposits, covered under Chapter V of the Companies Act, 2013 are mentioned hereunder:

a) Amount accepted during the year	Nil
b) Amount remained unpaid or unclaimed as at the end of the year	Nil
c) Default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved	
i) at the beginning of the year	-N/A-
ii) maximum during the year	-N/A-
iii) at the end of the year	-N/A-

The company does not have deposits which are in contradiction of Chapter V of the Act.

Your Company has not invited any deposits from public/shareholders in accordance with Chapter V of the Companies Act, 2013.

#### 11. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the regulators or courts or tribunals during the financial year 2019-20, impacting the going concern status and company's operations in future.

#### 12. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information with regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is given as **Annexure II** forming part of this Report.

#### 13. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, the Board made the following appointments/re-appointments:

##### **Re-appointments**

- ❖ During the year, Ms. Tima Iyer Utne, Director (DIN: 06839949) would have retired by rotation at the ensuing Annual General Meeting and, being eligible, had offered herself for re-appointment and the members had approved her re-appointment.
- ❖ Dr. Kamal Gupta (DIN-00038490) and Mr. Tantra Narayan Thakur (DIN- 00024322) were re-appointed as Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company from 24th September, 2019 to 23rd September, 2024.

Your Directors further inform the members that declarations have been taken from the Independent Directors at the beginning of the financial year stating that they meet the criteria of independence as specified under sub-section (6) of Section 149 of Companies Act, 2013.

A declaration on compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, along with a declaration as provided in the Notification dated October 22, 2019, issued by the Ministry of Corporate Affairs (MCA), regarding the requirement relating to enrolment in the Data Bank for Independent Directors, has been received from all the Independent Directors, along with declaration

made under Section 149(6) of the Act. In the opinion of the Board, Independent Directors possesses integrity, expertise and vast experience including proficiency.

#### **Appointments & Resignations**

- ❖ Mr. Rajinder Pal Goel, Whole Time Director (DIN: 00332947) had resigned from the Board of Directors of the company w.e.f.29th November 2019.
- ❖ Mr. Om Prakash Ajmera (DIN: 00322834) was appointed as Additional Director on the Board of the Company w.e.f.4th February 2020. Further, he continues to act as the CEO & CFO of the Company and is also acting as Occupier of the Plant under the Factories Act,1948.
- ❖ Mr. Pankaj Kapoor, Plant In-charge was appointed as Manager under the Companies Act, 2013 under section 2(51) and section 203 of the Companies Act, 2013 and Rules made thereunder.
- ❖ There was no other change/resignation in the Board of Directors.

Your Directors further inform the members that declarations have been taken from the Independent Directors at the beginning of the financial year stating that they meet the criteria of independence as specified under sub-section (6) of Section 149 of Companies Act, 2013.

#### **Proposed Re-appointments in the ensuing 17<sup>th</sup> Annual General Meeting of Company**

- ❖ To appoint a Director in place of Mr. Ravi Jhunjunwala (DIN: 00060972), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
- ❖ To confirm appointment of Mr. Om Prakash Ajmera, Additional Director (DIN: 00322834) who was appointed as Director on the Board of the Company w.e.f.4th February 2020. The Board on the recommendation of the Nomination & Remuneration Committee had recommended his appointment as Director of the Company in the ensuing 17<sup>th</sup> Annual General Meeting of the Company.
- ❖ To confirm appointment of Mr. Pankaj Kapoor, who was appointed as Manager under section 2(51) and section 203 of the Companies Act, 2013 and Rules made thereunder w.e.f.4th February 2020. The Board on the recommendation of the Nomination & Remuneration Committee had recommended his appointment as Manager of the Company, for a period of 2 (two) years subject to approval of Shareholders in the ensuing 17<sup>th</sup> Annual General Meeting of the Company.

#### **Key Managerial Personnel**

Mr. Om Prakash Ajmera, Chief Financial Officer, Mr. Pankaj Kapoor, Manager and Mr. Arvind Gupta, Company Secretary are the Key Managerial Personnel of the Company as on 31<sup>st</sup>



March, 2020, in accordance with the provisions of Section 203 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### 14. NOMINATION AND REMUNERATION POLICY

The Board, on the recommendation of the Nomination & Remuneration Committee approved a policy for appointment and removal of Directors, Key Managerial Personnel and Senior Management and their remuneration. The policy is appended as **Annexure-III** forming part of this Report.

#### 15. MEETINGS OF THE BOARD

The Board of Directors had met 4 (four) times during the financial year 2019-20. The meetings of the Board were held on 10th May 2019, 7th August 2019, 4th November 2019 and 4th February 2020 respectively.

The attendance for the above mentioned meetings were as follows:

S. NO.	NAME OF DIRECTOR	CATEGORY	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
1.	Mr. Ravi Jhunjunwala	Chairman & Director	4	4
2.	Mr. Rajinder Pal Goel(entitled to attend only 3 meeting as Director)	Whole Time Director	4	3
3.	Ms. Tima Iyer Utne	Non-Executive Director	4	3
4.	Mr. Knut Leif Bredo Erichsen	Non-Executive Director	4	4
5.	Dr. Kamal Gupta	Non-Executive Independent Director	4	4
6.	Mr. Tantra Narayan Thakur	Non-Executive, Independent Director	4	4
7.	Mr. Om Prakash Ajmera (entitled to attend only 1 meeting as Director)	Executive Director	4	1

#### 16. COMMITTEE MEETINGS

At present, the Board has three Committees: (i) Audit committee, (ii) Nomination and Remuneration Committee, (iii) Corporate Social Responsibility Committee.

According to requirements under the Companies Act, 2013, the meetings of the Committees of the Board were conducted as and when required and their decisions and recommendations were duly accepted by the Board.

The following are the compositions and attendance of the above mentioned committees.

(i) **AUDIT COMMITTEE**

As per section 177 of the Companies Act, 2013, your Board has constituted an Audit Committee whose roles and responsibilities are to review the Company's financial results, review Internal Control Systems, Risk and Internal Audit Reports. The proceedings of the Committee have been in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder. All the recommendations of the Audit Committee were duly accepted by the Board during the financial year 2019-20. The composition as well as the Audit Committee meetings held in the financial year 2019-20 is as below:

**Composition of the Committee**

All the Members of the Committee possess knowledge of corporate finance, accounts and corporate laws. The Statutory Auditors, Internal Auditors and Senior Executives of the Company were invited to attend the respective meetings of the Committee. The Company Secretary acts as the Secretary to the Committee.

S. No	Name of Member	Designation	Category
1	Mr. Ravi Jhunjunwala	Member	Chairman and Director
2	Dr. Kamal Gupta	Member	Non-Executive Independent Director
3	Mr. Tantra Narayan Thakur	Member	Non-Executive Independent Director

**Meetings and attendance**

➤ The Audit Committee had met four times during the financial year to review the financial statements and the Internal Audit Reports of the Company. The meetings were held on 10th May 2019, 7th August 2019, 4th November 2019 and 4th February 2020 respectively.

➤ The attendance for the above mentioned meetings are as below:

S. NO.	NAME OF MEMBER	CATEGORY	NO. OF MEETING HELD	NO. OF MEETINGS ATTENDED
1.	Mr. Ravi Jhunjunwala	Chairman	4	4
2.	Dr. Kamal Gupta	Member	4	4
3.	Mr. Tantra Narayan Thakur	Member	4	4

(ii) **NOMINATION AND REMUNERATION COMMITTEE**

As per section 178 of the Companies Act, 2013, your Board had constituted Nomination and Remuneration Committee. The proceedings of the Committee have been in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder. The NRC policy may be accessed on the Company's website.

**The Composition of the Committee is as under:**

For the financial year 2019-20, the composition of the Nomination and remuneration Committee was as follows:

S. No	Name of Member	Designation	Category
1	Mr. Ravi Jhunjhunwala	Member	Chairman and Director
2	Ms. Tima Iyer Utne	Member	Non-Executive Director
3	Dr. Kamal Gupta	Member	Non-Executive Independent Director
4	Mr. Tantra Narayan Thakur	Member	Non-Executive Independent Director

The Company Secretary acts as the Secretary of the Committee.

➤ **Meetings and attendance**

The Nomination and Remuneration Committee had met two times during the financial year. The meetings were held on 7th August 2019 and 4th February 2020 respectively.

The attendance for the above mentioned meetings are as below:

S. NO.	NAME OF MEMBER	CATEGORY	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
1.	Mr. Ravi Jhunjhunwala	Chairperson	2	2
2.	Ms. Tima Iyer Utne	Member	2	2
3.	Dr. Kamal Gupta	Member	2	2
4.	Mr. Tantra Narayan Thakur	Member	2	2

**(iii) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Your Company has been diligently following the Corporate Social Responsibility policies. As part of its initiatives under Corporate Social Responsibility (CSR), the Company had undertaken projects in the areas of promotion of Education, taking initiatives towards Community Service and rural development, Healthcare, Plantation & Environmental Development, Protection of art, culture etc. These projects were in accordance with the CSR Policy of the Company and Schedule VII of the Companies Act, 2013 and Rules made thereunder.

As per the Companies Act, 2013, all the companies which having net worth of Rs. 500 crore or more, or a turnover of Rs. 1000 crore or more, or a net profit of Rs. 5 crore or more are required to constitute CSR Committee of the Board of Directors comprising three or more Directors out of which atleast one should be the Independent Director. All such Companies are required to spend atleast 2% of its average net profit on the three preceding financial years on the CSR related activities. The CSR policy may be accessed on the Company's website at the following link: [http://adhydropower.com/docs/ADHPL CSR Policy.pdf](http://adhydropower.com/docs/ADHPL%20CSR%20Policy.pdf).

The Annual Report on CSR activities is enclosed as **Annexure VI**, forming part of this report. The following is the composition mentioned for the CSR committee of the Company.

**The composition of the Corporate Social Responsibility Committee is as under:**

S. No	Name of Member	Designation	Category
1	Mr. Ravi Jhunjhunwala	Member	Chairman & Director
2	Ms. Tima Iyer Utne	Member	Non-Executive Director
3	Dr. Kamal Gupta	Member	Non-Executive Independent Director

➤ **Meetings and attendance**

The committee had met four times on 10th May 2019, 7th August 2019, 4th November 2019 and 4th February 2020 respectively.

The attendance for the committee is as follows:

S. NO.	NAME OF MEMBER	CATEGORY	NO. OF MEETINGS HELD	NO. OF MEETING ATTENDED
1.	Mr. Ravi Jhunjhunwala	Chairman & Director	4	4
2.	Ms. Tima Iyer Utne	Non-Executive Director	4	3
3.	Dr. Kamal Gupta	Non-Executive Independent Director	4	4

(iv) **INDEPENDENT DIRECTORS' MEETING**

During the financial year 2019-20, the Independent Directors met on 10th May 2019, without the attendance of Non Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole; the performance of the Chairman of the Company, taking into account the views of Managing Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

(v) **BOARD EVALUATION:**

The Board is responsible for undertaking a formal annual evaluation of its own performance, committees and individual Directors with a view to review their functioning and effectiveness and to determine whether to extend or continue the term of appointment of the independent directors. During the year, the Board carried out the performance evaluation of itself, Committees and each of the executive directors/non-executive directors/independent directors excluding the director being evaluated. The evaluation of performance of Independent Director is based on the criteria laid down in the Nomination and Remuneration policy which includes knowledge and experience in the field of power sector, legal, finance and CSR activities. Your Directors express their satisfaction with the evaluation process and inform that the performance of the Board as a whole, its committee and its member individually was adjudged satisfactorily.

## 17. MEETING OF THE MEMBERS

The Annual General meeting of the members was held on 24th September 2019.

## 18. VIGIL MECHANISM /WHISTLE BLOWER

The Board on the recommendation of Audit Committee has adopted a Whistle Blower Policy. The details of the same are disclosed on the website of the Company and a weblink thereto is as under:

<http://www.adhydropower.com/docs/ADHPL Whistle Blower Policy.pdf>

## 19. INTERNAL FINANCIAL CONTROL (IFC) SYSTEM AND THEIR ADEQUACY:

The Directors are responsible for laying down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively. As per Section 134(5) (e) of the Companies Act, 2013, the Directors' Responsibility Statement shall state the same.

Your Company has adopted the IFC framework as guidance, for ensuring adequate controls and its effectiveness within the company. The process of assessment of IFC would require setting up of an internal controls function in the organization. The Accounts & Finance Team has been trained to implement and evaluate the design and operating effectiveness of the IFC framework. The framework also focuses on internal controls over financial reporting (ICFR) that are put in place to develop and maintain reliable financial data, and to accurately present the same in a timely and appropriate manner. The framework refers to the policies and procedures adopted by the company for ensuring , orderly and efficient conduct of its business, including adherence to company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, timely preparation of reliable financial information.

The IT controls provide reasonable assurance of achieving the control objectives related to the processing of financial information within the computer processing environment. IT controls ensures appropriate functioning of IT applications and systems built by the organization to enable accurate and timely processing of financial data.

Your Company deploys best in class applications and systems which streamline business processes, to improve performance and reduce costs. These systems provide seamless integration across modules and functions resulting into strong MIS platform and informed decision-making by the Management.

The company has adequate and effective internal financial control in place which is being periodically evaluated. The Company has put in place strong internal control systems and best in class processes commensurate with its size and scale of operations. Internal Financial Control is a continuous process operating at all levels within the Company.

The ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable accounting principles and policies & procedures.

## 20. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Your Company had not entered into any transactions with related parties which could be considered material in terms of Section 188 of the Companies Act, 2013. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

## 21. STATUTORY AUDITORS

The members had appointed **M/s Deloitte Haskins & Sells LLP**, (Firm Registration Number is 117366W /W-100018), Chartered Accountants, as the Statutory Auditors of the Company on 27<sup>th</sup> September 2017 for a term of 5 years, to hold office from the conclusion of the 14<sup>th</sup> Annual General Meeting until the conclusion of the 19<sup>th</sup> Annual General Meeting of the Company. Further the statutory auditors have further confirmed that the said appointment, when made, was within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and also the statutory auditor is not disqualified under section 141(3) of the Companies Act 2013.

The Auditors' Report read along with notes to accounts is self-explanatory and therefore does not call for any further comments. The Statutory Auditors expressed an unmodified opinion in the audit reports with respect to audited financial statements for the financial year ended March 31, 2020. The Auditors' Report does not contain any qualification, reservation adverse remark or disclaimer which requires any explanation from the Board of Directors.

