AD HYDRO POWER LIMITED

ANNUAL REPORT FOR THE

FINANCIAL YEAR

2016-17

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AD HYDRO POWER LIMITED

PROUD TO BE INDIAN
PRIVILEGED TO BE GLOBAL

To The Members

AD Hydro Power Limited

The Board of Directors of the Company are pleased to present their Fourteenth Annual Report on the business and operations of the Company and audited statement of accounts for the year ended 31st March, 2017 together with the Auditors' Report.

1. FINANCIAL PERFORMANCE

(Rs. in millions)

Particulars	For the financial year ended	
	31st March 2017	31st March 2016
Revenue from operations	2032.96	2210.41
Other Income	493.4	671.1
Total Revenue	**2526.36**	**2881.51**
Operating and Administrative Expenses	627.36	577.76
Operating Profit before Interest, Depreciation & Tax	**1,899.00**	**2,303.75**
Depreciation & Amortization Expenses	602.5	612.96
Profit/ (Loss) before finance costs and Exceptional Items and Tax	**1,296.50**	**1,690.79**
Finance Costs	1271.26	1323.82
Exceptional Items	-	-
Profit/(Loss) before tax	**25.24**	**366.97**
Tax Expenses	**-**	**0**
Net Profit/(Loss)	**25.24**	**366.97**
Other Comprehensive Income	0.14	(0.04)
Total Comprehensive Income/(Loss) for the year	**25.38**	**366.93**
Surplus brought forward from previous year	**(1,742.70)**	**(2,109.63)**
Balance available for appropriation	**25.39**	**366.93**
Balance Carried to Balance Sheet	**(1,717.31)**	**(1,742.70)**
Earning Per Share (in Rs.)		
i) Basic	**0.05**	**0.66**
ii) Diluted	**0.05**	**0.66**

AD Hydro Power Limited

Corporate Office :
Bhilwara Towers, A-12, Sector-1
Noida - 201 301 (NCR-Delhi), India
Tel. : +91 120 4390300 (EPABX)
Fax : +91 120 4277841, 4277842
Website : www.lnjbhilwara.com

Site & Regd. Office :
Prini, Tehsil Manali
Distt. Kullu - 175 143 (H.P.), India
Tel. : +91 1902 250183-84, 253171 (EPABX)
Fax : +91 1902 251798
Website: www.adhydropower.com

Corporate Identification Number: U40101HP2003PLC026108

AD HYDRO POWER LTD.

INDIAN ACCOUNTING STANDARDS (IND AS)

Your Company has adopted Indian Accounting Standards ("Ind AS") with effect from 1st April 2016 with the transition date of 1st April 2015. Accordingly, the Financial Statements for the year ended 31st March 2017 have been prepared in accordance with Ind AS on the historical cost basis except for certain financial instruments that are measured at fair values. The Financial Statements for the year ended 31st March 2016 have been restated to comply with Ind AS to make them comparable.

Your Company has adopted Ind AS pursuant to the notification issued by the Ministry of Corporate Affairs (MCA) and duly prescribed under section 133 of the Companies Act 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 with effect from 1st April 2016. A description of the transition to Ind–AS and its impact on Company's and Group's net profit and equity has been provided in the respective financial statements.

OVERALL PERFORMANCE

The Company recorded revenue from operations of Rs. 2,032.96 million during the financial year 2016-17 as compared to Rs.2,210.41 million in the previous financial year. **The Net profit during the financial year 2016-17 was at Rs.25.24 million as compared to net profit of Rs. 366.97 million in the previous financial year.** The generation during the year stood at 679.10 Million kWh in the financial year 2016-17 as compared to 721.94 Million kWh in the previous financial year 2015-16.

2. DIVIDEND

Keeping in view the financial position of the Company, your Directors do not propose any dividend for the financial year under review.

3. INDUSTRY POTENTIAL & DEVELOPMENT

The power sector in India has witnessed a major addition in capacity in the last 2 years, making India the fifth largest installed capacity in the world. The all India installed power generation capacity stood at 3,26,848 MW as on 31.03.2017 comprising of 2,18,330 MW from Thermal, 44,478 MW from Hydro, 6,780 MW from Nuclear and 57,260 MW from Renewable.

AD HYDRO POWER LTD.

In 2016-17, for the first time, net capacity addition of renewable power exceeded that of conventional power. Record low tariffs of Rs. 2.44 per KWH were achieved in solar energy and of Rs. 3.46 per KWH in Wind energy. Highest ever wind capacity addition of 5.41GW was achieved in 2016-17. Similarly, solar capacity increased 367% in the last 3 years from around 2.6 GW to more than 12.3GW.

India's rank increased to 26 in 2017 from 99 in 2015 on World Bank's Ease of getting Electricity Index. During the fiscal year 2016-17, the energy availability was 1,135.332 billion KWh with a short fall of requirement by 7.596 billion KWh (-0.7%). The peak load met was 156,934 MW with a short fall of requirement by 2,608 MW (-1.6%). Though few states are expected to face energy shortage, power would be made available adequately from the surplus regions with the higher capacity inter regional transmission links.

In order to address the lack of adequate electricity availability to all the people in the country by March 2019, the Government aims to generate two trillion units (kilowatt hours) of energy by 2019 and is undertaking initiatives aimed at doubling the current production capacity to provide 24x7 electricity for residential, industrial, commercial and agriculture use.

While the expected large-scale renewable capacity additions (mainly from solar and wind) will help in meeting a substantial part of India's Intended Nationally Determined Contributions (INDC) commitments and is definitely a welcome step towards securing a green energy future for India, however power from these sources is well known for its inherent variability, hence the need for additional firm balancing capacity is inevitable in the interest of ensuring grid reliability and stability. Hence, development of hydro power plants could not only help in ensuring grid reliability and stability but also reduce the dependency upon fossil fuel to generate power.

A recent committee report on 'Policy Interventions for Hydropower Development', Ministry of Power, estimates that hydro capacity to the tune of 65 GW would need to be developed by 2030. This would mean an addition of approximately 20 GW in the next 12–13 years. Hence a major boost to revive the hydro power sector is a need of hour. Realizing the need for the immediate revival of the hydropower sector in India, the Ministry of Power has recently forwarded a proposal to the Expenditure Finance Committee (EFC) of the Cabinet for approval. This proposal, apart from highlighting the importance of the hydro sector in ensuring long-term sustainable energy security, recommends strategies to accelerate hydropower development. Key highlights of the proposal are given below:

a) Declaring all hydropower irrespective of size as renewable power.

b) Hydropower purchase obligation within currently mandated non-solar renewable purchase obligations (RPOs).

c) Interest subsidy of 4% during construction (max. of 7 years) and 3 years post COD to all hydro projects >25 MW. Subsidy extended to only those projects obtaining COD within 5 years of notification of the scheme.

d) Creation of a Hydro Power Development Fund (HPDF) to be funded from Coal Cess/National Clean Energy Fund (NCEF)/Non-Lapsable Central Pool of Resources (NLCER)/or any other source.

Long term power markets have historically dominated the power sector and expected to continue to do so. However, Indian power market is gradually shifting away from long-term agreements to short and medium-term agreements. Multiple factors have contributed to this shift, including a general expectation on continued reduction in power costs driven by renewable energy. Development of short and medium-term power market has significantly provided an opportunity to the Distribution Utilities to optimize their power purchase portfolio, not only to reduce their overall cost of purchase but also to meet their seasonable as well as peak demand. However, in terms of size the short-term power market remained only 10.30% in 2016-17 leaving ample scope to grow.

On the supply side, additional generation capacity has increased the power availability in the open market. On the other hand, industrial slowdown and strained finances of discoms/utilities have curtailed their demand of power. This aspect, coupled with the fact that demand growth has been tepid, has resulted in unwillingness of procurers to tie themselves up with long term potentially "higher Cost" power. Therefore, under the current Short-term power market scenario, where power supply is more than the demand, there is a lot of pressure on short term power prices. However, the impact of UDAY has started to come up, which may increase the availability of finances with discoms/utilities. This may result in improvement of their power purchasing ability, which is likely to improve the power demand in short term market wherein the company is operating. We remain positive of our success tomorrow and in the years to come.

AD HYDRO POWER LTD.

4. 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.

5. 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.

6. 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.

AD HYDRO POWER LTD.

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.**

7. 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.

8. 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 2016-17, impacting the going concern status and company's operations in future.

9. 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.

AD HYDRO POWER LTD.

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, there was no change in the composition of the Board of Directors, save:

Re-appointments

- During the year, Mr. Ravi Jhunjhunwala, Director would have retired by rotation at the ensuing Annual General Meeting and, being eligible, had offered himself for re-appointment and the members had approved his re-appointment.

Resignations

- 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.

11. 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.

12. MEETINGS OF THE BOARD

The Board of Directors had met 4 (four) times during the financial year 2016-17. The meetings of the Board were held on 2nd May 2016, 30th August 2016, 12th December 2016 and 27th February 2017 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 Jhunjhunwala	Chairman & Director	4	4
2.	Mr. Rajinder Pal Goel	Whole Time Director	4	4
3.	Ms. Tima Iyer Utne	Non-Executive Director	4	4

AD HYDRO POWER LTD.