## 22. COST AUDITORS

The Cost Audit for financial year ended March 31, 2019 was conducted by M/s K.G. Goyal & Co., Cost Accountants (Firm Registration No. 0017). The Cost Audit Report in XBRL mode for financial year ended March 31, 2019 was filed within the due date. The Cost Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Based on the Audit Committee recommendations at its meeting held on 4<sup>th</sup> February, 2020, the Board has approved the re-appointment of M/s K.G. Goyal & Co., Cost Accountants (Firm Registration No. 0017), as the Cost Auditors of the Company for the financial year 2020-21 at a remuneration of Rs. 0.45 lakhs plus service tax and out of pocket expenses that may be incurred by them during the course of audit. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s K.G. Goyal & Co., Cost Auditors is included in the Notice convening the Annual General Meeting.

### 23. SECRETARIAL AUDITORS

The Company had appointed M/s. P. Kathuria & Associates, Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year 2019-20, pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report is annexed herewith as **Annexure IV** for kind attention of the Members. The Secretarial Audit Report does not contain any qualification, reservation adverse remark or disclaimer.

### 24. INTERNAL AUDITORS

Based on the Audit Committee recommendations, the Board had appointed M/s. Ashim & Associates, Chartered Accountants as the Internal Auditors of the Company for a period of three years i.e. FY 2020-21, FY 2021-22 and FY 2022-23, subject to review of their performance from time to time.

### 25. REPORTING OF FRAUD BY THE AUDITORS'

During the year under review, the Statutory Auditor, Secretarial Auditor, Cost Auditor and Internal Auditor of the Company have not reported any matter under section 143(12) of the Companies Act, 2013. Therefore, no detail regarding reporting of fraud is required to be disclosed under section 134(3)(ca) of the Companies Act, 2013.

### 26. RISK MANAGEMENT

The objective of risk management at the Company is to protect shareholder value by minimizing threats or losses and identifying and maximizing opportunities. An enterprise wide risk management framework is applied so that effective management of risk is an integral part of every employee's job.

The Audit Committee of the Company oversees the Risk functions. Further, the Company has in place Operations & Steering Committee (OSC) and a Policy thereto, which interalia includes the Risk Management Policy including mitigation plans. The Company's risk management strategy is integrated with the overall business strategies of the organization and is communicated throughout the organization. Risk management capabilities aide in establishing competitive advantage and allow management to develop reasonable assurance regarding the achievement of the Company's objectives.

The annual strategic planning done by OSC provides platform for identification, analysis, treatment and documentation of key risks. It is through this annual planning process that key risks and risk management strategies are communicated to the Board. The effectiveness of risk management strategies is monitored both formally and informally by Management. There is no major risk which may threaten the existence of the Company.

## 27. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- i. In preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- ii. They have selected such accounting policies and applied them 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 ended 31<sup>st</sup> March, 2020 and of the profit of the Company for the year under review;
- iii. They have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safe guarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. They have prepared the annual accounts on a going concern basis;
- v. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- vi. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 28. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## 29. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return inform MGT - 9 is annexed herewith as **Annexure V**. The Annual Return and extract of Annual Return in form MGT-9 is also placed on the website of the Company [www.adhydropower.com](http://www.adhydropower.com)

## 30. GENERAL DISCLOSURE

- The company has maintained the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, and accordingly such accounts and records are made and maintained by the company.
- There were Non-Convertible Debentures (NCDs) at the beginning of financial year 2019-20 issued to IL&FS Infrastructure Debt Fund. All the outstanding debentures were redeemed during the year and there were no outstanding NCDs as on the closure of the financial year ended 31st March, 2020.




- The Company has a group policy in place against Sexual Harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No complaints were received during the financial year 2019-20.
- There was no change in the name of the Company and its nature of business.
- The financial year of the Company was same as of previous year.
- During the year, there was no change in the issued share capital of the company.
- To the best of our knowledge and belief there has been no instance of fraud that has occurred or reported during the Financial Year 2019-20.
- The Company is in compliance of all the applicable secretarial standards issued by The Institute of Company Secretaries of India, issued from time to time.

### 31. ACKNOWLEDGEMENT

Your Directors' place on record their sincere appreciation for the co-operation and support received by your Company from the Ministry of Power, Government of Himachal Pradesh, Ministry of Corporate Affairs, Central and State Government and other government agencies, Lenders, Banks, Financial Institutions, CERC, HPERC, HPSEBL, PTC India Limited, Statkraft Markets Private Limited India Energy Exchange and our valued customers, who have continued their valuable support and encouragement during the year under review. The Board also thanks the employees at all levels, for the dedication, commitment and hard work put in by them for Company's achievements.

Your involvement as shareholders is greatly valued and appreciated. The Directors look forward to your continuing support.

For and on behalf of the Board of Directors



Ravi Jhunjunwala  
Chairman  
(DIN 00060972)

Address: Bhilwara towers, A-12,  
Sector-1, Noida-201301

PLACE: New Delhi  
DATE: July 31, 2020

**ANNEXURE – I TO THE DIRECTORS’ REPORT**

The information of employees as prescribed under the provisions of Section 197 read with Rule 5, sub rule 2 & 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 under the Companies Act, 2013, who were employed throughout or for a part of the financial year under review is given as under:

S. No.	Name of top 10 Employees in terms of remuneration	Designation	Remuneration (in Rs. Million)	Qualification	Experience	Age	Date of Commencement of Employment	Last Employment, held, Organisation, Designation & Duration	Shareholding	Nature of employment	Whether employee is relative of Director
1	Arvind Kr. Sharma	D.G.M.-Civil	4.57	Diploma in civil-1994, Corr B Tech Civil-2013	28	51	17-Dec-07	Lanko green power ltd.as Sr Manager for 4 months.	Nil	Permanent	No
2	Pankaj Kapoor	Associate Vice President	3.02	BE Electrical Engg.1983	35	60	04-Sep-18	HPSEB as Chief Engg.- Generation. 34 years	Nil	Contractual	No
3	Ramesh Kr. Khaitan	Associate Vice President	3.02	BSc HONS.1974	46	69	18-Sep-06	JK Diary and foods ltd. as Chief commercial manager for 6 years.	Nil	Permanent	No
4	Jai Raj Chopra	Manager Mechanical	2.76	B.E Mechanical-1999,	21	48	01-Sep-06	SSJV Project as Mechanical Engineerfor 3 years.	Nil	Permanent	No
5	Tapesh Atri	Manager - Electrical	2.64	Dip. In Elect. 1987	30	51	14-Nov-05	H.P. Equipments Pvt Ltd. 3 Years	Nil	Permanent	No
6	Rajiv Katyal	Manager - Electrical	2.60	B. Tech Electrical 2003	17	43	01-Jul-03	Joind as GET on 1/7/03 at MPCL Jari	Nil	Permanent	No
7	Yashwant Thakur	Manager - Mechanical	2.59	B. Tech Mechanical -1999	17	46	01-Jan-05	Fitewl Constructions 2 years	Nil	Permanent	No
8	Deepak Tikoo	Manager - EHS	2.39	MBBS-1997	22	50	21-Dec-05	Acharya Shri Chander Collage 3 years	Nil	Permanent	No
9	Rajneesh Chauhan	Dy. Manager- Electrical	2.27	Dip. In Elect.1995	22	45	24-Mar-00	Lalji Solar Elect Ltd. 4 years	Nil	Permanent	No
10	Sanjay Rana	Manager - EHS	2.25	Dip. In Mech. 1996	25	49	12-Dec-05	India International House Ltd. 4 Yrs	Nil	Permanent	No
S. No.	Name of Employee	Designation	Remuneration (in Rs. millions)	48	Experience	Age	Date of Commencement of Employment	Last Employment held at	Shareholding in the Company	Nature of employment	Whether employee is relative of Director
1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**ANNEXURE II TO THE DIRECTORS' REPORT**

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014**

**(A) CONSERVATION OF ENERGY**

- a) the steps taken or impact on conservation of energy:
  - i. Installation of VFDs in PH on Cooling Water pumps for Generator & Transformers
  - ii. Replacement of conventional lighting with LED lighting in PH, Switch Yard & remote sites
  
- b) The steps taken by the Company for utilizing alternate sources of energy: NIL
  
- c) The capital investment on energy conservation equipment: Total amount spent in the last 8 Years Rs. 2.23 million.

**(B) TECHNOLOGY ABSORPTION**

- (i) The efforts made towards technology absorption: As above
  
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Energy saved worth Rs. 14.873 million
  
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –NIL
  - (a) the details of technology imported: NIL
  - (b) the year of import: NIL
  - (c) whether the technology been fully absorbed: NA
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
  
- (iv) the expenditure incurred on Research and Development: NIL

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs. in Million)

S. No.	Particulars	2019-20	2018-19
<b>I</b>	<b>Foreign Exchange Outgo</b>		
	Traveling and conveyance	0.00	0.00
	Financial charges	0.72	0.72
	CER Expenses	0.00	0.00
	Others	0.00	0.00
	<b>Total</b>	<b>0.72</b>	<b>0.72</b>
<b>II</b>	<b>Foreign Exchange Earnings</b>		
	Others (Sale of Certified Emission Rights)	1.13	0.00

**ANNEXURE III TO THE DIRECTORS' REPORT**

**NOMINATION & REMUNERATION POLICY**

Pursuant to Section 178 of the Companies Act, 2013 and Rules made thereunder, AD Hydro Power Limited is required to constitute a Nomination and Remuneration Committee with at least three or more non-executive Directors, out of which not less than one half shall be independent directors. The Company already had a Remuneration Committee with three Non-Executive Directors. In order to align the same with the provisions of the Companies Act, 2013, and Rules made thereunder from time to time, the Board of Directors at their meeting held on the 16th March, 2015, renamed the "Remuneration Committee" as "Nomination and Remuneration Committee".

The Nomination and Remuneration Committee and its Policy being in compliance with the provisions of Section 178 of the Companies Act, 2013, read with the applicable Rules made thereunder, applies to the Board of Directors, Key Managerial Personnel and the Senior management Personnel of the Company.

**1. OBJECTIVE**

The Key Objectives of the Committee would be:

- a) to advise the Board in relation to appointment, appraisal and removal of Directors, Key Managerial Personnel and Senior Management of the Company.
- b) to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- c) to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

**2. DEFINITIONS**

- (a) "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- (b) "Board" means Board of Directors of the Company.
- (c) Key Managerial Personnel (KMP), means:
  - i. Chief Executive Officer or the managing director or the manager;
  - ii. Company Secretary,
  - iii. Whole-time Director;
  - iv. Chief Financial Officer; and
  - v. such other officer as may be prescribed.
- (d) Senior Management: Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

### 3. ROLE OF COMMITTEE

The role of the Committee inter alia will be the following:

- a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- b) to recommend to the Board the appointment and removal of Director or key management personnel or Senior Management Personnel.
- c) to carry out evaluation of Director's performance.
- d) assessing the independence of independent directors;
- e) to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- f) making recommendations to the Board on the remuneration/fee payable to the Directors/ KMPs/Senior Officials so appointed/re-appointed;
- g) ensure that level and composition of remuneration of Directors, KMP's and Senior Management is reasonable and sufficient. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- h) to devise a policy on Board diversity;
- i) to develop a succession plan for the Board and Senior Management and to regularly review the plan;
- j) such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Companies Act, 2013 and Rules made thereunder.

### 4. MEMBERSHIP

- a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

However, the Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee, but shall not chair such Committee.

- b) Minimum two (2) members shall constitute a quorum for the Committee meeting.

- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

#### **5. CHAIRMAN**

- a) Chairman of the Committee shall be a Non-executive Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

#### **6. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

#### **7. COMMITTEE MEMBERS' INTERESTS**

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

#### **8. SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

#### **9. VOTING**

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

#### **10. POLICY ON BOARD DIVERSITY**

The Nomination and Remuneration Committee shall ensure that Board of Directors have the combination of Directors from different areas /fields or as may be considered appropriate in the best interest of the Company. The Board shall have atleast one Board member who has accounting/ financial management expertise.

#### **11. NOMINATION DUTIES**

The duties of the Committee in relation to nomination matters include:

1. Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;
2. Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
3. Determining the appropriate size, diversity and composition of the Board;
4. Follow a formal and transparent procedure for selecting new Directors for appointment to the Board, Key Managerial Personnel's and Senior Management Personnel;
5. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
6. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
7. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
8. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
9. Considering any other matters as may be requested by the Board;

## 12. REMUNERATION DUTIES

The Committee will recommend the remuneration/fee to be paid to the Managing Director, Whole-time Director, other Directors, Key Managerial Personnel and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration/fee so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration/fee to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

### 1. Director/ Managing Director

Besides the above Criteria, the Remuneration/ compensation/ commission/fee to be paid to Director/ Managing Director/ Whole Time Director shall be governed as per provisions



of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

**2. Non executive Independent Directors**

The Non-Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

**3. Key Managerial Personnel's /Senior Management Personnel etc**

The Remuneration to be paid to Key Managerial Personnel's/ Senior Management Personnel shall be based on the experience, qualification, performance and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and Rules made thereunder or any other enactment for the time being in force.

**4. Directors' and Officers' Insurance**

Where any insurance is taken by the Company on behalf of its Directors, Key Managerial Personnel's/ Senior Management Personnel etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

**13. EVALUATION/ ASSESSMENT OF DIRECTORS OF THE COMPANY**

The evaluation/assessment of the Directors of the Company is to be conducted on an annual basis.

The following criteria may assist in determining how effective the performances of the Directors have been:

- Contributing to clearly defined corporate objectives & plans
- Obtain adequate, relevant & timely information from external sources
- Review of strategic and operational plans, objectives and budgets
- Regular monitoring of corporate results against projections
- Identify, monitor & take steps for mitigation of significant corporate risks
- Assess policies, structures & procedures
- Review management's succession plan
- Effective meetings
- Assuring appropriate board size, composition, independence, structure
- Clearly defining roles & monitoring activities of committees.
- Additionally, for the evaluation/assessment of the performances of Managing Director(s)/Whole Time Director(s) of the Company, following criteria may also be considered:
  - Leadership abilities
  - Communication of expectations & concerns clearly with subordinates
  - Direct, monitor & evaluate KMPs, senior officials

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non- Independent Directors in a separate meeting of the Independent Directors.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

#### **14. DISCLOSURE**

The Remuneration policy and the evaluation criteria shall be disclosed in the Board's Report.

#### **15. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

#### **16. DEVIATIONS FROM THIS POLICY**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case. However, this shall be subject to the approval of Board of Directors on the recommendation of Nomination and Remuneration Committee of the Company.

-XXX-

**ANNEXURE IV TO THE DIRECTORS' REPORT**

**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2020**

**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To  
The Members,  
AD Hydro Power Limited (CIN: U40101HP2003PLC026108)  
Himachal Pradesh

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by AD Hydro Power Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the AD Hydro Power Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by AD Hydro Power Limited ('the company') for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable to the Company during the Audit period)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): **(All the following Regulations including amendments, if any, from time to time are not applicable to the Company during the Audit period)**

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other law applicable specifically to the Company, as identified and on the basis of representation given by the management,:

- The Electricity Act, 2003.
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Notified and effective from 1<sup>st</sup> July, 2015 and the revised version effective from October 1<sup>st</sup>, 2017).
- (ii) The SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015. **(Not Applicable to the Company during the Audit period)**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Normally adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be. There was no dissenting vote for any matter.

**I further report that** I have relied on the representation made by the Company and its officers for system and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. Therefore, I am of the opinion that the management has adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report, during the audit period, there were no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. having a major bearing on the Company's affairs.

This report is to be read with my letter of even date which is annexed as "**Annexure I**" and forms an integral part of this report.

**FOR P. KATHURIA & ASSOCIATES  
COMPANY SECRETARIES**

**(PRADEEP KATHURIA)  
FCS 4655  
CP 3086**

**PLACE: NEW DELHI  
DATE: 10.07.2020**

Annexure I

To  
The Members,  
AD Hydro Power Limited (CIN: U40101HP2003PLC026108)  
Himachal Pradesh

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial record and Books of Accounts of the company since the same have been subject to review by Statutory Auditor.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

**FOR P. KATHURIA & ASSOCIATES  
COMPANY SECRETARIES**

**(PRADEEP KATHURIA)  
FCS 4655  
CP 3086**

**PLACE: NEW DELHI  
DATE: 10.07.2020**

**ANNEXURE V TO THE DIRECTORS' REPORT**

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2020

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	U40101HP2003PLC026108
ii)	Registration Date	16-06-2003
iii)	Name of the Company	AD Hydro Power Limited
iv)	Category / Sub-Category of the Company	Public Company/ Limited by shares/ Indian Government Company
v)	Address of the registered office and details	Village Prini, P. O. Jagat Sukh, Tehsil Manali, Dist. Kullu, Himachal Pradesh-175143; Phone: 01902 250183-84
vi)	Whether listed company Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any-	Skyline Financial Services Private Limited, D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi-110020 (Tel: 011-26812682, 83)

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No	Name and Description of products/services	NIC Code of the Product/service	% to total turnover of company
1	Hydro Power Generation	40101	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

S. No	Name and address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	Malana Power Company Limited	U40101HP1997PLC019959	Holding Company	88%	2(46)

**IV.SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i. CATEGORY-WISE SHARE HOLDING**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a. Individual/HUF		49,890	49,890	0.01		49,890	49,890	0.01	NIL
b. Central Govt									
c. State Govt (s)									
d. Bodies Corp.	492,905,750	-	492,905,750	87.99	492,905,750		492,905,750	87.99	NIL
e. Banks / FI									
f. Any Other....									
<b>Sub-total (A) (1):-</b>	<b>492,905,750</b>	<b>49,890</b>	<b>492,955,640</b>	<b>88.00</b>	<b>492,905,750</b>	<b>49,890</b>	<b>492,955,640</b>	<b>88.00</b>	<b>NIL</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
<b>Sub-total (A) (2):-</b>									
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>492,905,750</b>	<b>49,890</b>	<b>492,955,640</b>	<b>88.00</b>	<b>492,905,750</b>	<b>49,890</b>	<b>492,955,640</b>	<b>88.00</b>	<b>NIL</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI	67,197,201		67,197,201	12.00	67,197,201		67,197,201	12.00	NIL
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>67,197,201</b>		<b>67,197,201</b>	<b>12.00</b>	<b>67,197,201</b>		<b>67,197,201</b>	<b>12.00</b>	<b>NIL</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal capital in excess of Rs 1 Lakh									
c) Others (specify)									
<b>Sub-total (B)(2):-</b>									
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>560,102,951</b>	<b>49,890</b>	<b>560,152,841</b>	<b>100</b>	<b>560,102,951</b>	<b>49,890</b>	<b>560,152,841</b>	<b>100</b>	<b>NIL</b>



**ii. SHAREHOLDING OF PROMOTERS**

S. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
1	Malana Power Company Ltd	492,955,640	88%	88%	492,955,640	88%	88%	NIL
	<b>Total</b>	<b>492,955,640</b>	<b>88%</b>	<b>88%</b>	<b>492,955,640</b>	<b>88%</b>	<b>88%</b>	<b>NIL</b>

**NOTE:** Out of 492,955,640 Equity shares of Rs.10/- each, 49,890 Equity Shares are held by individuals as registered owners, on behalf of Malana Power Company Limited. The Beneficial Interest is with Malana Power Company Limited.

**iii. CHANGE IN PROMOTERS' SHAREHOLDING ( PLEASE SPECIFY, IF THERE IS NO CHANGE)**

S.I.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of company	No. of shares	% of total shares of company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	<b>NO CHANGES</b>			
3	At the End of the year	-	-	-	-

**iv. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):**

S.I. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year (International Finance Corporation, Washington)	67,197,201	12.00%	67,197,201	12.00%
2	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	-	-	-	-
3	At the End of the year (or on the date of separation, if separated during the year)	67,197,201	12.00%	67,197,201	12.00%

**v. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

S.I. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total of the con
<b>At the beginning of the year</b>					
1	Mr. Ravi Jhunjhunwala	-	-	-	-
2	Mr. Rajinder Pal Goel	-	-	-	-
3	Ms. Tima Iyer Utne	-	-	-	-
4	Mr. Knut Leif Bredo Erichsen	-	-	-	-
5	Dr. Kamal Gupta	-	-	-	-
6	Mr. Tantra Narayan Thakur	-	-	-	-
7	Mr. Om Prakash Ajmera (CEO & CFO)	-	-	-	-
8	Mr. Arvind Gupta (Company Secretary)	-	-	-	-

	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No changes	No changes	No changes	No changes
<b>At the End of the year</b>					
1	Mr. Ravi Jhunjhunwala	-	-	-	-
2	Mr. Rajinder Pal Goel	-	-	-	-
3	Ms. Tima Iyer Utne	-	-	-	-
4	Mr. Knut Leif Bredo Erichsen	-	-	-	-
5	Dr. Kamal Gupta	-	-	-	-
6	Mr. Tantra Narayan Thakur	-	-	-	-
7	Mr. Om Prakash Ajmera (Director, CEO & CFO)	-	-	-	-
8	Mr. Arvind Gupta (Company Secretary)	-	-	-	-

**V. INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**
**(Rs. in Million)**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	5,405.07	4,638.00	-	10,043.07
ii) Interest due but not paid	-	2,532.80	-	2,532.80
iii) Interest accrued but not due	26.88	-	-	26.88
<b>Total (i+ii+iii)</b>	<b>5,431.95</b>	<b>7,170.80</b>	<b>-</b>	<b>12,602.75</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	427.82	-	427.82
Reduction	3,180.81	-	-	3,180.81
<b>Net Change</b>	<b>3,180.81</b>	<b>427.82</b>	<b>-</b>	<b>3,608.62</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,224.27	4,638.00	-	6,862.27
ii) Interest due but not paid	-	2,960.62	-	2,960.62
iii) Interest accrued but not due	18.89	-	-	18.89
<b>Total (i+ii+iii)</b>	<b>2,243.16</b>	<b>7,598.62</b>	<b>-</b>	<b>9,841.77</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**
**(Amount in Rs. Million)**

S. No.	Particulars of Remuneration	Name of Whole Time Director (01.04.2020 to 28.11.2019)
	Gross salary	Mr. Rajinder Pal Goel
	(a) Salary as per provisions contained in section 17(1) of the Inco Act, 1961	1.78
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.13
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
	Stock Option	-
	Sweat Equity	-
	Commission	-
	- as % of profit 1.00%	-
	- others, specify	-
	Others, please specify	0.06
	<b>Total (A)</b>	<b>2.96</b>
	Ceiling as per the Act	As per section 198 of the Companies Act, 2013 or in terms of Schedule V of the Companies Act, 2013.

**B. Remuneration to other Directors:**

1. Independent Directors		(Amount In Rs. Million)			
S.	Particulars of Remuneration	Name of Directors		Total Amount (In Rs. Million)	
		Dr. Kamal Gupta	Mr. Tantra Narayan Thakur		
	Fee for attending board & committee meetings	0.45	0.45	0.90	
	Commission	-	-	-	
	Others, please specify	-	-	-	
	<b>Total (1)</b>	<b>0.45</b>	<b>0.45</b>	<b>0.90</b>	
2. Other Non-Executive Directors (if any)					
S.	Particulars of Remuneration	Name of Directors			Total Amount (In Rs.)
		Mr. Ravi Jhunjunwala	Ms. Tima Iyer Utne	Mr. Knut Leif Bredo Erichsen	
	Fee for attending board committee & meetings	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

S.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Om Prakash Ajmera ( Chief Financial Officer & Chief Executive Officer)	Mr. Arvind Gupta (Company Secretary)	Total Amount (In Rs.)
	Gross salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under s 17(3) Income- tax Act, 1961	-	-	-
	Stock Option	-	-	-
	Sweat Equity	-	-	-
	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
	Others, please specify	-	-	-
	<b>Total (A)</b>	-	-	-

*Note: The Chief Financial Officer (CFO) and the Company Secretary of the Company draws remuneration from the holding company only, i.e. Malana Power Company Limited. Therefore, remuneration paid from the Company, i.e. AD Hydro Power Ltd. is Nil.*

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any(give Details)
<b>A. COMPANY</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NONE		
Punishment					
Compounding					

**ANNEXURE-VI OF THE DIRECTORS' REPORT**

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2019-20**

**PART-A**

S. No	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs and the Composition of the CSR Committee.	Refer to Point No. 15(iii) on Corporate Social Responsibility in Director's Report.
1	Average Net Profit of the Company for last three financial years:	Rs. 126.53 million
2	Prescribed CSR Expenditure (two percent of the amount as in above):	Rs. 2.53 million
3	Details of CSR spent during the financial year 2019-20:	
	a. Total amount to be spent for the financial year 2019-20:	Rs. 2.53 million
	b. Total amount spent during the financial year 2019-20:	Rs. 6.46 million
	c. Amount unspent, if any:	Nil
	d. Manner in which the amount spent during the financial year:	As per below

**AD HYDRO POWER LIMITED**
**PART -B**
**d. Manner in which the amount spent during the financial year 2019-20:**
**(Rs. in Million)**

Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (State and district where projects or programs were undertaken)	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads:		Cumulative expenditure upto the reporting period (01.04.18 to 31.03.19).	Amount spent: Direct or through implementing agency
					1. Direct expenditure on projects or programs.	2. Overheads:		
1	Swachhta Abhiyan in Village Prini and nearby villages	Swachha Bharat Abhiyan	Local Area (Distt-Kullu, Himachal Pradesh)	1.39	1.24	0.00	1.24	Direct
	Women Health & Hygiene	Women Empowerment	Local Area (Distt-Kullu, Himachal Pradesh)	0.20	0.16	0.00	0.16	Direct
2	Company is providing training like sewing, tailoring etc. to local women for their capacity building	Women Empowerment	Local Area (Distt-Kullu, Himachal Pradesh)	0.10	0.01	0.00	0.01	Direct
2	ADHPL Scholarship Scheme	Promoting Education	Local Area (Distt-Kullu, Himachal Pradesh)	0.60	0.70	0.00	0.70	Direct
3	Distribution of school bags and stationary amongst children at Govt. primary schools	Promoting Education	Local Area (Distt-Kullu, Himachal Pradesh)	0.15	0.15	0.00	0.15	Direct
4	Honorarium being paid to the teachers engaged for teaching at Govt. school	Promoting Education	Local Area (Distt-Kullu, Himachal Pradesh)	0.90	0.85	0.00	0.85	Direct
5	Providing street lights at nearby villages for improving safety	Rural Development	Local Area (Distt-Kullu, Himachal Pradesh)	0.10	0.20	0.00	0.20	Direct
6	Constrction of school building at village Prini under CSR activities	Rural Development	Local Area (Distt-Kullu, Himachal Pradesh)	0.10	0.08	0.00	0.08	Direct
	The Company has contributed Rs.2.50 million to Himachal Pradesh Covid-19 Solidarity Response Fund	Disaster Management	Himachal Pradesh	0.00	2.50	0.00	2.50	Direct

## AD HYDRO POWER LIMITED

	for facilitating purchase of essential supplies like PPEs to health workers and food and medicines for section of society that has been affected due to Covid-19.							
7	Misc. CSR work for community	Under CSR Policy	Local Area (Distt-Kullu, Himachal Pradesh)	0.60	0.60	0.00	0.60	Direct
			<b>TOTAL</b>	<b>4.14</b>	<b>6.49</b>	<b>0.0</b>	<b>6.49</b>	

Note: There is no CSR related expenditure under the head 'overheads'.



**PART-B**

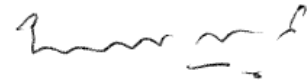
Reason for not spending the entire amount as given in point no.3 of (PART-A) above is not applicable.

During the financial year 2019-20, the Company has spent more than the required CSR expenditure of Rs. 2.53 Million (being 2% of average net profit before tax of last three financial years) as per the provisions of Companies Act, 2013 and rules made there under. All the CSR activities were done in the villages near the Project area. This reflects the social welfare commitment of the Company at the Plant location/area.

**RESPONSIBILITY STATEMENT**

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company, is reproduced below:

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is and will be in compliance with CSR objectives and policy of the Company.



**Ravi Jhunjunwala**  
**Chairman & Director**  
**Chairman, CSR Committee**  
**(DIN 00060972)**  
**Address: Bhilwara Towers, A-12**  
**Sector-1, Noida-201301**

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***AD HYDRO POWER LIMITED***

***CIN No. : U40101HP2003PLC026108***

***Financial Statements***

***April 1, 2019 to March 31, 2020***

***March 31, 2020***

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## INDEPENDENT AUDITOR'S REPORT

### To The Members of AD Hydro Power Limited Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **AD Hydro Power Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Emphasis of Matter

We draw attention to Note 29.3 (ii) of the financial statements, which describes the uncertainty relating to the effects of outcome of litigation with parties using the transmission line.

Our opinion is not modified in respect of this matter.

#### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report, but does not include the financial

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statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this Auditor's report.

- Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other 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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

1. As required by Section 143(3) of the Act, based on our audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

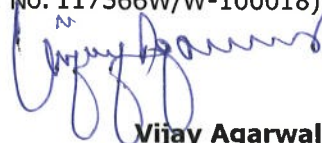
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# Deloitte Haskins & Sells LLP

- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 29.1 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer Note 29.2 to the financial statements.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer Note 18 to the financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.