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

13. 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 2016-17. The composition as well as the Audit Committee meetings held in the financial year 2016-17 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.

AD HYDRO POWER LTD.

S. No.	Name of Member	Designation	Category
1	Mr. Ravi Jhunjhunwala	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 2nd May 2016, 30th August 2016, 12th December 2016 and 27th February 2017 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	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 Composition of the Committee is as under:

For the financial year 2016-17, 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 Managing Director
2	Ms. Tima Iyer Utne	Member	Non-Executive Director
3	Dr. Kamal Gupta	Member	Non-Executive Independent Director

AD HYDRO POWER LTD.

4	Mr. Tantra Narayan Thakur	Member	Non-Executive Independent Director

The Company Secretary acts as the Secretary of the Committee.

➢ <u>Meetings and attendance</u>

There was no meeting of the Committee in the financial year 2016-17.

(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.

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.

<u>The composition of the Corporate Social Responsibility Committee is as under:</u>

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

AD HYDRO POWER LTD.

➢ Meetings and attendance

The committee had met on 25th August 2017.

The attendance for the committee is as follows:

S. No.	Name of Member	Designation	Attended 25th August 2017 (Yes/No)
1	Mr. Ravi Jhunjhunwala	Member	Yes
2	Ms. Tima Iyer Utne	Member	Yes
3	Dr. Kamal Gupta	Member	Yes

(iv) INDEPENDENT DIRECTORS' MEETING

The Independent Directors met on 25th August, 2017, 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 Whole-Time 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.

AD HYDRO POWER LTD.

14. MEETING OF THE MEMBERS

The Annual General meeting of the members was held on 29th September, 2016.

15. 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

16. 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

AD HYDRO POWER LTD.

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.

17. CONTRACTS AND ARRANGEMENTS WITH RELATEDPARTIES

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.

18. STATUTORY AUDITORS

As per the provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration No.301003E) has been appointed as Statutory Auditors for a period of two years in the 12th Annual General Meeting (AGM) of the Company held on 29.09.2015, until the conclusion of the 14th Annual General Meeting of the Company. Accordingly, the Statutory Auditors of the Company, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration

AD HYDRO POWER LTD.

No.301003E) holds office till the conclusion of the ensuing Annual General Meeting of the Company.

After evaluating the Country's leading Auditing Firms, the Board of Directors has identified and recommended the appointment of **M/s Deloitte Haskins & Sells**, (Firm Registration Number is 117366W /W-100018), Chartered Accountants, as the Statutory Auditors of the Company for a term of 5 years (subject to ratification by members at every Annual General Meeting if required under the prevailing law at that time), to hold office from the conclusion of the 14th Annual General Meeting until the conclusion of the 19th Annual General Meeting of the Company. M/s Deloitte Haskins & Sells, (Firm Registration Number is 117366W /W-100018) is registered with the Institute of Chartered Accountants of India and they have expressed their willingness to be appointed as Statutory Auditors of the Company. Further they have further confirmed that the said appointment, if made, would be within the prescribed limits as specified 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. Accordingly, their appointment as Statutory Auditors of the Company from the conclusion of the 14th Annual General Meeting until the conclusion of the 19th Annual General Meeting of the Company, is placed for your approval.

Explanation to Auditors' Comment:

The Auditors' Report read along with notes to accounts is self-explanatory and therefore does not call for any further comments. The Auditors' Report does not contain any qualification, reservation adverse remark or disclaimer.

19. COST AUDITORS

The Cost Audit for financial year ended March 31, 2016 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, 2016 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 27th February 2017, the Board has approved the re-appointment of M/s K.G. Goyal & Co., Cost Accountants (Firm

AD HYDRO POWER LTD.

Registration No. 0017), as the Cost Auditors of the Company for the financial year 2017-18 on 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.

20. 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 2016-17, 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.

21. 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 the financial year 2017-18.

22. 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.

23. 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 31st March, 2017 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.

AD HYDRO POWER LTD.

24. 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.

25. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return inform MGT - 9 is annexed herewith as **Annexure V**.

26. GENERAL DISCLOSURE

- 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. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. No complaints were received during the financial year 2016-17.

- 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.

27. 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.

AD HYDRO POWER LTD.

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 Jhunjhunwala
Chairman
(DIN 00060972)
Address: Bhilwara towers, A-12,
Sector-1, Noida-201301

AD HYDRO POWER LTD.

PLACE: NOIDA
DATE: 25TH AUGUST 2017

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	T.K. Trehan	Addl. Vice President	6.97	Degree in Electrical Engg.EMBA in energy management.PGDMA energy management.	38	58	7-Nov-07	HPSEB as Deputy director for 28years.	Nil	Permanent	No
2	Mr. Rajinder Pal Goel	Whole Time Director	4.48	B.E. (Civil)	52	77	29-Nov-05	Chief Advisor (LNJ Bhilwara Group)	Nil	Contractual	No
3	Arvind Kr. Sharma	A.G.M.-Civil	3.20	Diploma in civil-1994,Corr B Tech Civil-2013	25	48	17-Dec-07	Lanko green power ltd.as Sr Manager for 4months.	Nil	Permanent	No
4	Surya Kant Chehal	VP.O&M	2.78	BSc Engg-Electrical.	42	66	10-Jan-11	HPSEB, Chief Electrical Inspector, 35 Years	Nil	Permanent	No
5	Ramesh Kr. Khaitan	Associate Vice President	2.37	BSc HONS.1974	43	66	18-Sep-06	JK Diary and foods ltd. as Chief commercial manager for 6 years.	Nil	Permanent	No
6	M. P. Joshi	A.G.M.- O&M.	2.85	B.E Mechanical-1991,CorrP.G Dip in operation management-2013	25	46	11-Mar-10	Koyna Hydro power stationAS ASSTT ENGINEER for 6 years.	Nil	Permanent	No
7	Jai Raj Chopra	Manager Mechanical	1.96	B.E Mechanical-1999,	18	45	1-Sep-06	SSJV Project as Mechanical Engineerfor 3 years.	Nil	Permanent	No
8	B.P. Pokhriyal	Manager -Account & HR.	1.91	BSc-1980,PGDBA-1988	28	56	1-Nov-03	HEG Ltd as a Assistant officer for 6 years.	Nil	Permanent	No
9	Tapesh Atri	Manager - Electrical	1.85	Dip. In Elect. 1987	28	49	14-Nov-05	H.P. Equipments Pvt Ldt. 3 Years	Nil	Permanent	No
10	Rajiv Katyal	Manager - Electrical	1.79	B. Tech Electrical 2003	14	41	1-Jul-03	Joind as GET on 1/7/03 at MPCL Jari	Nil	Permanent	No

(B) Names of every employee whose remueration falls under limit prescribed in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S. No.	Name of Employee	Designation	Remuneration (in Rs. millions)	Qualification	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

AD HYDRO POWER LTD.

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 5Years Rs. 2.535 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. 7.684 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;
(b) the year of import;
(c) whether the technology been fully absorbed;
(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 : Rs. NIL

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. In Millions)

S.No.	Particulars	2016-17	2015-16
I	**Foreign Exchange Outgo**		
	Traveling and conveyance	0.00	0.128
	Financial charges	0.68	0.67
	CER Expenses	6.92	6.333
	Others	0.041	0.048
	Total	**7.641**	**7.179**
II	**Foreign Exchange Earnings**		
	Others (Sale of Certified Emission Rights)	387.02	354.52

AD HYDRO POWER LTD.

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 atleast 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;

AD HYDRO POWER LTD.

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

AD HYDRO POWER LTD.

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-

AD HYDRO POWER LTD.

ANNEXURE IV TO THE DIRECTORS' REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[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 company'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, 2017 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 the company for the financial year ended on March 31, 2017 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;

AD HYDRO POWER LTD.

(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 1st July, 2015).

(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.

AD HYDRO POWER LTD.

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 that during the audit period, the Company has undertaken event/action having a bearing on the Company's affairs in pursuance of theabove referred laws, rules, regulations, guidelines, etc.referred to above viz.,

- The Company has done debt refinancing for replacement of high cost debt with low cost debt, wherein the resolution was passed by the Committee of the board of directors on 7th March 2017 and 22nd March 2017 and such Committee was duly constituted by the Board on 12th December, 2016 & 27th February, 2017 in order to avail financial facility from new lenders in order to prepay the lenders like IDBI Bank Limited and ICICI Bank Limited.

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: 09.08.2017

AD HYDRO POWER

'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: 09.08.2017

AD HYDRO POWER LTD

ANNEXURE V TO THE DIRECTORS' REPORT

FORM NO. MGT.9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2017
[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 Non Government Company
v)	Address of the registered office and contact details	Village Prini, P. O. Jagat Sukh, The Manali, Dist. Kullu, Himachal Pradesh; 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.I. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the 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)

AD HYDRO POWER LTD.

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				
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change during the year
A. Promoters									
(1) **Indian**									
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	492905750		492905750	87.99	NIL
e. Banks / FI									
f. Any Other....									
Sub-total (A) (1):-	**492,905,750**	**49,890**	**492,955,640**	**88.00**	**492905750**	**49,890**	**492,955,640**	**88.00**	**NIL**
(2) **Foreign**									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**492,905,750**	**49,890**	**492,955,640**	**88.00**	**492,905,750**	**49,890**	**492,955,640**	**88.00**	**NIL**
B. Public Shareholding									
1. Institutions									
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) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	**67,197,201**		**67,197,201**	**12.00**	**67,197,201**		**67,197,201**	**12.00**	**NIL**
2. Non-Institutions									
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)									
Sub-total (B)(2):-									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**560,102,951**	**49,890**	**560,152,841**	**100**	**560,102,951**	**49,890**	**560,152,841**	**100**	**NIL**

ii. SHAREHOLDING OF PROMOTERS

S.I. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding 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 Limited	492,955,640	88%	88%	492,955,640	88%	88%	NIL
	Total	**492,955,640**	**88%**	**88%**	**492,955,640**	**88%**	**88%**	**NIL**

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.

AD HYDRO POWER LTD.

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

S.I. No.	Particulars	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	-	-	-	-
2	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	NO CHANGES			
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 Share holding 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%

AD HYDRO POWER LTD.

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 shares of the company
	At the beginning of the year				
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 Share holding 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**
At the End of the year					
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)	-	-	-	-

AD HYDRO POWER LTD.

V. INDEBTEDNESS

V. INDEBTEDNESS Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. in crore)				
Particulars	**Secured Loans excluding deposits**	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year				
i) Principal Amount	725.94	463.80	-	1,189.74
ii) Interest due but not paid	-	115.53	-	115.53
iii) Interest accrued but not due	4.53	-	-	4.53
Total (i+ii+iii)	**730.47**	**579.33**	**-**	**1,309.80**
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	36.68	-	-	36.68
Net Change	**36.68**	**-**	**-**	**36.68**
Indebtedness at the end of the financial year				
i) Principal Amount	689.26	463.80	-	1,189.74
ii) Interest due but not paid	-	161.44	-	115.53
iii) Interest accrued but not due	3.87	-	-	4.53
Total (i+ii+iii)	**693.14**	**625.24**	**-**	**1,309.80**

AD HYDRO POWER LTD.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

S.I. No.	Particulars of Remuneration	Name of Whole Time Director
1	Gross salary	**Mr. Rajinder Pal Goel**
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,763,200
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit 1.00%	-
	- others, specify	-
5	Others, please specify	190,080
	Total (A)	**3,953,280**
	Ceiling as per the Act	Schedule V of the Companies Act, 2013.

B. Remuneration to other Directors:

1. Independent Directors

S.I. No.	Particulars of Remuneration	Name of Directors		Total Amount (In Rs.)
		Dr. Kamal Gupta	Mr. Tantra Narayan Thakur	
1	Fee for attending board & committee meetings	400,000	400,000	800,000
2	Commission	-	-	-
3	Others, please specify	-	-	-
4	**Total (1)**	**400,000**	**400,000**	**800,000**

2. Other Non-Executive Directors (if any)

S.I. No.	Particulars of Remuneration	Name of Directors			Total Amount (In Rs.)
		Mr. Ravi Jhunjhunwala	Ms. Tima Iyer Utne	Mr. Knut Leif Bredo Erichsen	
1	Fee for attending board committee & meetings	Nil	Nil	Nil	Nil
2	Commission	Nil	Nil	Nil	Nil
3	Others, please specify	Nil	Nil	Nil	Nil
4	**Total (2)**	Nil	Nil	Nil	Nil

AD HYDRO POWER LTD.

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

S. No.	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.)
1	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 section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	-	-	-

Note: The CEO & 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)
A. COMPANY					
Penalty	NONE				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NONE				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NONE				
Punishment					
Compounding					

AD HYDRO POWER LTD.

ANNEXURE-VI OF THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2016-17

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. 13(iii) on Corporate Social Responsibility in Director's Report.
1	Average Net Profit of the Company for last three financial years:	50.08
2	Prescribed CSR Expenditure (two percent of the amount as in item 1 above):	1.00
3	Details of CSR spent during the financial year 2016-17:	
	a. Total amount to be spent for the financial year 2016-17:	1.00
	b. Total amount spent during the financial year 2016-17:	3.06
	c. Amount unspent, if any:	Nil
	d. Manner in which the amount spent during the financial year:	As per below

AD HYDRO POWER LTD.

Manner in which the amount spent during the financial year 2016-17:

(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: 1.Direct expenditure on projects or programs. 2. Overheads:	Cumulative expenditure upto the reporting period (01.04.16 to 31.03.17).	Amount spent: Direct or through implementing agency
1	Village cleaning/Hygiene and Sanitation	Swachha Bharat Abhiyan	Local Area (Distt-Kullu, Himachal Pradesh)	1.06	0.88	0.88	Direct
2	Provided Fire tender in Village for fire fighting	Rural Development	Local Area (Distt-Kullu, Himachal Pradesh)	1.78	1.76	1.76	Direct
3	Schemes for women empowerment	Empowering Women	Local Area (Distt-Kullu, Himachal Pradesh)	0.25	0.10	0.10	Direct
4	ADHPL Scholarship/Scholarship for brilliant students	Promoting education	Local Area (Distt-Kullu, Himachal Pradesh)	1.32	0.09	0.09	Direct
5	Honararium	Promoting education	Local Area (Distt-Kullu, Himachal Pradesh)	0.10	0.23	0.23	Direct
6	ADHPL Hospital	Healthcare	Local Area (Distt-Kullu, Himachal Pradesh)	0.30	0.00	0.00	Direct
			TOTAL	**4.81**	**3.06**	3.06	

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

AD HYDRO POWER LTD.

PART-B

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

Not Applicable; the Company has spent more than the limits prescribed under the Act.

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

AD HYDRO POWER LTD.

adhpl

AD HYDRO POWER LIMITED

AD HYDRO POWER LIMITED

CIN No. : U40101HP2003PLC026108

Financial Statement

2016 - 17

31st, March 2017

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S.R. BATLIBOI & CO. LLP
Chartered Accountants

Golf View Corporate Tower-B
Sector-42, Sector Road
Gurgaon-122 002, Haryana, India
Tel : +91 124 464 4000
Fax : +91 124 464 4050

INDEPENDENT AUDITOR'S REPORT

To the Members of AD Hydro Power Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of AD Hydro Power Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended by Companies (Indian Accounting Standards) (Amended) Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

S.R. BATLIBOI & CO. LLP * GURGAON *

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015, as amended by Companies (Indian Accounting Standards) (Amended) Rules, 2016;

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 28, 29 and 37 to the Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

S.R. BATLIBOI & CO. LLP * GURGAON *

iv. The Company has provided requisite disclosures in Note 43 to these Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S.R. BATLIBOI & CO. LLP * GURGAON *

per Atul Seksaria
Partner
Membership Number: 086370
Place: NOIDA
Date: 4th MAY, 2017

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date
Re: AD Hydro Power Limited (the Company)

(i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to information and explanations given by the management, the title deeds of immovable properties included in fixed assets, except for the 2.73 hectares of land for which the process of mutation is yet to be completed, are held in the name of the company. As explained to us, the title deeds of land have been given as security (mortgage and charge) against the term loans taken from banks.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there 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 and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to generation of electricity from hydro-electric power, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, customs duty, value added tax, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance and excise duty are not applicable to the Company. According to the information and explanations given to us, no such statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the records of the Company, the statutory dues outstanding on account of any dispute, are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
The Building & Other Construction Workers Welfare Cess Act, 1966	Demand for building & other Construction Workers Welfare Cess	1300.33	January 1, 2005 to July 31, 2012	High Court of Himachal Pradesh

S.R. BATLIBOI & CO. LLP GURGAON

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	The AO disallowed 25% of Puja & Dham expenses on the contention that the same was not for the purpose of business.	11.70	AY 2013-14	Commissioner of Income Tax(A)

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer. Further, in our opinion and according to the information and explanations given by the management the Company has utilized the monies raised by way of debt instruments in the nature of debentures /term loans for the purposes for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S.R. BATLIBOI & CO. LLP * GURGAON *

per Atul Seksaria
Partner
Membership Number: 086370
Place : NOIDA
Date: 4th May 2017

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AD HYDRO POWER LIMTED

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

To the Members of AD Hydro Power Limited

We have audited the internal financial controls over financial reporting of AD Hydro Power Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 internal financial controls system over financial reporting.

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.