**For Deloitte Haskins & Sells LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Vijay Agarwal**  
(Partner)

(Membership No. 094468)  
(UDIN: 20094468AAAACU1073)

  
Place: Gurugram  
Date: June 04, 2020

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of **AD Hydro Power Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

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

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

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

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

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

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

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

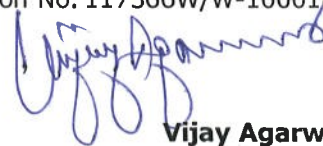
**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



**Vijay Agarwal**

(Partner)

(Membership No. 094468)

(UDIN: 20094468AAAACU1073)



Place: Gurugram

Date: June 04, 2020



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

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

- (i) In respect of Property, plant and equipment (fixed assets):
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the award letter and certificate of mutation provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date other than the lands located at village Prini, District Kullu, Himachal Pradesh measuring 2.73 hectares amounting to Rs 705.75 lacs, which are pending for registration/mutation in favour of the Company. Further, immovable properties of land and buildings whose title deeds have been pledged as security for term loans are held in the name of the Company based on the confirmation received from IDBI Trusteeship Services Limited (the security trustee).
- (ii) The inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted, secured or unsecured loan to any company, firm, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and does not have any unclaimed deposits as at March 31, 2020 and therefore the provisions of clause 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not

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## **Deloitte Haskins & Sells LLP**

made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

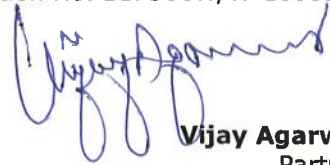
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Customs duty, Goods and Service Tax, cess and other statutory dues applicable to it to appropriate authorities other than Income-tax in which the Company is generally been regular in depositing statutory dues with the appropriate authority. The provisions relating to Employees' State Insurance is not applicable to the Company. Also refer to the Note no.29.1(e) in the financial statement regarding management assessment on certain matters relating to the provident fund.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Customs duty, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Customs Duty and Goods and Service Tax as on March 31, 2020 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and financial institution or dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debenture instruments) during the year. In our opinion and according to the information and explanations given to us, money raised by way of term loan have been applied by the Company during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provision of section 197 read with Schedule V to the Companies Act, 2013 and rule 7 of the Companies (Appointment and remuneration of Managerial personnel) rules, 2014.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

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**Deloitte  
Haskins & Sells LLP**

- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**FOR DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Vijay Agarwal**  
Partner  
(Membership No. 094468)  
(UDIN: 20094468AAAACU1073)

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Place: Gurugram  
Date: June 04, 2020

AD Hydro Power Limited  
Balance Sheet as at March 31, 2020

(Rs. in lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	3	131,250.34	137,707.16
(b) Financial assets			
(i) Loans	4	24.89	15.68
(ii) Others	5	38.40	38.40
		<b>131,313.63</b>	<b>137,757.24</b>
<b>2 Current assets</b>			
(a) Inventories			
(b) Financial assets	7	893.24	885.60
(i) Trade receivables	8	3,183.29	2,607.66
(ii) Cash and cash equivalents	9	3,023.35	499.24
(iii) Bank balances other than (ii) above	10	5,223.85	26,588.85
(iv) Loans	4	18.67	12.41
(v) Others	5	323.48	454.10
(c) Other current assets	6	178.30	236.59
		<b>12,844.18</b>	<b>31,284.67</b>
<b>Total Assets</b>		<b>144,157.81</b>	<b>168,541.91</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	12	56,015.28	56,015.28
(b) Other equity			
Retained earnings	13	(11,883.68)	(14,673.30)
<b>Total Equity</b>		<b>44,131.60</b>	<b>41,341.98</b>
<b>LIABILITIES</b>			
<b>1 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	65,221.91	73,996.08
(ii) Other financial liabilities	16	29,606.17	25,327.61
(b) Provisions	17	155.28	122.01
		<b>94,983.36</b>	<b>99,446.30</b>
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	18	-	-
- total outstanding dues of micro, small and medium enterprises		-	-
- total outstanding dues of creditors other than micro, small and medium enterprises		844.56	799.49
(ii) Other financial liabilities	16	3,611.35	26,761.90
(b) Provisions	17	93.87	20.91
(c) Other current liabilities	19	266.34	133.03
(d) Current tax liabilities (net)	15	226.71	18.30
		<b>5,042.85</b>	<b>27,753.63</b>
<b>Total Equity and liabilities</b>		<b>144,157.81</b>	<b>168,541.91</b>

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date  
For Deloitte Haskins & Sells LLP

Firm's Registration Number: 117366/W/W-100018

Chartered Accountants

Vijay Agarwal  
Partner

Membership No.: 094468

For and on behalf of the Board of Directors of  
AD Hydro Power Limited

Ravi Jhunjhuwala  
Director  
DIN:-00060972

O.P. Ajmera  
Director, CEO & CFO  
DIN:-00322834  
Place: Noida  
Date: June 4, 2020

Knut Lief Bredo Erichsen  
Director  
DIN:-07270992

Arvind Gupta  
Company Secretary  
M.No.: F7690

Place: Noida  
Date: June 4, 2020



AD Hydro Power Limited  
Statement of profit and loss for the year ended March 31, 2020

(₹ in lakhs)

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
I Revenue from operations	20	23,399.72	23,367.00
II Other Income	21	824.84	2,204.61
III Total Income		24,234.56	25,571.61
IV Expenses			
Open access charges			
Bulk power transmission charges		1,071.66	716.13
Employee benefits expense	22	2,459.61	1,547.12
Finance costs	23	1,433.08	1,370.99
Depreciation and amortisation expense	24	7,715.35	11,137.03
Other expenses	25	6,043.99	6,030.19
Total expenses		20,752.09	22,636.30
V Profit before tax		3,482.47	2,935.51
VI Tax expense/(benefit):			
(a) Current tax (Minimum Alternate Tax)	26	675.81	672.11
Total tax expense		675.81	672.11
VII Profit for the year (V-VI)		2,856.66	2,263.40
VIII Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		(67.04)	(16.08)
		(67.04)	(16.08)
IX Total comprehensive income for the year, net of tax		2,789.62	2,247.32

Earnings per equity share (of Rs.10/- each)

- Basic	27	0.51	0.40
- Diluted	27	0.51	0.40

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Deloitte Haskins & Sells LLP

For and on behalf of the Board of Directors of  
AD Hydro Power Limited

Firm's Registration Number: 117366W/W-100018

Chartered Accountants

*Vijay Agarwal*  
Partner

Membership No.: 094468

*Ravi Jhuu*  
Ravi Jhuu/Bhuwata  
Director  
DIN:-00060972

*Knut Leif Bredo Erichsen*  
Knut Leif Bredo Erichsen  
Director  
DIN:-07270992

*O.P. Ajmera*  
O.P. Ajmera  
Director, CEO & CFO  
DIN:-00322834

*Arvind Gupta*  
Arvind Gupta  
Company Secretary  
M.No.:-F7690

Place: *Noida*  
Date: *June 4, 2020*

Place: *Noida*  
Date: *June 4, 2020*



AD Hydro Power Limited  
Statement of Cash Flow for the year ended March 31, 2020

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. Cash flow from operating activities</b>		
Profit before tax	3,482.47	2,935.51
<b>Adjustment to reconcile profit before tax to net cash flow:</b>		
Depreciation and amortisation expense	6,043.99	6,030.19
Gain on disposal of property, plant and equipment	(17.34)	(3.62)
Provision for gratuity and leave encashment	53.88	30.85
Finance cost	7,715.35	11,137.03
Interest income	(747.40)	(2,097.06)
<b>Working Capital changes:</b>		
Increase in trade receivables	(575.41)	(183.24)
Increase in financial assets	(213.92)	(5.55)
(Increase) / Decrease in other current asset	58.20	(107.46)
(Increase) / Decrease in inventories	(7.64)	22.81
Decrease in other financial liabilities	(117.49)	(66.69)
Increase in Provisions	106.23	-
Increase in trade payables	45.07	15.76
Decrease / (Increase) in other current liabilities	133.31	(172.49)
<b>Cash generated from operations</b>	<b>15,959.19</b>	<b>17,565.94</b>
Income-taxes paid	(438.59)	(583.23)
<b>Net cash flow from operating activities</b>	<b>15,520.60</b>	<b>16,982.71</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(92.37)	(36.30)
Proceeds from sale of property plant and equipment	18.74	5.32
Loans and security deposit (given)/repaid	(9.21)	9.32
Bank deposits matured/(made)	21,365.00	(4,980.00)
Interest received	1,085.68	1,994.59
<b>Net cash flow from/(used in) investing activities</b>	<b>22,367.84</b>	<b>(3,007.07)</b>
<b>C. Cash flow from financing activities</b>		
Repayment of borrowings	(31,847.72)	(10,284.13)
Interest paid	(3,516.61)	(6,566.63)
<b>Net cash used in financing activities</b>	<b>(35,364.33)</b>	<b>(16,850.76)</b>
<b>Net increase/(decrease) in Cash and Cash equivalent</b>	<b>2,524.11</b>	<b>(2,875.12)</b>
Cash and Cash equivalent at the beginning of the year	499.24	3,374.36
<b>Cash and Cash equivalent at year end (Refer Note No.9)</b>	<b>3,023.35</b>	<b>499.24</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date  
For Deloitte Haskins & Sells LLP

Firm's Registration Number: 117366W/W-100018

Chartered Accountants

Vijay Agarwal  
Partner  
Membership No. : 094468

For and on behalf of the Board of Directors of  
AD Hydro Power Limited

Ravi Jhonjhunwala  
Director  
DIN:-00060972

Knut Leif Bredo Erichsen  
Director  
DIN:-07270992

O.P. Ajmera  
Director, CEO & CFO  
DIN:-00322834

Arvind Gupta  
Company Secretary  
M.No.:-F7690

Place: Noida  
Date: June 4, 2020

Place: Noida  
Date: June 4, 2020



AD Hydro Power Limited  
Statement of Changes in Equity for the year ended March 31, 2020

a. Equity share capital

Particulars	No. of shares (in Lakhs)	(Rs. in lakhs)
Equity shares of Rs 10 each issued, subscribed and fully paid		
As at April 1, 2018	5,601.528	56,015.28
Changes in Equity share capital during the year	-	-
As at March 31, 2019	5,601.528	56,015.28
Changes in Equity share capital during the year	-	-
As at March 31, 2020	5,601.528	56,015.28

b. Other equity

Particulars	Reserves and Surplus	Total
	Retained earnings	
Balance as at April 1, 2018 (a)	(16,920.62)	(16,920.62)
Profit during the year	2,263.40	2,263.40
Other comprehensive loss during the year, net of tax	(16.08)	(16.08)
Total comprehensive income for the year (b)	2,247.32	2,247.32
As at March 31, 2019 (c=a+b)	(14,673.30)	(14,673.30)
Profit during the year	2,856.66	2,856.66
Other comprehensive loss during the year net of tax	(67.04)	(67.04)
Total comprehensive income for the year (d)	2,789.62	2,789.62
As at March 31, 2020 (c+d)	(11,883.68)	(11,883.68)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration Number: 117366W/W-100018

Vijay Agarwal  
Partner

Membership No.: 094468

For and on behalf of the Board of Directors of  
AD Hydro Power Limited

Ravi Jhunjhunwala  
Director  
DIN:-00060972

Knut Lef Bredo Erichsen  
Director  
DIN:-07270992

Place: Noida

Date: June 4, 2020

O.P. Ajmera  
Director, CEO & CFO  
DIN:-00322834

Place: Noida  
Date: June 4, 2020

Arvind Gupta  
Company Secretary  
M.No.:-F7690



**1 Corporate information**

AD Hydro Power Limited (hereinafter referred to as 'the Company') is engaged in the generation of hydroelectric power. The Company has set up 192 MW hydroelectric power generation project, out of which, part of the project (Allain side) has started commercial production in 2010-11 and balance portion of the project on Duhangan side has started commercial production in 2011-12.

The Company has the necessary permission from the Government of Himachal Pradesh to own, operate & maintain the project and sell power for a period of forty years from the date of commercial operation i.e. July 29, 2010 with the option to avail a further extension for a maximum period of twenty years after renegotiation of terms and conditions.

**2 Significant accounting policies**

**2.1 Basis of preparation**

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the section 133 of the Companies Act 2013 (to the extent notified) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**2.2 Summary of significant accounting policies**

**a. Use of estimates**

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**Critical accounting estimates and judgments:**

The areas involving critical estimates and judgments are:

**I Service Concession Arrangements**

Management has assessed applicability of Appendix D "Service Concession Arrangements" to Ind AS 115: Service Concession Arrangements to power distribution arrangements entered into by the Company. In assessing the applicability, management has exercised significant judgment in relation to the underlying ownership of the asset, terms of the power distribution arrangements entered with the grantor, ability to determine prices, fair value of construction service, assessment of right to granted cash, significant residual interest in the infrastructure, etc. Based on detailed evaluation, management has determined that this arrangement does not meet the criterion for recognition as service concession arrangements.

**II Useful lives and residual value of property, plant and equipment, intangible assets and Investment Properties**

Useful life and residual value are determined by the management based on a technical evaluation considering nature of asset, past experience, estimated usage of the asset, vendor's advice etc and same is reviewed periodically, including at each financial year end.

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**III Claims and Litigations**

The Company is the subject of lawsuits and claims arising in the ordinary course of business from time to time. The Company reviews any such legal proceedings and claims on an ongoing basis and follow appropriate accounting guidance when making accrual and disclosure decisions. The Company establishes accruals for those contingencies where the incurrence of a loss is probable and can be reasonably estimated, and it discloses the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for the Company's financial statements to not be misleading. To estimate whether a loss contingency should be accrued by a charge to income, the Company evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the loss. The Company does not record liabilities when the likelihood that the liability has been incurred is probable, but the amount cannot be reasonably estimated. Based upon present information, the Company determined that there were no matters that required an accrual as of March 31, 2020 other than the accruals already recognized, nor were there any asserted or unasserted claims for which material losses are reasonably possible.

**IV Deferred tax assets**

The Company reviews the carrying amount of deferred tax assets including MAT credit at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to utilize the deferred tax asset including MAT.

**b. Revenue Recognition**

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/ or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 is insignificant.

The Company recognise revenue at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company's sales revenue is divided into following categories:

**Revenue from generation and supply of Power ("Revenue from Power Supply"):**

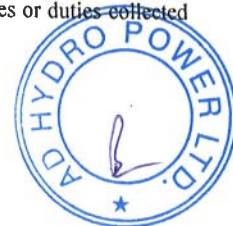
The revenues from generation bear the characteristic of supplying power at a certain price. The performance obligation is to deliver a series of distinct goods (power) and the transaction price is the consideration Company expects to receive at either spot price or contract price. The performance obligation is satisfied over time which entails that revenue should be recognised for each unit delivered at the transaction price. The Company applies a practical expedient under Ind AS 115 whereby the revenue from power for most of the contracts is recognised at the amount of which the entity has a right to invoice which coincides with the electricity scheduled to be transmitted to the customers. The difference between scheduled and actual transmitted energy is recognized as Unscheduled Interchange (U/I) charges and are adjusted with the revenue recognized on accrual basis.

In an arrangements where the Company sells power on an exchange, the exchange is determined to be the customer. This is based on the fact that the Company has enforceable contracts with the exchanges.

**Revenue from sharing of Transmission line ("Transmission Income"):**

Revenue is recognized on the basis of periodic billing to consumers / state transmission utility and is measured based on the consideration to which the Company expects to be entitled from a customer, net of returns and allowances, discounts, volume rebates and cash discounts excluding taxes or duties collected on behalf of the government.

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**Voluntary emission rights (VER), Carbon Credit Entitlement / Certified Emission Reductions ("CER")**

Revenue is recognized as and when the VER's/CER's are certified and ultimate collections are made for the same.

**Other Income**

**Interest**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest Income is included under the head 'Other Income' in the Statement of Profit and Loss

**c. Inventory Valuation**

Inventories comprising of components and stores and spares are valued at lower of cost and net realizable value. Scrap is valued at net realizable value.

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**d. Property, Plant and Equipment**

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. It includes other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the costs of the item can be measured reliably. Repairs and maintenance costs are charged to the Statement of profit and loss when incurred. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

**Depreciation:**

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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The Company has used the following useful life to provide depreciation on its Property, Plant and Equipment.

<u>Assets</u>	<u>Useful life (Years)</u>
Buildings other than factory buildings	60
Plant and Machinery used in generation, transmission and distribution of power	40
Hydraulic Works (Pressure shaft, Head Race Tunnel, Upstream etc related to civil work)	40
Factory Buildings	30
Plant and Machinery	15
Electrical Installations	10
Furniture and Fixtures	10
Roads	10
Vehicles	8
Computers and Data processing equipments	3-6
Office equipments	5
Software	3

**e. Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life of 3 to 5 years.

The intangible assets are assessed for impairment whenever there is indication that the intangible assets may be impaired. The amortization period and the amortization method are reviewed at least at each financial year end.

Gains or losses arising from recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

**f. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Ind AS 116 – lease has become applicable effective annual reporting period beginning April 1, 2019. The standard is applicable on all the lease and requires a lessee to recognize assets and liabilities of all leases contract with the term of more than twelve month. In determining the lease term and assessing the length of non- cancellable period of a lease, the company has applied the definition of contract and period for which it is enforceable. A lease is no longer exist when lessee or lessor has the right to terminate the lease without permission from other party.

The company has adopted the modified retrospective approach for transition. Accordingly, cumulative effect of initially applying standard has been recognized to the opening balance of retained earning as on April 2019. Accordingly comparatives for the year ended March 2019 have not been restated. The cumulative effect of applying the standard on retained earnings as of April 1, 2019 and on the profit for the current period and earnings per share is insignificant.

**Where the Company is the lessee**

A lease is classified at the inception date as a finance lease or an operating lease. Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

**g. Impairment of non-financial assets**

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## AD Hydro Power Limited

### Notes to Financial Statements for the year ended March 31, 2020

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses, including impairment on inventories, are recognised in the Statement of profit and loss.

For impairment of assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount.

#### h. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial assets

###### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

###### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Debt instruments at amortised cost
- ▶ Debt instruments at fair value through other comprehensive income (FVTOCI)
- ▶ Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- ▶ Equity instruments measured at fair value through other comprehensive income (FVTOCI)

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**AD Hydro Power Limited**

**Notes to Financial Statements for the year ended March 31, 2020**

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

**Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

As at March 31, 2020, the Company does not have any debt instrument measured at FVTPL or FVTOCI.

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**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Trade receivables or any contractual right to receive cash or another financial asset

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L).

**Financial liabilities**

**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

*Handwritten initials*



**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**i. Foreign currency translation**

Transactions in foreign currencies are initially recorded by the company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

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Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

**j. Retirement and other employee benefits**

**1 Defined Contribution Plan:**

Retirement benefits in the form of provident fund and superannuation scheme are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund/trust.

**2 Defined Benefit Plan:**

The Employee's Gratuity Fund Scheme, which is defined benefit plan, is managed by Trust maintained with ICICI Prudential Life Insurance company Limited and Bajaj Allianz. The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date, based upon which the Company contributes to the Company Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with Life Insurance Corporation of India is provided for as assets/ (liability) in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note no 31.3

The Company recognises the following changes in the net defined benefit obligation under Employee benefit expense in Consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

**3 Other Long Term Employee Benefits:**

**Compensated Absences**

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end.

**k. Taxes**

**Current income tax**

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Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

#### **Deferred Tax**

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax assets to be recovered.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### **1. Non Current Assets held for sale**

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**AD Hydro Power Limited**

**Notes to Financial Statements for the year ended March 31, 2020**

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The company treats sale/ distribution of the asset or disposal company to be highly probable when:

- ▶ The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- ▶ An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- ▶ The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- ▶ The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- ▶ The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

**m. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

**n. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**o. Contingent Liability**

A Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**p. Earning per share**

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**AD Hydro Power Limited**

**Notes to Financial Statements for the year ended March 31, 2020**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**q. Borrowing Cost**

Borrowing costs specifically relating to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period.

All other borrowing costs are expensed in the period in which they occur.

**r. Fair Value measurement**

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

As on the reporting date, the Company does not have any financial instrument which has been measured either through FVTPL or FVTOCI.

**s. Current versus Non-Current**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- 1 Expected to be realised or intended to be sold or consumed in normal operating cycle
- 2 Held primarily for the purpose of trading
- 3 Expected to be realised within twelve months after the reporting period, or

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**AD Hydro Power Limited**

**Notes to Financial Statements for the year ended March 31, 2020**

- 4 Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- 1 It is expected to be settled in normal operating cycle
- 2 It is held primarily for the purpose of trading
- 3 It is due to be settled within twelve months after the reporting period, or
- 4 There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

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AD Hydro Power Limited  
Notes To The Financial Statements For The Year Ended March 31, 2020

3. PROPERTY, PLANT AND EQUIPMENT

Particulars	Hydraulic Work	Building and Roads	Computers & Networks	Electric Installations	Freehold Land	Furniture and Fixtures	Office Equipments	Plant & Machinery	Transmission Line	Vehicles	Total
Gross Block	83,643.19	27,217.43	69.54	447.67	3,055.81	142.52	121.26	49,209.32	42,367.20	127.21	206,401.13
As at April 1, 2018	-	-	2.31	-	-	1.45	16.40	0.17	-	15.96	36.30
Additions	-	-	-	-	-	1.02	-	-	-	-	1.02
Disposals	83,643.19	27,217.43	71.85	447.67	3,055.81	142.95	137.66	49,209.49	42,367.20	143.17	206,436.41
As at March 31, 2019	-	-	6.43	1.35	-	1.17	1.02	75.83	-	7.74	92.37
Additions	-	-	3.55	-	-	1.56	-	-	-	11.95	20.07
Disposals	83,643.19	27,217.43	74.73	447.18	3,055.81	141.78	137.12	49,285.32	42,367.20	138.96	206,508.71
As at March 31, 2020	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	21,345.68	16,165.71	56.88	361.97	-	129.80	82.59	13,712.35	11,288.72	60.04	63,203.74
As at April 1, 2018	1,772.04	2,290.34	3.97	17.82	-	1.13	10.79	1,033.40	889.55	11.14	6,030.19
Charge for the year	-	-	-	-	-	0.68	-	-	-	-	0.68
Disposals	23,117.72	18,456.05	60.85	379.79	-	130.25	93.38	14,745.75	12,178.27	71.18	69,233.25
As at March 31, 2019	1,776.90	2,296.62	4.70	13.60	-	1.07	8.98	1,037.61	891.99	12.52	6,043.99
Charge for the year	-	-	3.43	1.72	-	0.89	1.48	-	-	11.34	18.87
Disposals	24,894.62	20,752.67	62.12	391.67	-	130.43	100.88	15,783.56	13,070.26	72.36	75,258.37
As at March 31, 2020	60,525.47	8,761.38	11.00	67.88	-	12.70	44.28	34,463.74	36,188.93	71.99	137,203.16
Net Block as at March 31, 2019	-	-	-	-	3,055.81	-	-	-	-	-	-
Net Block as at March 31, 2020	58,748.57	6,464.76	12.61	55.51	3,055.81	11.35	36.24	33,501.95	29,296.94	66.60	131,250.34

NOTES:

- All the assets are owned by the Company except as mentioned otherwise.
- Building and roads includes cost of roads Rs 1,29,03 lakhs constructed on land acquired for the project under irrevocable right to use.
- Gross block of transmission line includes payment for 'Right to use' amounting to Rs. 5,253.98 Lakhs and accumulated depreciation of Rs. 1,253.04 lakhs as on March 31, 2020 (including depreciation charged during the year is of Rs (31.35 lakhs). Right to use' is irrevocable perpetual right of use of land, but the ownership of land does not vest with the Company.
- Land includes Rs. 2,999.04 lakhs paid for 12.43 hectares land, out of which mutation for execution of 9.70 hectares in favour of Company has been completed. Apart from notified land, 2.73 hectares land has been acquired directly from the villagers and the mutation is in progress.
- Refer note # 14 for the information on Property, Plant and Equipment pledged as security.



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4. Loans (Rs. in lakhs)

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	-	-	-	-
Security deposits	7.34	7.28	-	-
Loans to employees	17.55	8.40	18.67	12.41
<b>Total</b>	<b>24.89</b>	<b>15.68</b>	<b>18.67</b>	<b>12.41</b>

5. Other financial assets (Rs. in lakhs)

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Interest accrued on banks deposits	-	-	115.82	454.10
Unbilled Revenue	-	-	207.66	-
Amount paid under protest#	35.00	35.00	-	-
Deposits with original maturity period of more than 12 months*	3.40	3.40	-	-
<b>Total</b>	<b>38.40</b>	<b>38.40</b>	<b>323.48</b>	<b>454.10</b>

\*Fixed deposit of Rs 3.40 Lakhs (previous year Rs 3.40 Lakhs) pledged with the H.P. Government Sales Tax Department and Transport Authority  
#Refer note 29.1 (C)

6. Other assets (Rs. in lakhs)

Particulars	Non-current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Advances to employees	-	-	30.56	22.27
Prepaid expenses	-	-	99.48	81.43
Advances to Suppliers	-	-	-	-
- Unsecured, considered good	-	-	48.20	132.89
- Unsecured, considered doubtful	-	-	24.40	24.40
Less: provision for doubtful advances	-	-	(24.40)	(24.40)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>178.30</b>	<b>236.59</b>

7. Inventories (Lower of cost and net realizable value) (Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Stores and spares*	884.76	875.74
Scrap	8.48	9.86
<b>Total</b>	<b>893.24</b>	<b>885.60</b>

\* Includes store lying with third parties ₹ 48.63 lakhs (previous year ₹ 46.60 lakhs)

8. Trade receivables (Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables	3,183.29	2,607.88
- Unsecured, considered good	-	-
- Credit impaired	316.68	316.68
Less: Provision for expected credit loss	(316.68)	(316.68)
<b>Total</b>	<b>3,183.29</b>	<b>2,607.88</b>

9. Cash and cash equivalents (Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
- Current accounts	-	-
- Deposits with original maturity for less than 3 months	369.02	51.00
Cash on hand	2,650.00	445.00
	4.33	3.24
<b>Total</b>	<b>3,023.35</b>	<b>499.24</b>

10. Bank Balances (Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Margin money (held as security)* in deposit account	1,733.85	4,698.85
<b>Total</b>	<b>1,733.85</b>	<b>4,698.85</b>

\*Out of total margin money Rs. 3700 lakhs (previous year Rs. 4665 lakhs) held as margin money with IDBI Trustee for repayments of borrowings and balance held as security deposit with banks for non fund based limit.

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11. Deferred Tax

In accordance with Ind AS-12 "Income Taxes" Deferred tax assets are recognized only if there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In view of lack of reasonable certainty of sufficient future taxable income against which net deferred tax assets can be realized, the Company has not recognized deferred tax asset to the extent of ₹ 7,421.15 lakhs (Previous year ₹ 7,831.26) as on March 31, 2020.

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Tax effects constituting deferred tax assets</b>		
Brought forward depreciation	29,403.45	29,995.00
Provision for employee benefits	72.55	41.62
MAT credit entitlement	1,320.64	694.84
<b>Total Deferred tax assets (a)</b>	<b>30,796.64</b>	<b>30,731.46</b>
<b>Tax effects constituting deferred tax liabilities</b>		
Difference between tax base and book base of Property, plant and Equipment	(23,375.49)	(22,900.20)
<b>Total Deferred tax liabilities (b)</b>	<b>(23,375.49)</b>	<b>(22,900.20)</b>
<b>Net deferred tax asset (a) + (b)</b>	<b>7,421.15</b>	<b>7,831.26</b>
Less: Valuation Allowance	(7,421.15)	(7,831.26)
<b>Net Deferred tax asset</b>	<b>-</b>	<b>-</b>

12. Share capital

(Rs. in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Authorized Shares</b> 700,000,000 (previous year 700,000,000) equity shares of Rs. 10 each	70,000.00	70,000.00
<b>Issued, Subscribed and fully paid-up shares</b> 560,152,841 (previous year 560,152,841) equity shares of Rs 10 each fully paid	56,015.28	56,015.28
<b>Total</b>	<b>56,015.28</b>	<b>56,015.28</b>

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2020		As at March 31, 2019	
	Numbers of shares	(₹ in lakhs)	Numbers of shares	(₹ in lakhs)
Shares outstanding at the beginning of the year	560,152,841	56,015.28	560,152,841	56,015.28
Movement during the year	-	-	-	-
Shares outstanding at the end of the year	560,152,841	56,015.28	560,152,841	56,015.28

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. 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 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.

(c) Detail of shares held by the holding company:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Numbers of shares	(₹ in lakhs)	Numbers of shares	(₹ in lakhs)
Mafana Power Company Limited, the holding company, alongwith its nominees	492,955,640	49,295.56	492,955,640	49,295.56

(d) Details of shareholders holding more than 5% shares in the Company:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Numbers of shares	(In %)	Numbers of shares	(In %)
Name of the Shareholders				
Mafana Power Company Limited	492,955,640	88.00%	492,955,640	88.00%
International Finance Corporation, Washington	67,197,201	12.00%	67,197,201	12.00%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents both legal & beneficial ownership of shares.