S.R. BATLIBOI & CO. LLP * GURGAON *

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, 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S.R. BATLIBOI & CO. LLP ★ GURGAON ★

per Atul Seksaria
Partner
Membership Number: 086370
Place: NOIDA
Date: 4th May 2017

AD Hydro Power Limited
Balance sheet as at March 31, 2017

(Amount in Lakhs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
(1) **Non - current assets**				
(a) Property, plant and equipment	3	149,016.02	155,090.27	161,198.24
(b) Capital Work in Progress	3	63.71		
(c) Financial assets				
(i) Loans	4	28.17	26.57	33.01
(ii) Others	6	2.40	2.00	2.00
(c) Other non current assets	7	952.82	683.58	171.10
		150,063.12	**155,802.42**	**161,404.35**
(2) **Current assets**				
(a) Inventories	9	795.27	940.00	922.17
(b) Financial assets				
(i) Trade receivables	10	3,560.11	2,230.35	6,375.19
(ii) Cash and cash equivalents	11	11,832.90	2,695.24	833.27
(iii) Bank Balances other than (ii) above	5	4,498.85	7,026.79	868.25
(iv) Loans	4	-	10.19	9.33
(v) Others	6	66.24	96.82	70.20
(c) Other current assets	7	199.46	201.78	246.81
		20,952.83	**13,201.17**	**9,325.22**
Assets held for sale	8	1,004.49	1,146.37	1,146.36
Total assets		**172,020.44**	**170,149.96**	**171,875.93**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	12	56,015.28	56,015.28	56,015.28
(b) Other equity				
Retained Earnings	13	(17,173.13)	(17,426.98)	(21,096.31)
Total equity		**38,842.15**	**38,588.30**	**34,918.97**
LIABILITIES				
(1) **Non - current liabilities**				
(a) Financial liabilities				
(i) Borrowings	14	110,494.05	113,910.40	117,477.58
(ii) Other financial liabilities	15	16,144.37	11,552.75	7,461.13
(b) Provisions	16	121.27	112.12	114.54
		126,759.69	**125,575.27**	**125,053.25**
(2) **Current liabilities**				
(a) Financial liabilities				
(i) Trade payables	17	1,021.14	752.85	1,839.32
(ii) Other financial liabilities	15	5,280.02	5,118.95	9,841.52
(b) Other current liabilities	18	87.11	79.81	183.71
(c) Provisions	16	30.33	34.78	39.16
		6,418.60	**5,986.39**	**11,903.71**
Total equity and liabilities		**172,020.44**	**170,149.96**	**171,875.93**

Summary of significant accounting policies 2.2
The accompanying notes are an integral part of the financial statements

As per our report of even date
For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 4th May 2017

S.R. BATLIBOI & CO. LLP ★ GURGAON ★

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

Ravi Jhunjhunwala
Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 4th May 2017

AD HYDRO POWER LTD. ★

AD Hydro Power Limited

Statement of profit and loss for the year ended March 31, 2017

(Amount in Lakhs)

Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from operations	19	20,329.55	22,104.12
Other Income	20	4,933.95	6,710.99
Total Income		**25,263.50**	**28,815.11**
Expenses			
Open Access Charges		1,230.79	1,092.68
Bulk power transmission charges		1,819.85	1,368.85
Employee benefits expense	21	1,303.90	1,265.13
Finance costs	22	12,712.55	13,238.15
Depreciation and amortisation expense	23	6,024.94	6,129.59
Other expenses	24	1,919.03	2,050.97
Total expenses		**25,011.06**	**25,145.37**
Profit / (Loss) before tax		**252.44**	**3,669.74**
Current tax /(Minimum Alternate Tax)	25	53.87	150.55
MAT Credit Entitlement	25	(53.87)	(150.55)
Income tax expense		-	-
Profit / (loss) for the year		**252.44**	**3,669.74**
Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
-Re-measurement gains/ (losses) on defined benefit plans		1.41	(0.41)
(ii) Income tax relating to items that will not be reclassfied to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
		1.41	**(0.41)**
Total comprehensive income for the year, net of tax		**253.85**	**3,669.33**
Earnings per equity share			
(1) Basic	26	0.05	0.66
(2) Diluted	26	0.05	0.66

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the financial statements

As per our report of even date
For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

S.R. BATLIBOI & CO. LLP * GURGAON *

Place : NOIDA
Date : 4th May 2017

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

Ravi Jhunjhunwala
Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 4th May 2017

AD HYDRO POWER LTD. *

AD Hydro Power Limited
Statement of changes in equity for the year ended March 31, 2017

Equity shares of Rs 10 each issued , subscribed and fully paid	No. (in Lakhs)	Rupees (in lakhs)
As at April 1, 2015	5,601.528	56,015.28
Changes in Equity share capital during the year	-	-
As at March 31, 2016	5,601.528	56,015.28
Changes in Equity share	-	-
As at March 31, 2017	**5,601.528**	**56,015.28**

b. Other equity

(Amount in Lakhs)

Particulars	Reserves and Surplus	Total
	Retained earnings	
As at April 1, 2015	**(21,096.31)**	**(21,096.31)**
Profit during the year	3,669.74	3,669.74
Other comprehensive income	-	-
- Remeasurements of the net defined benefit plans	(0.41)	(0.41)
Total comprehensive income as at March 31, 2016	**3,669.33**	**3,669.33**
As at March 31, 2016	**(17,426.98)**	**(17,426.98)**
As at March 31, 2016	(17,426.98)	(17,426.98)
Profit during the year	252.44	252.44
Other comprehensive income		
- Remeasurements of the net defined benefit plans	1.41	1.41
Total comprehensive income as at March 31, 2017	**(17,173.13)**	**(17,173.13)**

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
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Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 4th May 2017

AD Hydro Power Limited

Statement of cash flow for the year ended March 31, 2017

(Rupees in Lakhs)

Particulars	March 31, 2017	March 31, 2016
A. Cash flow from operating activities		
Profit/(loss) before tax	252.44	3,669.74
Adjustment to reconcile profit before tax to net cash flow:		
Depreciation of property plant and equipment	6,024.94	6,129.59
Assets held for sale written off	141.89	(0.01)
Gain on disposal of property plant and equipment	(1.76)	(0.59)
Movement in provisions for leave encashment and gratuity	6.11	(7.21)
Finance cost	12,712.55	13,238.15
Interest Income	(1,037.64)	(525.54)
Working Capital changes:		
(Increase) / Decrease in trade receivables	(1,329.76)	4,144.84
(Increase) / Decrease in financial assets - loans	10.19	(0.86)
(Increase) / Decrease in other current asset	2.32	45.03
(Increase) / Decrease in inventories	144.73	(17.83)
Increase / (Decrease) in other financial liabilities	(17.79)	(103.40)
Increase / (Decrease) in trade payables	268.29	(1,086.47)
Increase / (Decrease) in other current liabilities	7.30	(103.90)
(Increase) / Decrease in other financial assets	-	1.69
	17,183.81	**25,383.24**
Income tax (paid)/refund	16.92	(512.17)
Net cash flow (used) in/ from Operating Activities	**17,200.73**	**24,871.07**
B. Cash flow from investing activities		
Purchase of property plant & equipment (including CWIP)	(103.94)	(37.98)
Proceeds from sale of property plant & equipment	91.30	16.95
Loans & security deposit (given)/repaid	(1.59)	6.44
Bank deposits redeemed/(made)	2,527.54	(6,158.54)
Other non current loans and advances (given)/repaid	(286.18)	(0.31)
Interest received	1,068.22	497.22
Net cash flow (used) in/ from investing activities	**3,295.35**	**(5,676.22)**
C. Cash flow from financing activities		
Repayment of borrowings	(3,367.58)	(8,497.31)
Interest paid	(7,990.84)	(8,835.57)
Net cash (used) in/ from financing activities	**(11,358.42)**	**(17,332.88)**
Net increase/(decrease) in Cash & Cash equivalent	9,137.66	1,861.97
Cash & Cash equivalent at the beginning of the year	2,695.24	833.27
Cash & Cash equivalent at year end	**11,832.90**	**2,695.24**

As per our report of even date
For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

S.R. BATLIBOI & CO. LLP GURGAON

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 4th May 2017

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

Ravi Jhunjhunwala
Director
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O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 4th May 2017

AD HYDRO POWER LTD.

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

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company, with effect from 1st April 2016, has adopted Indian Accounting Standards (the 'Ind AS') notified under the Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) (Amended) Rules, 2016. For all periods up to and including the year ended 31st March 2016, the Company had prepared its financial statements in accordance with accounting standards as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (referred to as 'Indian GAAP'). These financial statements have been prepared under the historical cost basis.

These financial statements are the Company's first Ind AS financial statements. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. Previous year numbers in the financial statements have been restated in accordance with Ind AS. Reconciliations and descriptions of the effect of the transition has been summarized in Note 44. The details of the first time adoption exemptions availed by the Company is given in Note 42.

2.2 Summary of significant accounting policies

a) 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
4. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at leasttwelve 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.

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AD HYDRO POWER LTD. *

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.

b) Use of estimates

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgments, 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 A of Ind AS 11: 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.

c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of Electricity

Revenue from sale of electricity is recognised on the basis of billable electricity (over and above free supply to Himachal Pradesh's State Government) scheduled to be transmitted to the customers, which approximates the actual electricity transmitted.

Transmission lines

Revenue from transmission income is recognized on accrual basis.

Sale of Scrap

Revenue in respect of sale of scrap is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.

Carbon Credit Entitlement / Certified Emission Reductions ("CER')

In process of generation of hydro-electric power, the Company also generates carbon emission reduction units which may be negotiated for price in international market under Clean Development Mechanism (CDM) subject to completing certain formalities and obtaining certificate of Carbon Emission Reduction (CER) as per Kyoto Protocol. Revenue from CER is recognised as and when the CER's are certified and ultimate collections are made for the same.

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Other Income

Interest
Interest income is recognised on a time proportion basis of billable electricity (over and above free supply to Himachal Pradesh's State Government) scheduled to the transmitted to the customers, which approximates the actual electricity transmitted.

d) 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.

e) 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 profit or 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 on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives prescribed under Schedule II of the Companies Act 2013.. The Company has used the following useful life to provide depreciation on its fixed assets.

--*This space has been intentionally left blank*------------------------------------

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Assets	Useful life (Years)
Buildings other than factory buildings	60
Plant and Machinery used in generation, transmission and distribution of power	40
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 Equipment	3-6
Office equipment	5
Software	3

The depreciation was provided in accordance with the Schedule II to the Companies Act, 2013.

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.

For arrangements entered into prior to 1 April 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

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

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.

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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, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, 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. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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)

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

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AD HYDRO POWER LTD.

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.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

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) Financial assets that are debt instruments and are measured as at FVTOCI
c) Lease receivables under Ind AS 17
d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
e) Loan commitments which are not measured as at FVTPL
f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- ▶ Trade receivables or contract revenue receivables; and
- ▶ All lease receivables resulting from transactions within the scope of Ind AS 17

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.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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 is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- ▶ All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- ▶ Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- ▶ Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those

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assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the 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.

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Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

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.

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

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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

a) 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.

b) Defined Benefit Plan:

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation.

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.

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.

k) Taxes

Current income tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax

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.

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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.

l) Non CurrentAssets held for sale

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
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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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) Earnings per share

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.

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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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

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AD HYDRO POWER LTD. *

AD Hydro Power Limited
Notes To The Financial Statements For The Year Ended March 31, 2017

3. PROPERTY, PLANT AND EQUIPMENT

(Amount in Lakhs)

Particulars	Civil Work	Freehold Building and Roads	Computers	Electric Installations	Freehold Land	Furniture and Fixtures	Office Equipments	Plant & Machinery	Project Equipments	Transmission Line	Vehicles	Capital Work in progress	Total
Gross Block													
As at April 1, 2015	83,653.23	27,079.46	114.76	453.78	3,090.85	160.45	114.02	49,187.59	100.37	42,367.20	126.66	-	206,448.37
Additions	-	-	1.07	-	-	1.30	3.31	19.89	-	-	12.41	-	37.98
Disposals	-	-	2.38	2.44	15.51	17.23	10.66	0.04	0.03	-	15.61	-	63.90
As at March 31, 2016	83,653.23	27,079.46	113.45	451.34	3,075.34	144.52	106.67	49,207.44	100.34	42,367.20	123.46	-	206,422.45
Additions	-	-	2.06	4.22	-	0.70	1.09	-	10.08	-	22.08	63.71	103.94
Disposals	10.04	-	18.13	1.67	19.53	2.10	7.46	91.39	2.99	-	6.97	-	160.28
As at March 31, 2017	83,643.19	27,079.46	97.38	453.89	3,055.81	143.12	100.30	49,116.05	107.43	42,367.20	138.57	63.71	206,366.11
Depreciation													
As at April 1, 2015	16,025.77	9,297.22	106.46	246.41	-	132.40	77.78	10,589.39	63.60	8,617.61	93.49	-	45,250.13
Charge for the year	1,777.13	2,293.33	3.88	81.06	-	10.74	24.59	1,036.84	3.04	891.99	6.99	-	6,129.59
Disposals	-	-	2.36	2.44	-	17.12	10.72	0.04	0.03	-	14.83	-	47.54
As at March 31, 2016	17,802.90	11,590.55	107.98	325.03	-	126.02	91.65	11,626.19	66.61	9,509.60	85.65	-	51,332.18
As at 01.04.2016	17,802.90	11,590.55	107.98	325.03	-	126.02	91.65	11,626.19	66.61	9,509.60	85.65	-	51,332.18
Charge for the year	1,772.27	2,287.06	1.15	27.26	-	4.92	3.59	1,029.80	3.43	889.56	5.90	-	6,024.94
Disposals	1.54	-	17.51	2.05	-	2.04	9.76	30.74	0.00	-	7.10	-	70.74
As at March 31, 2017	19,573.63	13,877.61	91.62	350.24	-	128.90	85.48	12,625.25	70.04	10,399.16	84.45	-	57,286.38
Net Block													
As at April 1, 2015	67,627.46	17,782.24	8.30	207.37	3,090.85	28.05	36.24	38,598.20	36.77	33,749.59	33.17	-	161,198.24
As at March 31, 2016	65,850.33	15,488.91	5.47	126.31	3,075.34	18.50	15.02	37,581.25	33.73	32,857.60	37.81	0.00	155,090.27
As at March 31, 2017	64,069.56	13,201.85	5.76	103.65	3,055.81	14.22	14.82	36,490.80	37.39	31,968.04	54.12	63.71	149,079.73

NOTES:

1. The company has elected to measure the items of property, plant and equipment at carrying value as per GAAP as deemed cost on the date of transition.

2. Gross block of transmission line includes payment for 'Right to use' amounting to Rs.5,253.98 Lakhs. Right to use' is a irrevocable perpetual right of use of land, but the ownership of land does not vest with the Company

3. Land includes Rs. 3,066.16 Lakhs paid for 12.46 hectares land, out of which mutation for execution of 9.73 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

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AD HYDRO POWER LTD. *

AD Hydro Power Limited
Notes To The Financial Statements For The Year Ended March 31, 2017

4. Loans

(Amount in lakhs)

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good						
Security deposits	15 83	25 13	25 32	-	-	-
Loans to employees	12 34	1 44	7 69	-	10 19	9 33
Total	28.17	26.57	33.01	-	10.19	9.33

5 Bank Balances

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Bank Deposits with original maturity of more than 3 months and upto period of 12 months maturity	-	2,500 40	0 40
Margin money (held as security)	4,498 85	4,506 10	867 85
Deposits with original maturity of more than 3 months and upto period of 12 months maturity	-	20 29	
Total	4,498.85	7,026.79	868.25

6 Other financial assets

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Interest accrued on banks deposits	-	-	-	66 24	96 82	68 51
Advances recoverable in cash	-	-	-	-	-	1 69
Deposits with original maturity period of more than 12 months*	2 40	2 00	2 00	-	-	-
Total	2.40	2.00	2.00	66.24	96.82	70.20

*Fixed deposit of Rs 2 40 Lakhs (previous year Rs 2 00 Lakhs) pledged with the H P Government Sales Tax Department and Transport Authority

7. Other non-current and current assets

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans/advances to employees	11 43	-			8 34	9 19
Advance tax /TDS Receivable	461 92	532 72	171 10			
MAT credit entitlement	204 42	150 55				
Capital advances				-		62 86
Unsecured, considered good						
Advances recoverable in cash or kind	275 05	0 31		199 46	193 44	174 76
Unsecured, considered doubtful						
Advances recoverable in cash or in kind for value to be received				24 40	24 40	24 40
Less: provision for doubtful advances				(24 40)	(24 40)	(24 40)
Total	952.82	683.58	171.10	199.46	201.78	246.81

8. Assets held for sale

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed assets (project equipment) held for sale (at net book value or estimated net realisable value, whichever is lower)	1,004 49	1,146 37	1,146 36
Total	1,004.49	1,146.37	1,146.36

9. Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Stores and spares (including store lying with third parties Rs 42 65 lakhs (previous year Rs 0.73 lakhs)	782 63	926 70	908 87
Scrap	12 64	13 30	13 30
Total	795.27	940.00	922.17

10. Trade receivables

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Receivables	3,876 79	2,547 03	6,375 19
Less : Provision for doubtful receivables	(316 68)	(316 68)	-
	3,560.11	2,230.35	6,375.19

11. Cash & cash equivalents

Particulars	Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks:			
- Current accounts	623 90	316 34	828 55
- Deposits with original maturity for less than 3 months	11,205 49	2,375 00	-
Cash on hand	3 51	3 90	4 72
Total	11,832.90	2,695.24	833.27

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12. Share capital

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorized Shares			
700 000 000 (previous year 700 000 000) equity shares of Rs 10 each	70,000.00	70,000.00	70,000.00
Issued, Subscribed and fully paid-up shares			
560 152 841 (previous year 560 152 841) equity shares of Rs 10 each fully paid	56 015 28	56 015 28	56 015 28
Total	56,015 28	56,015.28	56,015.28

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

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	Amount (Rupees in Lakhs)	No. of shares	Amount (Rupees in Lakhs)	No. of shares	Amount (Rupees in Lakhs)
Shares outstanding at the beginning of the year	560,152,841	56,015.28	560 152,841	56 015 28	560 152 841 00	56 015 28
Shares outstanding at the end of the year	560,152,841	56,015.28	560,152,841	56,015.28	560,152,841.00	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) Shares held by holding / ultimate holding company and / or their subsidiaries / associates