13. Other equity

Particulars	(₹ in lakhs)
<b>Retained earnings:</b>	
Balance as at April 1, 2018	(16,920.62)
Profit for the year	2,263.40
Other comprehensive income	(16.08)
<b>Balance as at March 31, 2019</b>	<b>(14,673.30)</b>
Profit for the year	2,856.66
Other comprehensive income	(67.04)
<b>Balance as at March 31, 2020</b>	<b>(11,883.68)</b>



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14. Non-Current Borrowings

Particulars	Non-current (Rs. in lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>Redeemable Non-Convertible Debentures</b>		
13,09,825 debenture of Rs 1000 each (Previous year - 13,09,825 debenture of Rs 1000 each)		11,788.43
<b>Term loans</b>		
From banks (secured)	8,088.87	15,003.75
From financial institution (secured)	14,153.82	27,258.34
<b>Other loans and advances</b>		
Loan - holding company (unsecured)*	46,380.00	46,380.00
<b>Total</b>	<b>68,622.69</b>	<b>100,430.52</b>
Less: Current maturities (disclosed in other current financial liabilities)	(3,400.78)	(26,433.84)
<b>Total</b>	<b>65,221.91</b>	<b>73,996.68</b>

14.1 Additional Disclosures

As at March 31, 2020

Particulars	Carrying Value (₹ in lakhs)	Last Maturity Date	Repayment terms
<b>(i) Term Loan from Bank:</b>			
Indusind Bank Limited	8,088.87	August 31, 2027	The Company has agreed with Indusind Bank Limited for Voluntary prepayment of certain portion of loan equivalent to 15 installments on July 31, 2019 without any prepayment fee, Balance 32 structured installments
<b>(ii) Term Loan from Financial Institutions:</b>			
International Finance Corporation (Washington)	849.35	July 15, 2020	Balance loan amount is repayable in structured 2 quarterly installments
International Finance Corporation (Washington)	7,767.87	January 15, 2023	Balance loan amount is repayable in structured 12 quarterly installments.
NIIIF Infrastructure Finance Limited - 1	-	February 23, 2020	The Company has fully repaid pre-payment of the entire loan to NIIIF Infrastructure Ltd on February 23, 2020 without incurring any prepayment fee.
NIIIF Infrastructure Finance Limited - 2	3,993.93	August 31, 2020	Balance loan amount is repayable in structured in 44 Structured installments
India Infradebt Limited - 1	-	September 24, 2019	The Company has fully repaid pre-payment of the entire loan on September 24, 2019 without any prepayment fee
India Infradebt Limited - 2	1,542.67	August 31, 2027	Balance loan amount is repayable in structured in 32 quarterly installments.
<b>(iii) Loan and advances from related party - holding company</b>			
Malnna Power Company Limited (Unsecured)	46,380.00	-	Subordinated loan agreement between the Company and the holding company. The loan granted is repayable only once all obligation to the outside lenders have been paid and discharged in full
<b>Total</b>	<b>68,622.69</b>		

(i) Term Loan from Bank:

The Company has taken Indian Rupee term loans from Indusind Bank Limited. The loan is carrying fixed interest @ 9.15% p.a. till 31st July 2020 (previous year @ 9.15% per annum).

Secured by way of first mortgage and charge on all immovable properties wherever situated, both present and future, and hypothecation of all movable assets, intangibles, bank debts, operating cash flows, all bank accounts etc., present and future, of the Company, on pari passu basis. Further, the holding company, Malnna Power Company Limited, has provided corporate guarantee (up to annual cap of Rs.80.00 Cr) in case of default in repayment and has also pledged its investment in the Company.

A pledge over all the shares held by the Malnna Power Company Limited (i.e. 88% of the total equity share capital and except 49,890 (0.01%) shares held jointly with individual shareholders) in favour of the Security Trustee/ the Lender. IDBI Trusteeship Services Limited is acting as the Security Trustee on behalf of the senior lenders and the charge is jointly created in its favour.

(ii) Term Loan from Financial Institutions:

(i) Term loan from a financial institution (represents loan from IFC, Washington, also a minority shareholder) was taken during the financial year 2007-08 and carries fixed interest @ 7.51% to 10.18% per annum. Further term loan from IFC Washington was taken during the years 2009-10 to 2011-12 and carries fixed interest @ 10.19% to 11.50% per annum.

Secured by way of first charge and mortgage on all immovable properties wherever situated, both present and future, and hypothecation of all movable assets, intangibles, bank debts, operating cash flows, all bank accounts etc., present and future, of the Company, on pari passu basis. Further, the holding company, Malnna Power Company Limited, has provided corporate guarantee (up to annual cap of Rs.80.00 Cr) in case of default in repayment and has also pledged its investment in the Company.

A pledge over all the shares held by the Malnna Power Company Limited (i.e. 88% of the total equity share capital and except 49,890 (0.01%) shares held jointly with individual shareholders) in favour of the Security Trustee/ the Lender. IDBI Trusteeship Services Limited is acting as the Security Trustee on behalf of the senior lenders and the charge is jointly created in its favour.

(ii) The Company had taken Indian Rupee term loans from (NIIIF Infrastructure Finance Limited - 1) carrying floating interest at ICICI base rate plus 0.675% currently @ 9.65% per annum (previous year @ 9.525% per annum). Further, the Company has also taken Indian Rupee term loan from (NIIIF Infrastructure Finance Limited - 2) carrying fixed interest @ 9.65% per annum fixed for 5 years.

Secured by way of first mortgage and charge on all immovable properties wherever situated, both present and future, and hypothecation of all movable assets, intangibles, bank debts, operating cash flows, all bank accounts etc., present and future, of the Company, on pari passu basis. Further, the holding company, Malnna Power Company Limited, has provided corporate guarantee (up to annual cap of Rs.80.00 Cr) in case of default in repayment and has also pledged its investment in the Company.

A pledge over all the shares held by the Malnna Power Company Limited (i.e. 88% of the total equity share capital and except 49,890 (0.01%) shares held jointly with individual shareholders) in favour of the Security Trustee/ the Lender. IDBI Trusteeship Services Limited is acting as the Security Trustee on behalf of the senior lenders and the charge is jointly created in its favour.

(iii) The Company has taken Indian Rupee term loans from India Infradebt Ltd. Carrying interest @ 9.65% per annum (fixed for 5 years).

Secured by way of first mortgage and charge on all immovable properties wherever situated, both present and future, and hypothecation of all movable assets, intangibles, bank debts, operating cash flows, all bank accounts etc., present and future, of the Company, on pari passu basis. Further, the holding company, Malnna Power Company Limited, has provided corporate guarantee (up to annual cap of Rs.80.00 Cr) in case of default in repayment and has also pledged its investment in the Company.

A pledge over all the shares held by the Malnna Power Company Limited (i.e. 88% of the total equity share capital and except 49,890 (0.01%) shares held jointly with individual shareholders) in favour of the Security Trustee/ the Lender. IDBI Trusteeship Services Limited is acting as the Security Trustee on behalf of the senior lenders and the charge is jointly created in its favour.

(iii) Loan and advances from related party - holding company (unsecured)\*

Term loan from holding company is unsecured and was given between the year 2006 to 2009 under the erstwhile Companies Act, 1956 as per the terms of the subordinated loan agreement between the company and the holding company. The loan granted is repayable only once all obligation to the outside lenders have been paid and discharged in full and the interest thereon is payable as per the conditions stipulated in the financing agreements.

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15. Current tax asset/(Current tax liabilities)		(Rs.in lakhs)	
Particulars	As at March 31, 2020	As at March 31, 2019	
Provision for income tax	1,294.73	820.48	
Less: Advance tax / Tax deducted at source	(1,068.00)	(782.18)	
<b>Current tax asset/(Current tax liabilities)</b>	<b>226.73</b>	<b>38.30</b>	

16. Other financial liabilities		(Rs.in lakhs)			
Particulars	Non - current		Current		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	
Capital creditors	-	-	12.81	18.70	
Interest accrued but not due on loan from holding company	29,606.17	25,327.61	-	-	
Current maturities of long term borrowings	-	-	3,400.78	26,433.84	
Deposit from contractors and others	-	-	8.78	7.98	
Amount re-investable to Holding Company*	-	-	-	32.58	
Interest accrued but not due on loan from bank and financial institutions	-	-	188.98	268.80	
<b>Total</b>	<b>29,606.17</b>	<b>25,327.61</b>	<b>3,611.35</b>	<b>26,761.90</b>	

\* Represents retirement benefits amount Rs. nil (previous year Rs.32.58 lakhs) payable to employee for tenure served in the the Company, paid by the Holding company to the employee on retirement.

17. Provisions		(Rs.in lakhs)			
Particulars	Non - current		Current		
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	
Provision for employee benefits:					
- Gratuity	-	-	84.20	14.11	
- Compensated absences	155.28	122.01	9.67	6.80	
<b>Total</b>	<b>155.28</b>	<b>122.01</b>	<b>93.87</b>	<b>20.91</b>	

18. Trade payables*		(Rs.in lakhs)	
Particulars	Current		
	As at March 31, 2020	As at March 31, 2019	
Trade payables (other than acceptances)			
- total outstanding dues of micro, small and medium enterprises (Refer Note below)	-	-	
- total outstanding dues of creditors other than micro, small and medium enterprises	844.56	799.49	
<b>Total</b>	<b>844.56</b>	<b>799.49</b>	

\* There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

Note: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
The principal amount remaining unpaid to any supplier as at the end of the year	-	-
The interest due on principal amount remaining unpaid to any supplier as at the end of the year	-	-
The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act.	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

19. Other liabilities		(Rs.in lakhs)	
Particulars	Current		
	As at March 31, 2020	As at March 31, 2019	
Statutory liabilities (Contribution to PF, TDS, GST, etc.)	151.52	40.09	
Advance received for tower rerouting work (net)	114.82	92.94	
<b>Total</b>	<b>266.34</b>	<b>133.03</b>	

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AD Hydro Power Limited  
Notes To The Financial Statements For The Year Ended March 31, 2020

20. Revenue from operations

(Rs.in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) Revenue from power supply (gross)	21,771.45	21,619.80
b) Revenue from transmission income (gross)	2,460.15	3,166.05
Less : Discount and Rebates	(1,059.11)	(1,173.06)
Less : NRLDC/ULDC charges	(19.60)	(13.97)
Less : Unscheduled interchange (charges) / credit	246.83	(231.82)
<b>Revenue from Operations (net)</b>	<b>23,399.72</b>	<b>23,367.00</b>

21. Other income

(Rs.in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) Interest income		
i) Financial assets held at Amortised cost		
- Interest on bank deposits	740.11	2,094.12
- Interest on employee loan	0.70	0.15
ii) Others		
- Interest on Income tax refund	6.60	2.79
b) Others non operating income		
- Sale of certified emission reductions	11.25	-
- Miscellaneous income	58.64	104.13
c) Others gain and losses		
- Gain on disposal of property, plant and equipment	17.54	3.62
<b>Total</b>	<b>834.84</b>	<b>2,204.81</b>

22. Employee benefits expenses

(Rs.in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	1,191.96	1,130.64
Director's remuneration	24.88	37.63
Contribution to provident and other funds	72.86	61.19
Gratuity expenses (Refer note 32)	17.67	18.25
Compensated absences expenses	36.21	32.81
Workmen and staff welfare expenses	89.50	90.47
<b>Total</b>	<b>1,433.08</b>	<b>1,370.99</b>

23. Finance costs

(Rs.in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) Interest cost		
- Interest on term loans	2,885.43	4,765.49
- On sub debt loan*	4,753.95	5,101.80
- On debentures	49.57	1,242.22
b) Other borrowing costs		
- Financial and bank charges	26.40	27.52
<b>Total</b>	<b>7,715.35</b>	<b>11,137.03</b>

\* Interest on sub debt loan is reduced from 11.00% p.a. to 10.25% p.a. w.e.f April 1, 2019

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AD Hydro Power Limited  
Notes To The Financial Statements For The Year Ended March 31, 2020

24. Depreciation expense

(Rs.in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment	6,043.99	6,030.19
<b>Total</b>	<b>6,043.99</b>	<b>6,030.19</b>

25. Other expense

(Rs.in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Stores, spares & other consumables	595.54	235.46
Rent	42.30	41.83
Power and fuel	80.78	96.18
Repair and maintenance		
- Civil work	209.23	353.62
- Plant and machinery	121.29	243.98
- Others	24.25	15.00
Rates and taxes	1.99	1.56
Insurance	267.96	207.02
Payment to auditor	15.94	23.49
Traveling and conveyance	26.53	30.63
Legal and professional expenses	184.14	150.83
Security arrangement expense	141.46	135.41
Social welfare expenses	33.54	25.02
Corporate social responsibility expenses	64.87	30.22
Vehicle running and hiring expenses	93.17	100.90
Miscellaneous expenses	125.41	143.69
<b>Total</b>	<b>2,028.40</b>	<b>1,834.84</b>

Notes :

(i) Payment to auditors:

(Rs.in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
- Audit fee	15.34	7.08
- Fee for group reporting	-	8.99
- Fee for certification	0.53	6.49
- Out of pocket expenses	0.07	0.93
<b>Total</b>	<b>15.94</b>	<b>23.49</b>

(2) Corporate social responsibility expenditure

(Rs.in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) Amount required to be spent as per Section 135 of the Act	25.50	30.20
b) Amount spent during the year on-		
(i) Construction/Acquisition of any asset	0.76	3.00
(ii) On purposes other than (i) above	64.11	27.22
<b>Total (i) + (ii)</b>	<b>64.87</b>	<b>30.22</b>

26. Tax expense

(Rs.in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Current tax (Minimum Alternate Tax)	625.81	653.97
(b) Tax charge related to previous years	-	18.14
<b>Total</b>	<b>625.81</b>	<b>672.11</b>

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AD Hydro Power Limited  
Notes To The Financial Statements For The Year Ended March 31, 2020

NOTES:

(a) Tax reconciliation

(Rs.in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before Income-tax	3,482.47	2,935.51
Tax expense at India's statutory income tax rate of 26% (Previous year 26%)	905.44	763.23
Less: set off of carried forward unabsorbed depreciation	(905.44)	(767.23)
Net Income tax expense	-	-
Add: MAT on book profits	625.81	653.97
Add: Current tax charge related to previous years	-	333.25
Less: Deferred tax charge related to previous years	-	(315.11)
<b>Income tax expenses reported in the Statement of Profit &amp; Loss</b>	<b>625.81</b>	<b>672.11</b>

(b) Items on which Deferred tax asset has not recognized

(Rs.in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Unabsorbed depreciation brought/carried forward	6,100.51	7,136.42
MAT credit entitlement	1,320.64	694.84
<b>Total</b>	<b>7,421.15</b>	<b>7,831.26</b>

27. Earning per share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year attributable to owners of the Company (Rs. in lakhs) (a)	2,856.66	2,263.40
Weighted average number of equity shares for the purpose of basic and diluted earning per share (No. of share in lakh) (b)	5,601.53	5,601.53
<b>Basic and Diluted earning per share (in ₹) (a) / (b)</b>	<b>0.51</b>	<b>0.40</b>

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## 28 Segment Reporting

The Company's activities involves generation and sale of hydro power. 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 Indian Accounting Standard 108 'Segment Reporting'. The Chief Operational Decision Maker monitors the operating results as one single segment for the purpose of making decisions about resource allocation and performance assessment and hence, there are no additional disclosures to be provided other than those already provided in the financial statements.

Revenue of the Company is majorly from sale of electricity to two major customers.

## 29 Contingent Liabilities and Commitments (to the extend not provided for)

## 29.1 Contingent Liabilities

Particulars	(Rs. in lakhs)	
	31-Mar-20	31-Mar-19
Claims against the Company not acknowledged as debt:		
Demand under The Building & Other Construction Workers Welfare Cess Act, 1996 (BOCW) (Refer note (a) below)	1,459.58	1,459.58
Demand under Local Area Development Fund (LADF) from Directorate of Energy, Government of Himachal Pradesh (refer note (b) below)	1,427.00	1,427.00
Demand raised by Directorate of fisheries. Himachal Pradesh (refer note (c) below)	99.75	99.75
Demand of lease rentals by Himachal Pradesh Govt. for diverted forest land (refer note (d) below)	-	-

\* Company believes that these claims/demands are not probable to be decided against the Company and therefore, no provision for the above is required.

## Notes:

(a) During the financial year 2012-2013, the Assessing Officer through its order dated January 23, 2013 has raised a demand of ₹1,459.58 lakhs under the Building & Other Construction Workers Welfare Cess Act, 1996 ("BOCW Act") for the period from January 1, 2005 to July 31, 2012. The Company is of the view, based upon legal expert opinion, the obligation to pay Cess under BOCW Act arise only for the period commencing from December 8, 2008 to July 1, 2010 (i.e from the date when the rules were notified and up to the date when factory license was granted). Based upon this, the Company had filed a writ petition before the High Court of Himachal Pradesh for the above said amount. During the hearing held on February 28, 2013, an interim Stay has been granted against the demand.

Pending any further directions by the High Court and based upon the legal expert opinion, management is of the view that no provision is deemed necessary in the financial statements in this regard.

(b) During 2006, Directorate of Energy (DOE) of Himachal Pradesh had raised a demand of ₹ 1,427 lakh towards local area development fund (LADF) @ 1.5% of the final cost of the project of ₹ 1607 crores after considering the expenses already incurred by the Company of Rs 984 lakh, based upon the guidelines issued on LADF activities by Government of Himachal Pradesh in December 11, 2006 and as amended in October 5, 2011. However, the management is of the view, i) the amount should be computed @ 1.5% of the total capital cost as reflected in Detailed Project Report i.e. ₹ 922 crores in terms of agreement dated November 05, 2005 entered with the Government of Himachal Pradesh; ii) the DOE had not considered the total amount incurred and deposited by the Company aggregating to ₹1423 lakhs. Had these been considered/computed appropriately, the above said demand would not arise. Management is of the view that the Company has complied with the conditions agreed in terms of the agreement dated November 05, 2005 with Government of Himachal Pradesh which is prior to the date of guidelines issued in 2006 and thus no additional provision is required. Currently this matter is being contested before High Court of Himachal Pradesh on which stay has been granted on the said demand.

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**AD Hydro Power Limited**

**Notes to Financial Statements for the year ended March 31, 2020**

- (c) The Department of Fisheries vide letter dated January 4, 2013 directed the Company to pay an amount of ₹ 99.75 lakh for granting of No Objection Certificate (NOC) for setting up Hydro Power Project in the state of Himachal Pradesh as per the requirements of HP State Pollution Control Board. Management is of the view that the Company is not covered under the negative list under the policy norms issued in 2008 by the Fisheries Department for issuance of NOC in setting up the Power Project in the state of Himachal Pradesh and thus the above said demand is not tenable hence no provision is required.

The Company has filed a writ petition in High Court of Shimla and is contesting the same on the ground that the streams identified in respect of ADHPL project are not covered in the negative list issued by Fisheries Department. The Company has deposited under protest an amount of ₹35 lakhs as per interim order of High Court of Himachal Pradesh. The Hon'ble High Court of Himachal Pradesh has granted stay on the said demand.

- (d) The Company is subject to certain legal proceedings and claims, which have arisen in the ordinary course of business, for the lands and right to use lands acquired by it and recovery suits filed by various parties. These cases are pending with various courts. After considering the circumstances and legal advice received, the management believes that the chances to decide the case against the Company is remote and thus these cases will not have any material impact on the financial statements.

- (e) Based upon the legal opinion obtained by the management, there are various interpretation issues and thus is in the process of evaluating the impact of the recent Supreme Court Judgment in the case of "Vivekananda Vidyamandir vs Regional Provident Fund Commissioner (II), West Bengal in relation to non-exclusion of certain allowances from the definition of "basis wages" of the relevant employees for the purpose of determining contribution to provident fund under the Employees Provident Fund & Miscellaneous provisions Act, 1952.

Pending issuance of guidelines by the regulatory authorities on the application of this ruling, the impact on the Company for the previous periods, if any, cannot be ascertained.

**29.2 Commitments**

- (a) AD Hydro Power Limited has entered into Bulk Power Transmission Agreement with Power Grid Corporation of India Limited (Power grid) to avail long term open access to the transmission system of Power grid for transfer of power from Allain Duhangan HEP to Northern Region Constituents. The Company has agreed to share and pay all the transmission charges of Power grid for a period of 40 years from Commercial Operation Date i.e. July 29, 2010. This is being a firm commitment, recognized as an expense on receipt of monthly bills from Power grid, under the head 'Bulk power transmission charges' in the Statement of profit and loss.

Besides, in accordance with implementation agreement with Government of Himachal Pradesh (GOHP), the company shall provide 12% of its deliverable energy free of cost to GOHP.

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**AD Hydro Power Limited**

**Notes to Financial Statements for the year ended March 31, 2020**

- (b) The Company has other commitments for the purchase order issued after considering the requirement per operating cycle for purchase of goods and services in the normal course of business. The Company does not have any long term commitments of material non-cancellable contractual commitments / contracts including derivative contract for which there were any material foreseeable losses.

**29.3 Other matters**

- (i) As on March 31, 2020, the Company has networth of ₹ 44,131.60 lakh (Previous Year ₹ 41,341.98 lakh) and has accumulated losses of ₹ 11,883.68 lakh as at March 31, 2020. Based on financial projections (including the projected tariff) arrived at after considering the past experience of running similar power project and renewable source of fuel, management believes that profits will continue to accrue on account of expected increase in tariff and hence no adjustments are required to the carrying amount of property, plant and equipment on account of impairment and the Company will have sufficient cash flow to meets its future obligations.
- (ii) On October 17, 2019, the Central Electricity Regulatory Commission (CERC) passed an Order on the Dedicated Transmission System of AD Hydro Power Limited (subsidiary company) in which CERC approved the capital cost of Dedicated Transmission System to Rs.23,892 lacs as against the capital cost submitted by the Company amounting to Rs.41,661 lacs (on the date of COD)/Rs.45,284 lacs (with additional capitalization) and accordingly determined the annual fixed cost (Transmission Tariff) for using transmission line for the period 2011-12 to 2018-19.

The management is of the view that the methods used to derive the capital cost by the CERC are not in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations ("regulations") for the period 2009-14 and 2014-19 and Electricity Act, 2003. Further, the Company has filed an appeal against the said order before Appellate Tribunal for Electricity (APTEL) and pursuant to an appeal filed, the APTEL has passed an interim order dated January 17, 2020 and stayed the above said demand and directed not to issue any readjustment bills along with the direction to continue to issue the future bills in accordance with the CERC Order till the appeal is finally disposed-off. The Company has accordingly started raising the invoices based on the CERC order effective 18th October, 2019 and recognized as transmission income.

Pending litigation and final decision on the appeal, the Management, based on the legal opinion, is of the view that the Order is not legally tenable and would not have any material liability on the subsidiary company and accordingly trade receivable (including unbilled revenue) aggregating to Rs. 3,319.88 lakh is good and fully recoverable and no provision is required in respect of possible exposure aggregating to Rs. 6,121.81 lakh towards amount already collected from the users of Dedicated Transmission Line till March 31, 2020.

Further, the management is confident that there would be no significant impact on the financial position of the subsidiary company in respect of transmission losses which is to be determined by the NRLDC as directed in the CERC Order.

Further, CERC has directed to share the losses on the basis of weekly average losses in proportion to the scheduled energy on weekly basis instead of a flat charge of 4.75% and accordingly directed the NRLDC to compute the same. However, the management is confident that there would be no significant impact on the financial position of the subsidiary company in respect of transmission losses as the actual losses during the peak season are likely to be higher.

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**AD Hydro Power Limited****Notes to Financial Statements for the year ended March 31, 2020**

(iii) Himachal Pradesh State Electricity Board Limited (HPSEBL) had withheld an amount of ₹ 316.68 lakhs on account of energy not supplied to them because of shut down of plant on date August 20, 2010. In the previous year Company initiated the arbitration proceedings to the recover the said amount. In 2015, the Hon'ble Arbitrator had decided the matter in favour of HPSEBL against which the Company has preferred an appeal before the Hon'ble High Court of Shimla. Currently the matter is under adjudication. The management is of the view that it had already informed HPSEB about the shut down as the schedule was given of Nil power for the period of shut down, therefore the claim of HPSEB is not legally tenable. However the entire receivable of ₹ 316.68 lakhs has been provided by the Company in the prior year.

**30 Related Party Disclosures**

Disclosures as required by Ind AS 24 – “Related Party Disclosures” are as follow:

## a) Names of related parties and description of relationship

Description of relationship	Name of related party
Ultimate Holding Company	Bhilwara Energy Limited
Holding Company	Malana Power Company Limited
Enterprise having significant influence over the company	Statkraft Holding Singapore Pte. Limited (SHSPL)
Fellow Subsidiary Companies	Indo Canadian Consultancy Services Limited
Key Management Personnel	Mr. R. P. Goel, Whole Time Director (Cession w.e.f. November 28, 2019)
Enterprises on which Statkraft Holding Singapore Limited (SHSPL) has significant influence	(i) Statkraft Market Pvt Ltd, India (ii) Statkraft Invest Asia Pte Ltd, Singapore (iii) Statkraft India Pvt Ltd (iv) Statkraft Market GmbH, Germany
Trust under common control	i) AD Hydro Power Limited Employees Group Gratuity Trust ii) AD Hydro Power Limited Sr. Executive Group Superannuation Scheme Trust

\* Additional related parties identified as per Companies Act, 2013

Non-Executive Director, CEO and CFO	Mr. O P Ajmera
Company Secretary	Mr. Arvind Gupta

b) Names and details of transaction of related parties during the year are as follows:

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( ₹ in lakhs )

Transaction with related parties Nature of Transactions	Ultimate Holding Company Enterprises having significant influence over the Company		Holding Company/Enterprises having significant influence over the Company		Key Management Personnel		Subsidiary/Below subsidiary Company		Transactions/Commitment control	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Transactions during the year</b>										
(i) <u>Remuneration paid</u>										
a) Mr. R.P. Goel	-	-	29.63	44.81	-	-	7.27	5.87	-	-
(ii) <u>Consultancy service charges paid to:</u> Indo Canadian Consultancy Services Limited										
a) Malana Power Company Limited	-	-	0.23	32.68	-	-	-	-	-	-
b) Bhitwara Energy Limited	8.21	9.89	-	-	-	-	-	-	-	-
(iii) <u>Reimbursement of expenses paid to:</u>										
(iv) <u>Reimbursement of expenses recovered from:</u>										
a) Malana Power Company Limited	-	-	-	2.25	-	-	-	-	-	-
(v) <u>Interest on unsecured loan given to :</u>										
Malana Power Company Limited	-	-	4,753.95	5,101.80	-	-	-	-	-	-
(vi) <u>Professional expenses paid to :</u>										
Shakti Market Pvt Ltd	-	-	68.82	48.52	-	-	-	-	-	-
(vii) <u>Contribution made in Trusts:</u>										
a) AD Hydro Power Company Ltd Employee Group Gratuity Trust	-	-	-	-	-	-	-	-	34.32	19.72
b) AD Hydro Power Company Ltd Sr. Executive Group Superannuation Trust	-	-	-	-	-	-	-	-	1.50	12.50
(viii) <u>Benefits paid on behalf of Trusts:</u>										
a) AD Hydro Power Company Ltd Employee Group Gratuity Trust	-	-	-	-	-	-	-	-	20.42	-
b) AD Hydro Power Company Ltd Sr. Executive Group Superannuation Trust	-	-	-	-	-	-	-	-	18.50	-
<u>Balances Receivable:</u>										
a) Shakti Market Private Limited	-	-	0.33	0.29	-	-	-	-	-	-
<u>Balances Payable:</u>										
a) Indo Canadian Consultancy Services Limited	-	-	-	-	-	-	4.14	-	-	-
b) Unsecured Loan taken from Malana Power Company Limited	-	-	46,380.00	46,380.00	-	-	-	-	-	-
c) Interest on Unsecured Loan taken from Malana Power Company Limited	-	-	29,606.17	25,327.61	-	-	-	-	-	-
c) Amount payable to Malana Power Company Limited	-	-	-	32.58	-	-	-	-	-	-

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c) Compensation of Key Management Personnel

(Rs. in lakhs)

Particulars	Mr. R P Goel	
	Whole Time Director	
	31-Mar-20	31-Mar-19
Short Term Benefit#	29.63	44.81
Total	29.63	44.81

Key Managerial Personnel are entitled to post-employment benefits and other long term employee benefits recognized # as per Ind AS 19 – Employee Benefits” in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation.

31 Operating Leases arrangements

Operating lease relate to leases of office premise, equipment, guest houses, godown and vehicle with a term of 1 year. During the year, the Company has recognize lease rent expense of ₹76.04 lakhs (previous year ₹75.95 lakhs) in the statement of Profit and loss account.