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	Amount (Rupees in Lakhs)	No. of shares	Amount (Rupees in Lakhs)	No. of shares	Amount (Rupees in Lakhs)
Malana Power Company Limited the holding company alongwith its nominees	492,955,640	49,295.56	492 955 640	49 296	492 955 640	49 296

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

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
Equity shares of Rs 10 each fully paid up						
Name of the Share Holders						
Malana Power Company Limited	492,955,640	88.00%	492 955 640	88.00%	492 955 640 00	88 00%
International Finance Corporation. Washington	67,197,201	12.00%	67 197 201	12.00%	67 197 201 00	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	Rupees (in lakhs)
Retained earnings	
As at April 1, 2015	(21,096.31)
Profit for the year	3 669 74
Other comprehensive income	(0.41)
As at March 31, 2016	(17,426.98)
Profit for the year	252.44
Other comprehensive income	1.41
As at March 31, 2017	(17,173.13)

14. Borrowings

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Redeemable Non-Convertible Debentures	13 098 25	13 098 25	13 098 25	-	-	-
No of debenture 13 09 825 of Rs 1000 each		-		-	-	-
Term loans						
From banks (secured)	18 873 83	32 236 87	43,433 38	-	-	-
From financial institution (secured)	36 953 63	26 762 43	23,712 90	-	-	-
Other loans and advances						
Loan and advances from related party - holding company (unsecured)*	46 380 00	46 380 00	46 380 00	-	-	-
Less: Current maturities (disclosed in other current financial liabilities)	(4 811 66)	(4 567.15)	(9,146 95)	-	-	-
Total	110,494.05	113,910.40	117,477.58	-	-	-

AD HYDRO POWER LTD

Particulars	Carrying Value	Loan maturity date	Terms of repayment
IL&FS INFRA(NCDs- sub-debt)	13,098 25	December-23	unequal half yearly installments till December 2023
International Finance Corporation (Washington)	18,568 69	January-23	46 quarterly installments starting from October 2011 till January 2023
ICICI Bank Limited	2 891 99	August-30	Structured installments till August 2030
India Infradebt Limited	8,600 00	August-30	56 Structured installments commencing from 31st May 2017 and ending on 31st August 2030
IDFC Infrastructure Finance Limited-1	5,384 94	August-30	60 structured installments commencing from 30th May 2016 and ending on 31st August 2030
IDFC Infrastructure Finance Limited-2	4,400 00	August-30	56 Structured quarterly installments commencing from 31st May 2017 and ending on 31st August 2030
Indusind Bank Limited	15,981.84	August-30	56 structured installments commencing from 31st May 2017 and ending on 31st August 2030
	68,925.71		

Redeemable Debenture represent Debenture issued to IL&FS Infrastructure Debt Fund (IDF) during the financial year 2013-14 and 2014-15. The debentures carries interest rate of 10% to 10 23 % per annum (previous year 11 36% to 11 87%) (floating) and were issued at a discount of 0 75%. The Debenture is redeemable in unequal two installment in a year starting from June 2017 to December 2023

The above debenture issued to IL&FS IDF are secured by way of a Second mortgage/charge on all immovable properties wherever situated, both present and future, and hypothecation of all movable assets, rights, etc., present and future, of the Company, on 2nd pari passu basis. Further, the holding company, Malana Power Company Limited, has provided corporate guarantee in case of default in repayment and has also given subservient pledge of its investment in the Company

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 interest @ 7 51% to 10 18% p a. The loan is repayable in 40 quarterly installments based on mortgage style amortization starting from October 2010. Further term loan from IFC Washington was taken during the years 2009–10 to 2011-12 and carries interest @ 10 19% to 11 50% p a. The loan is repayable in 46 quarterly installments based on mortgage style amortization starting from October 2011

The Company had taken Indian Rupee term loans from ICICI Bank carryinginterest at ICICI base rate plus 1 05% currently @ 10 30% per annum (previous year 10 65% per annum)secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis. This loan isnow repayable in structured 60 structured installments commencing from 31st May 2016 and ending on 31st August 2030

The Company has taken Indian Rupee term loans from India Infradebt Ltd Carryinginterest @ 9 65% per annum (fixed for 5 years secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis repayable in structured 56 quarterly installments commencing from 31st May 2017 and ending on 31st August 2030

The Company had taken Indian Rupee term loans from IDFC Infrastructure Finance Ltd Carrying interest at ICICI base rate plus 0 675% currently @ 9 925% per annum (previous year 10 425% per annum)secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis repayable in structured 60 quarterly installments commencing from 31st May 2016 and ending on 31st August 2030

The Company has taken Indim Rupee term loans from IDFC Infrastructure Finance Ltd carrying interest @ 9 65% per annum fixed for 5 years secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis. Repayable in structured 56 structured installments commencing from 31st May 2017 and ending on 31st August 2030

The Company has taken Indian Rupee term loans from Indusind Bank. The Company has re-financed existing loan at lower rate of interest carring interest at Marginal Cost Lending Rate(MCLR) plus 0 40% i e currently @ 9 5% per annum (previous year Nil per annum)secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis. This loan repayable in structured 56 structuredinstallments commencing from 31st May 2017 and ending on 31st August 2030

*Term loan from holding company is unsecured and is given as per the terms of the subordinated loan agreement between the company and the holding company. The loan granted and interest thereon is repayabe only once all obligation to the outside lenders have been paid and discharged in full. The loan caries and interes of 11% p a (also refer note no 31)

15. Other financial liabilities

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital creditors	-	-	-	70.94	93 30	197 47
Interest accrued but not due on loan from holding company	16,144 37	11,552 75	7,461 13	-	-	
Current maturities of long term borrowings	-	-	-	4,811 66	4,567 15	9,146 95
Deposit from contractors and others	-	-	-	10 28	5 71	4 94
Interest accrued but not due on loan from financial institution	-	-	-	387 14	452.79	492 16
Total	16,144.37	11,552.75	7,461.13	5,280.02	5,118.95	9,841.52

16. Provisions

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits						
Provision for Gratuity	-	-	-	27 86	25 57	31 14
Provision for Leave encashment	103 59	89 83	90 57	2 47	9 21	8 02
Provision for Continuity Loyalty Bonus	17 68	22 29	23 97	-	-	-
Total	121.27	112.12	114.54	30.33	34.78	39.16

17. Trade payables

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Payables (other than Micro small and medium enterprises)	-	-	-	1,021.14	752.85	1,839.32
Total	-			1,021.14	752.85	1,839.32

18. Other liabilities

Particulars	Non - current			Current		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Statutory dues	-	-	-	87 11	79 81	183 71
Total	-	-	-	87.11	79.81	183.71

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AD HYDRO POWER LTD. *

19. Revenue from operations

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Sale of Power		
Revenue from Operations (Gross)	17,206.28	19,531.57
Less Discount on prompt payments	(160.83)	(224.79)
Less Handling charges (NRLDC/ULDC charges)	(16.43)	(27.55)
Less Unscheduled interchange (charges) / credit	252.57	87.28
	17,281.59	19,366.51
Other operating Income		
Transmission charges received	3,047.96	2,737.61
Revenue from Operations (Net)	20,329.55	22,104.12

20. Other Income

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest Income		
Bank deposits	1,021.00	523.40
Others	16.64	2.14
Other non-operating Income		
Sale of certified emission reductions	3,870.23	3,545.15
Expenses on sale of certified emission reductions	(76.67)	(67.61)
Profit on sale of fixed assets (net)	1.76	0.59
Profit on assets held for sale	3.69	-
Refund of Bulk power transmission charges	-	2,304.43
Miscellaneous income	97.30	402.89
Total	4,933.95	6,710.99

21. Employee benefits expenses

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries, wages and bonus	1,073.53	1,050.68
Director's remuneration	37.63	37.63
Contribution to provident and other funds	64.99	61.63
Gratuity expenses (refer note 33)	17.29	16.38
Leave compensation expenses	26.90	11.93
Workmen and staff welfare expenses	83.56	86.88
Total	1,303.90	1,265.13

22. Finance costs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest		
-on term loan	6,121.96	6,476.68
-on sub debt loan	5,101.80	5,101.80
-on debentures	1,322.62	1,408.27
-Other borrowing costs	55.10	165.05
- Financial and Bank charges	111.07	86.35
Total	12,712.55	13,238.15

23. Depreciation and amortization expense

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of tangible assets	6,024.94	6,129.59
Total	6,024.94	6,129.59

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AD HYDRO POWER LTD. *

24. Other expense

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Stores, spares & other consumables	246 03	184 27
Rent	49 78	52 96
Power and fuel	90 44	89 20
Repair and maintenance		
- Civil works	100 90	327.05
- Plant and machinery	92 17	77.44
- Others	22 24	20.37
Rates and taxes	2 30	1.27
Insurance	220 61	294.06
Payment to auditor	19 62	18.82
Traveling and conveyance	47 99	60.97
Legal and professional expenses	207 54	170.84
Security arrangement expense	135 89	125.63
Provision for doubtful debt	-	316.68
Social welfare expenses	87 32	61.42
CSR expenses (Refer details below)	30 66	-
Vehicle running & hiring expenses	112 21	113.30
Inventory written off	129 34	-
Loss on sale of fixed assets written off (net)	3 69	-
Assets held for sale written off	189 42	-
Miscellaneous expenses	130 88	136.69
Total	1,919.03	2,050.97