(Rs. in lakhs)

Particulars	31-Mar-20	31-Mar-19
Claims against the Company not acknowledged as debt:		
Lease Rent		
- for building	32.87	32.23
- for vehicles	43.17	43.72
Total	76.04	75.95

32 Employee Benefit Plan

32.1 Defined contribution plan

i) Superannuation Fund

The Company makes Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the superannuation fund set up as a trust by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return and recognizes such contributions and shortfall, if any, as an expense in the year it is incurred. Having regard to the assets of the fund and the return on the investments, the Company does not expect any shortfall in the foreseeable future. The Company recognized ₹ 4.75 lakh (previous year ₹ 2 lakh) in the statement of profit and loss account.

ii) Provident Fund

The Company makes Provident Fund contributions which are defined contribution plan, for qualifying employees. Under the scheme Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹68.11 lakh (previous year ₹ 59.19 lakh) in the statement of profit and loss account. (Refer note 22)

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## 32.2 Details of defined benefit plan and long term employee benefit plan

## i) Gratuity Fund

The Company has a defined benefit gratuity plan. The gratuity plan is primarily governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The level of benefits provided depends on the member's length of service and salary at the retirement date. The gratuity plan is funded plan. The fund has the form of a trust and is governed by Trustees appointed by the Company. The Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy in accordance with the regulations. The funds are deployed in recognised insurer managed funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimates of expected gratuity payments.

## ii) Long term employee benefits plan

Compensated absence represents earned leaves. Long term compensated absence has been provided on accrual basis based on actuarial valuation.

## 32.3 Disclosure required for Gratuity and Compensated absence in accordance with Ind AS-19 "Employee Benefits" are set out in the table below:

## i) Current and Non – Current classification in Balance Sheet

Particulars	31-Mar-20			31-Mar-19		
	Current	Non-Current	Total	Current	Non-Current	Total
Compensated absence obligation	9.67	155.28	164.95	6.80	122.01	128.81
Gratuity:						
-Present value of funded defined benefit obligation	-	-	281.63	-	-	188.62
Fair value of plan assets	-	-	196.92	-	-	174.51
Net defined benefit obligation recognized in balance sheet	84.71		84.71	14.11	-	14.11

## ii) Movement in the present value of defined benefit obligation

Particulars	Gratuity		Compensated absences	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Present value of obligation as at the beginning of the period	188.62	190.12	128.81	138.26
Interest Cost	14.69	14.83	10.03	10.78
Current Service Cost	16.59	16.71	12.81	12.36
Benefits Paid	(0.21)	(31.95)	(0.08)	(26.57)
Acquisition/(Divestiture)	-	(16.89)	-	(15.69)
Actuarial (Gain)/Loss on obligation	61.94	15.80	13.38	9.67
Present value of obligation as at the End of the period	281.63	188.62	164.95	128.81

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## iii) The amounts recognized in the Profit and Loss account

(Rs. in lakhs)

Particulars	Gratuity		Compensated absences	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Service Cost	16.59	16.71	12.81	12.36
Net Interest Cost	1.08	1.54	10.03	10.78
Remeasurements	-	-	13.37	9.67
Expense recognized in the Income Statement	17.67	18.25	36.21	32.81

## iv) Amount recorded as Re-measurement Gain / (Loss) in Other Comprehensive Income (OCI)

(Rs. in lakhs)

Particulars	Gratuity	
	31-Mar-20	31-Mar-19
Actuarial gain / (loss) for the year on PBO	61.94	15.80
Actuarial gain / (loss) for the year on Asset	5.11	0.28
Defined benefit cost recognized in other comprehensive income.	67.04	16.08

## v) Movement in the fair value of plan assets

(Rs. in lakhs)

Particulars	Gratuity	
	31-Mar-20	31-Mar-19
Fair value of plan assets at the beginning of the year	174.51	170.40
Expected return on plan assets	13.61	13.29
Employer contribution	34.33	19.72
Benefits paid	(20.42)	(28.62)
Actual gain/(loss) on asset	(5.11)	(0.28)
Fair value of plan assets at the end of the year	196.92	174.51

## vi) Major categories of plan assets (as percentage of total plan assets)

Particulars	Gratuity	
	31-Mar-20	31-Mar-19
Government of India Securities	-	-
State Government securities	-	-
High Quality Corporate Bonds	-	-
Equity Shares of listed companies	-	-
Property	-	-
Funds Managed by Insurer *	100%	100%
Bank Balance	-	-
Total	100%	100%

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**vii) Principal Actuarial Assumptions**

Particulars	Gratuity		Compensated absences	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
i) Discounting Rate	6.75	7.79	6.75	7.79
ii) Future salary Increase	5.50	5.50	5.50	5.50
i) Retirement Age (Years)	60	60	60	60
ii) Mortality rates inclusive of provision for disability	100 % of IALM (2006 - 08)		100 % of IALM (2006 - 08)	
iii) Ages	Withdrawal Rate (%)			
18 to 30 Years	3.00	3.00	3.00	3.00
30 to 45 years	2.00	2.00	2.00	2.00
Above 45 years	1.00	1.00	1.00	1.00

**Note:**

- (a) Discount rate is based on the prevailing market yields of Govt. of India Securities as at Balance Sheet date for the estimated term of the obligations.
- (b) The estimate of future salary increased considered, takes into account the inflation, seniority, promotion, increment and other relevant factors.

**viii) Sensitivity Analysis of the defined benefit obligation**

Sensitivity of gross defined benefit obligation as mentioned above, in case of change of significant assumptions would be as under:

Particular	(Rs. in lakhs)	
	Gratuity	
<b>a) Impact of the change in discount rate</b>		
Present Value of Obligation at the end of the period	281.63	
Impact due to increase of 1 %	(28.70)	
Impact due to decrease of 1 %	33.89	
<b>b) Impact of the change in salary increase</b>		
Present Value of Obligation at the end of the period	281.63	
Impact due to increase of 1 %	33.97	
Impact due to decrease of 1 %	(29.27)	

**Note:**

- (a) Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.
- (b) Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

**viii) Maturity Profile of defined benefit obligation**

Expected cash flow for next 10 years	(Rs. in lakhs)	
	Gratuity	
Year - 2021	18.83	
Year - 2022	7.39	
Year - 2023	14.30	
Year - 2024	11.11	
Year - 2025	10.69	
Year - 2026 to 2030	201.53	

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**33 Financial Risk Management Objective And Policies**

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

**(a) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits. The Company is exposed to interest rate risk on variable rate long term borrowings.

The sensitivity analyses in the following sections relate to the position of financial assets and financial liabilities as at March 31, 2020 and March 31, 2019.

**I Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is not exposed to any foreign currency risk as there is no material transaction in foreign currency.

**II Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

**III Interest Risk Exposure**

The exposure of the company's borrowings to interest rate changes at the end of the reporting period are as follows:

Particulars	(Rs. in lakhs)	
	31-Mar-20	31-Mar-19
Variable rate borrowings	-	17,661.91
Fixed rate borrowings	68,622.69	93,003.88
<b>Total</b>	<b>68,622.69</b>	<b>110,665.79</b>

**(a) Sensitivity**

Profit/loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. The table below summarises the impact of increase and decrease of profit before tax on change in interest rate on floating rate debt. The analysis is based on the assumption that interest rate changes by 25 basis points with all other variable held constant. The fluctuation in interest rate has been arrived at on the basis of average interest rate volatility observed in the outstanding loans as on March 31, 2020 and March 31, 2019.

Particulars	(Rs. in lakhs)	
	31-Mar-20	31-Mar-19
Impact on Profit due to:		
Effect on Profit if Interest Rate - decrease by 25 basis points	-	42.57
Effect on Profit if Interest Rate - increases by 25 basis points	-	(42.57)

**(b) Price risk**

The company is not exposed to any price risk as there is no investment in equities outside the Company and the company doesn't deal in commodities.

**(c) Credit risk**

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, unsecured loan to subsidiary company and other financial instruments.

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**AD Hydro Power Limited****Notes to Financial Statements for the year ended March 31, 2020**

To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period.

Financial assets are written off when there is no reasonable expectation of recovery.

- (i) Financial assets to which loss allowance is measured using lifetime /12 months Expected Credit Loss (ECL) as on March 31, 2020.

(Rs. in lakhs)

Financial assets to which loss allowance is measured using lifetime/ 12 months Expected credit loss(ECL)	31-Mar-20			31-Mar-19		
	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision
Loans to employees	36.21	-	36.21	20.81	-	20.81
Security Deposits	7.34	-	7.34	7.28	-	7.28
Trade Receivables	3,499.98	316.68	3,183.30	2,924.56	316.68	2,607.88
Cash and Cash Equivalents	3,023.35	-	3,023.35	499.24	-	499.24
Bank Balances	5,223.85	-	5,223.85	26,588.85	-	26,588.85
Others	361.88	-	361.88	492.50	-	492.50
<b>Total</b>	<b>12,152.61</b>	<b>316.68</b>	<b>11,835.93</b>	<b>30,533.24</b>	<b>316.68</b>	<b>30,216.56</b>

The Company is in the power generation sector. The Company on the basis of its past experience and industry practice is confident on realizing all of its dues from its customers. Hence, the Company has not provided for any discounting on time value of money.

- (ii) Movement in expected credit loss allowance on trade receivables

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model:

(Rs. in lakhs)

Particulars	31-Mar-20	31-Mar-19
Balance at the beginning of the year	316.68	316.68
Add : Provision for expected credit loss recognize during the year	-	-
Less : Provision reverse during the year	-	-
Balance at the end of the year	316.68	316.68

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**(d) Liquidity risk**

Liquidity risk is defined as the risk that Company will not be able to settle or meet its obligation on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. Management monitors the Company's net liquidity position through rolling, forecast on the basis of expected cash flows.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

(Rs. in lakhs)

As at 31-Mar-20	Less than 3 months	3 to 6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings	1,098.76	1,123.69	1,194.21	7,393.83	57,812.20	68,622.69
Trade payables	674.00	16.99	153.57	-	-	844.56
Interest Accrued but not due from holding company	1,066.71	1,078.43	2,133.42	9,183.24	16,144.37	29,606.17
Capital Creditors	-	-	12.81	-	-	12.81
Interest accrued but not due on loan from financial institution	188.98	-	-	-	-	188.98
Deposits from contractors	0.37	0.25	1.44	1.79	4.93	8.78

(Rs. in lakhs)

As at 31-Mar-19	Less than 3 months	3 to 6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings	16,691.38	7,881.96	1,885.43	7,299.00	66,753.17	100,510.93
Trade payables	596.14	65.96	137.39	-	-	799.49
Interest Accrued but not due from holding company	1,132.18	1,157.34	2,302.10	8,683.24	12,052.75	25,327.61
Capital Creditors	-	-	18.70	-	-	18.70
Interest accrued but not due on loan from financial institution	268.80	-	-	-	-	268.80
Amount reimbursable to Holding Company	32.58	-	-	-	-	32.58
Deposits from contractors	0.29	1.04	4.29	2.18	0.18	7.98

**(1) Capital management**

**(a) Risk management**

The Company's objective when managing capital are to:

- (i) safeguard their ability to continue as a going concern , so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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**AD Hydro Power Limited**

**Notes to Financial Statements for the year ended March 31, 2020**

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net Debt (total borrowings net of cash and cash equivalents)  
Divided by  
Total equity (as shown in balance sheet)

The gearing ratios were as follows:

Particulars	(Rs. in lakhs)	
	31-Mar-20	31-Mar-19
Net Debt	65,599.34	99,931.28
Total Equity	44,131.60	41,825.36
Net Debt to Equity Ratio	1.49	2.39

(ii) Financial instruments- accounting classification and fair value measurement

Particulars	31-Mar-20				31-Mar-19			
	Fair value through Profit and loss account	Fair value through OCI	Amortised cost (Carrying amount)	Fair value	Fair value through Profit and loss account	Fair value through OCI	Amortised cost (Carrying amount)	Fair value
Loan to Employees	-	-	36.21	36.21	-	-	20.81	20.81
Security deposit	-	-	7.34	7.34	-	-	7.28	7.28
Trade receivables	-	-	3,183.30	3,183.30	-	-	2,607.88	2,607.88
Cash and Cash Equivalents	-	-	3,023.35	3,023.35	-	-	499.24	499.24
Bank Balances	-	-	5,223.85	5,223.85	-	-	26,588.85	26,588.85
Others	-	-	361.88	361.88	-	-	492.50	492.50
<b>Total Financial assets</b>	-	-	<b>11,835.93</b>	<b>11,835.93</b>	-	-	<b>30,216.56</b>	<b>30,216.56</b>
Borrowings	-	-	68,622.69	68,622.69	-	-	100,430.52	100,430.52
Trade Payables	-	-	844.56	844.56	-	-	799.49	799.49
Interest accrued but not due from holding Company	-	-	29,606.17	29,606.17	-	-	25,327.61	25,327.61
Other Financial liabilities	-	-	188.98	188.98	-	-	301.38	301.38
Sundry Deposit	-	-	8.78	8.78	-	-	7.98	7.98
Capital Creditors	-	-	12.81	12.81	-	-	18.70	18.70
<b>Total financial liabilities</b>	-	-	<b>99,283.99</b>	<b>99,283.99</b>	-	-	<b>126,885.68</b>	<b>126,885.68</b>

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**AD Hydro Power Limited**


**Notes to Financial Statements for the year ended March 31, 2020**

The Company consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statement are approximate to their fair values.

34 Effective 1st April, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1st April, 2019, on the date of transition, using modified retrospective approach and has taken the cumulative adjustment to retained earnings on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been restated. The cumulative effect of applying the standard on retained earnings as of April 1, 2019 and on the profit for the current period and earnings per share is insignificant. Certain assets which are classified under Property, Plant and Equipment, includes Right-of-use asset (ROU) aggregating to Rs. 4132.29 lakhs as at April 1, 2019 as disclosed in Note 3.

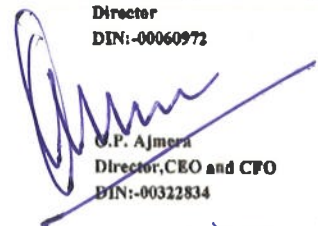
35 The Ministry of home affairs issued Order No.40-3/2020 dated 24.03.2020, notified electricity among the essential services in its guidelines which continued to operate during lock down in the crisis situation of COVID-19, declared as pandemic by World Health Organization. The Company's business being generation and sale of electricity is covered under essential services which is least impacted due to COVID-19. The Company believes that thus far, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company. Further, the company is not expecting any significant change in estimates as of now as the company is running its business and operations as usual without any major disruptions.

For and on behalf of the Board of Directors of  
AD Hydro Power Limited

  
Ravi Jhunjhunwala  
Director  
DIN:-00060972

  
Knut Lef Bredo Erichsen  
Director  
DIN:-07270992



  
S.P. Ajmera  
Director, CEO and CFO  
DIN:-00322834

  
Arvind Gupta  
Company Secretary  
M.No.1-F7690

Place : *Noida*  
Date : *June 4, 2020*

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