Payment to auditors:		
As auditor:		
Audit fee	11 50	11 45
Limited review	5 75	5 73
In other capacity:		
Other services (certification fees)	0 58	0 98
Reimbursement of expenses	1 79	0 66
Total	**19.62**	**18 82**

Corporate social responsibility expenditure	Year ended March 31, 2017	Year ended March 31, 2016
Amount required to be spent as per Section 135 of the Act	10.00	-
Amount spent during the year on:		
(i) Construction/Acquisition of any asset	-	-
(ii) On purposes other than (i) above	30 66	-
Total	**30.66**	-

25. Tax expense

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current income tax	53 87	150.55
MAT Credit Entitlement	(53.87)	(150.55)
Total	-	-

NOTES:
(a) Tax reconciliation

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Accounting Profit before Income Tax	252.44	3,669.74
At India's statutory income tax rate of 34 608%	87 36	1,270 02
Tax as per accounting profit		
Add: Expenditure not allowed for tax purpose	111.33	0 31
Add: DTA not recognized	1904.94	-
Less: Deferred tax on Depreciation	(2,103.02)	-
Add: Tax impact of income not credited to profit and loss account	-	2 07
Less: Profit on sale of fixed assets	-	(0.39)
Less: Deferred tax liability not recognized	-	(1,272 01)
Less: Income not taxable	(0.61)	-
	0.00	(0.00)
Less: MAT credit	-	-
Income Tax Expenses reported in the statement of Profit & Loss	0.00	(0.00)

(b) Items on which DTA has not been created	Year ended March 31, 2017	Year ended March 31, 2016
Business loss brought/carried forward	1,949.04	1,949 04
Unabsorbed depreciation brought/carried forward	29,544 43	29 544 43
Provision for Leave encashment	36 41	34 28
Provision for continuity linked bonus	6.12	7 71
Provision for Gratuity	6.31	8.85
	31,542.31	31,544.31

26. Earning per share

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Net profit/ (loss) as per Statement of Profit & Loss (for calculation of basic EPS	252 44	3,669 74
Net profit/ (loss) as per Statement of Profit & Loss (for calculation of diluted EPS)	252 44	3,669 74
Weighted average number of equity shares in calculating basic EPS	5,601 53	5,601 53
Effect of dilution:		
Convertible bonds	-	-
Weighted average number of equity shares in calculating diluted EPS	5,601.53	5,601 53
Basic earning per share	0.05	0 66
Diluted earning per share	0 05	0 66

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AD HYDRO POWER LTD.

27. Segment Reporting

The Company's activities during the year involved generation of the hydro power (Refer Note 1). 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.

Revenues of the company are majorly derived from sale of electricity to three major customers.

28. Commitments and Contingencies

i) Contingent Liabilities

(Rs. In lakhs)

Particulars	March 31, 2017	March 31, 2016
Demand under The Building & Other Construction Workers Welfare Cess Act, 1996 (refer note (a) below)	1,300.33	1,300.33
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)	6,233.19	5,748.59

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

a) During the financial year 2012-2013, the Assessing Officer through its order dated January 23, 2013 has raised a demand of Rs.1,459.00 lacs under the Building & Other Construction Workers Welfare Cess Act, 1996 (BOCW) for the period from January 1, 2005 to July 31, 2012. The Company had already deposited a sum of Rs.159.00 lacs and filed a writ before the High Court of Himachal Pradesh for the remaining amount. During the hearing held on February 28, 2013, an interim Stay has been granted against the recovery.

Pending any further directions or conclusion by the State Government, no additional provision has been deemed necessary in the financial statements in this regard.

b) Directorate of Energy of Himachal Pradesh had raised a demand of Rs. 1,427 lacs towards LADF @ 1.5% on the basis of the total committed cost of the project in terms of hydro policy and after considering the expenses already incurred by the Company. However, as per the Company, this amount was to be computed @ 1.5% of the total cost as reflected in Detailed Project Report (DPR), in terms of agreement

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AD HYDRO POWER LTD. *

dated Nov 05, 2005 entered with the state government, after considering the amount that has already been incurred and deposited by the Company. Matter is being contested before Hon'ble High Court of Himachal Pradesh which has already granted stay on demand.

c) The Department of fisheries vide it letter dated January 4, 2013 directed the company to pay Rs 99.75 lacs for granting of NOC. The company has filed a writ petition in Hon'ble High Court of Shimla and is contesting the same on the ground that it was not a precondition given by Fisheries department while granting the NOC.The streams are not covered in the negative list issued by Fisheries Department.

The Company has deposited under protest an amount of Rs. 35.00 lacs as per interim order of Hon'ble High Court of Himachal Pradesh. The Hon'ble High Court of Himachal Pradesh has granted stay on balance amount.

d) During the financial year 2015-2016, the Government of Himachal Pradesh (GOHP) had framed the policy of levying the lease amount on the diverted forest land with retrospective effect. Accordingly, the demand has been raised on the Company for the period Dec 28, 2004 in respect of 37.620 hectares and from Feb 16, 2008 for 9.55 hectares, toward the diverted forest land, till date. Based on the policy, the lease amount works out to be Rs. 6,233.19 lacs. The Company is of the view that there is no change in status of land and the policy so framed by the GOHP is not applicable to it. The Company has filed a writ petition before Hon'ble High Court of Himachal Pradesh which has granted stay. In view of this, no provision has been considered necessary.

e) 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, management believes that these cases will not adversely impact its financial statements.

29. Everest Power Private Limited ('EPPL') is using the transmission system of the Company. As per the Appellate Tribunal for Electricity's ('APTEL') interim order dated June 10, 2011, an interim Power Transmission Agreement (IPTA) was signed between the Company and EPPL on August 9, 2011.

Subsequently, EPPL had raised dispute and stopped the payment of transmission charges after October 2012. The Company ultimately filed an appeal before the Hon'ble Supreme Court of India who gave directions for the payment of arrears of transmission charges and continuation of the payment of monthly transmission charges as per the IPTA till the final adjudication on the matter by it. Based on Hon'ble Supreme Court direction, EPPL has started making the payment; however same was again stopped during 2016-17.

The outstanding balance as on March 31, 2017 aggregates to Rs.3,201.04 Lakhs, out of which Rs.1,677.89 Lakhs pertains to period prior to March'15 and remaining Rs.1,523.15 Lakhs pertains to financial year 2016-17.

In December'16, Hon'ble Supreme Court of India again directed EPPL to pay all outstanding dues. Accordingly the arrears of Rs.1,677.89 Lakhs pertaining to period before March 31, 2015 has been considered good by the company in view of the progress of proceedings before the Hon'ble Supreme Court of India. Also, as per IPTA, the Company can charge interest @ 1.25% per month on the overdue amount which will be accounted for on receipt basis.

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AD HYDRO POWER LTD.

30. Commitments

AD Hydro Power Limited has entered into Bulk Power Transmission Agreement with Power grid Corporation of India Limited (Powergrid) to avail long term open access to the transmission system of Powergrid for transfer of power from AllainDuhangan HEP to Northern Region Constituents. The company has agreed to share and pay all the transmission charges of Powergrid for a period of 40 years from COD (commercial operation date) i.e. July 29, 2010.This being firm commitment is 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.

31. Related Party Disclosures

a. Names of related parties where control exists and with whom transactions have taken place during the year.

Ultimate Holding Company	Bhilwara Energy Limited
Holding Company	Malana Power Company Limited
Enterprise having significant influence over the company	SN Power Global Services Pte. Limited Statkraft Holding Singapore PTE Limited (SHSPL) (Formerly SN Power Holding Singapore Pte. Ltd)
Fellow Subsidiary Companies	Indo Canadian Consultancy Services Limited
Key Management Personnel	Mr. R. P. Goel, Whole Time Director.
Enterprises on which Statkraft Holding Singapore PTE Limited (SHSPL) has significant influence	Statkraft Market Pvt Ltd, India S N Power Invest Asia Pte Ltd, Singapore Statkraft India Pvt Ltd
Trust under common control	AD Hydro Power Limited Employees Group Gratuity Trust AD Hydro Power Limited Sr. Executive Group Superannuation Scheme Trust

Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year

CEO and CFO	Mr. O P Ajmera
Company Secretary	Mr. Arvind Gupta

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AD HYDRO POWER LTD. *

Nature of Transaction	Ultimate Holding Company		Holding Company/ Enterprises having significant influence over the Company/ Enterprises on which SHSPL has significant influence		Key Management Personnel*		Fellow Subsidiary		Trust under common control	
	March31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Transactions during the year										
Remuneration paid to Mr. RP Goel	-	-		-	**44.81**	44.81	-	-	-	-
Consultancy charges to Indo Canadian Consultancy Services Limited	-	-		-	-	-	**6.12**	13.51	-	-
Reimbursement of expenses incurred by Malana Power Company Limited on behalf of the Company	-	-	**0.30**	3.03	-	-	-	-	-	-
Reimbursement of expenses incurred on behalf of Malana Power Company Limited	-	-	**0.14**	0.26	-	-	-	-	-	-
Reimbursement of expenses incurred by Indo Canadian Consultancy Services Limited	-	-	-	-	-	-	-	0.2	-	-
Interest on unsecured loan given to Malana Power Company Limited	-	-	**5,101.80**	5,101.80	-	-	-	-	-	-
Reimbursement of expenses incurred by to Statkraft India Pvt Ltd, India (Earlier S N Power India). on behalf of the Company	-	-	-	2.45	-	-	-	-	-	-

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AD HYDRO POWER LTD. *

	March31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Amount Paid to Statkraft Market Pvt Ltd, India towards Trading Margin	-	-	36.53	31.41	-	-	-	-	-	-
Contribution towards Employees Group Gratuity Trust	-	-	-	-	-	-	-	-	27.86	25.57
Contribution towards Sr. Executive Group Superannuation Scheme Trust	-	-	-	-	-	-	-	-	5.95	5.92
Claims from Employees Group Gratuity Trust	-	-	-	-	-	-	-	-	11.93	18.85
Claims from Sr. Executive Group Superannuation Scheme Trust	-	-	-	-	-	-	-	-	7.65	13.55

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AD HYDRO POWER LTD. *

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Balance outstanding at the end	Ultimate Holding Company			Holding Company/ Enterprises having significant influence over the Company/ Enterprises on which SHSPL has significant influence			Key Management Personnel*			Fellow Subsidiary			Trust under common control		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Balances Payable:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Statkraft Market Private Limited	-	-	-	**0.30**	0.89	**0.48**	-	-	-	-	-	-	-	-	-
Unsecured Loan outstanding from Malana Power Company Limited	-	-	-	**46,380.00**	46,380.00	46,380.0	-	-	-	-	-	-	-	-	-
Interest payable on Unsecured Loan from Malana Power Company Limited	-	-	-	**16,144.37**	11,552.75	7461.13	-	-	-	-	-	-	-	-	-

* Remuneration paid does not include provision made for compensated absences and gratuity as the same are determined for the Company as a whole.

S.R. BATLIBOI & CO. LLP * GURGAON *

AD HYDRO POWER LTD. *

Key management personnel

(Rs. In lakhs)

Particulars	March 31, 2017				March 31, 2016			
	Whole Time Director	CEO & CFO	C.S.	Total	Whole Time Director	CEO & CFO	C.S.	Total
	Mr.R P Goel	Mr. O P Ajmera	Mr. Arvind Gupta		Mr.R P Goel	Mr. O P Ajmera	Mr. Arvind Gupta	
Short Term Benefit	**44.81**	-	-	**44.81**	**44.81**	-	-	**44.81**
Post Employment								
Defined Contribution Plan	-	-	-	-	-	-	-	-
Defined Benefit Plan	-	-	-	-	-	-	-	-
Others long Terms Benefit	-	-	-	-	-	-	-	-
	44.81	-	-	**44.81**	**44.81**	-	-	**44.81**

Expenses have been disclosed based on estimates for gratuity and superannuation

32. Leases

In case of assets taken on Operating Lease:

Office premises, vehicles, equipments, guest houses and godowns are obtained on cancellable operating leases. All these leases have a lease terms varying between 3 to 5 years. There are no restrictions imposed by lease arrangements. There are no subleases.

(Rs. In lakhs)

Particulars	March 31, 2017	March 31, 2016
Lease payments for the year	88.27	122.5

33. Employee benefit expenses

	March 31, 2017 (Rs.in lakhs)			March 31, 2016 (Rs.in lakhs)		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Leave obligation	2.47	103.59	**106.06**	9.21	89.83	**99.04**
Gratuity	3.72	157.99	**161.71**	10.37	121.34	**131.71**

(i) Table showingChange in Benefit Obligation

Particulars	Gratuity (Rs.in lakhs)		Earned Leave (Rs.in lakhs)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Present value of obligation as at the beginning of the period	131.70	119.87	99.03	98.59
Interest Cost	10.54	9.29	7.92	7.64
Current Service Cost	15.24	13.97	11.08	12.83
Benefits Paid	(11.93)	(19.49)	--	(11.25)
Actuarial (Gain)/Loss on obligation	16.16	8.06	(11.99)	(8.78)
Present value of obligation as at the End of the period	**161.71**	**131.70**	**106.04**	**99.03**

(ii) The amounts recognized in the income statement

Particulars	Gratuity (Rs.in lakhs)		Earned Leave (Rs.in lakhs)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Service Cost	15.24	13.97	11.08	12.83
Net Interest Cost	2.05	2.41	7.92	7.64
Expense recognized in the Income Statement	**17.29**	**16.38**	**19.00**	**20.47**

(iii) Re-measurement Gain/(Loss) in Other Comprehensive Income (OCI)

Particulars	Gratuity (Rs.in lakhs)		Earned Leave (Rs.in lakhs)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Net cumulative unrecognized actuarial gain/(loss) opening	--	--	--	--
Actuarial gain / (loss) for the year on PBO	(16.16)	(8.06)	11.99	8.78
Actuarial gain /(loss) for the year on Asset	5.58	(1.13)	--	--
Unrecognized actuarial gain/(loss) at the end of the year	**(10.58)**	**(9.19)**	**11.99**	**8.78**

(iv) Change in plan assets

Particulars	Gratuity (Rs.in lakhs)	
	March 31, 2017	March 31, 2016
Fair value of plan assets at the beginning of the period	106.13	88.73
Actual return on plan assets	14.07	5.75
Employer contribution	25.57	31.14
Benefits paid	(11.93)	(19.49)
Fair value of plan assets at the end of the period	**133.84**	**106.13**

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AD HYDRO POWER LTD. *

(v) **Major categories of plan assets (as percentage of total plan assets)**

Particulars	Gratuity	
	March 31, 2017	March 31, 2016
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 %

(vi) **Actuarial Assumptions**

Particulars	Gratuity (Rs.in lakhs)		Earned Leave (Rs.in lakhs)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
i) Discounting Rate	7.35	8.00	7.35	8.00
ii) Future salary Increase	5.50	6.00	5.50	6.00

Particulars	Gratuity (In Rupees)		Earned Leave (In Rupees)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
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 (%)	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	3.00	3.00	3.00	3.00
From 31 to 44 years	2.00	2.00	2.00	2.00
Above 44 years	1.00	1.00	1.00	1.00

(vii) **Sensitivity Analysis of the defined benefit obligation**

Particulars	Gratuity (Rs.in lakhs)	Earned Leave (Rs.in lakhs)
a) Impact of the change in discount rate		
Present Value of Obligation at the end of the period	161.71	106.06
Impact due to increase of 0.50 %	(8.60)	(5.86)
Impact due to decrease of 0.50 %	9.37	6.39
b) Impact of the change in salary increase		
Present Value of Obligation at the end of the period	161.71	106.06
Impact due to increase of 0.50 %	9.49	6.48
Impact due to decrease of 0.50 %	(8.79)	(5.98)

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AD HYDRO POWER LTD. *

Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

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

Year	Gratuity (Rs.in lakhs)	Earned Leave (Rs.in lakhs)
April 2017- March 2018	3.72	2.47
April 2018- March 2019	2.98	4.99
April 2019- March 2020	9.74	14.47
April 2020- March 2021	18.49	3.08
April 2021- March 2022	3.40	1.46
April 2022- March 2023	4.34	2.32
April 2023 onwards	119.04	77.28

34. The Company has accumulated losses of Rs. 17,173.13 lacs as at March 31, 2017. This is the seventh year of operation and fourth year when plant has operated at full capacity. 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 fixed assets on account of impairment and the Company will have sufficient cash flow to meets its future obligations.

35. In accordance with Indian Accounting Standard 12 'Income taxes', deferred tax assets have not been recognised in the books due to losses brought forward and absence of probability of future taxable profits in view of tax holiday available to the Company.

36. In respect of the unsecured loan of Rs.46,380.00 lacs (sub-debt) from the parent company (Malana Power Company Limited) taken in earlier years, the Company has provided the interest for the year as per the terms agreed with the parent company.

37. In respect of the claim of Rs.316.68 lacs made by HPSEBL in the earlier years on account of non-supply of power on Nil generation schedule, 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 and matter is under adjudication. The management has also considered the provision during the year.

38. In the absence of profits available for payment of dividend the company has not created any debenture redemption reserve during the current year.

39. **Financial Risk Management Objective And Policies**

The company is exposed to market risk, credit risk and liquidity risk. The Group'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.

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AD HYDRO POWER LTD. *

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 as at March 31, 2017 and March 31, 2016.

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. Hence, no further disclosure is required under this section.

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.

i) Interest Risk Exposure

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

(Rs.in lakhs)

	March 31, 2017	**March 31, 2016**
Variable Rate Borrowings	37,352.02	50,723.27
Fixed Rate Borrowings	77,948.69	67,754.29
Total	**115,305.71**	**118,477.56**

An analysis by maturities is provided in Note no- 39(d)

ii) 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 after 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, 2017 and March 31, 2016.

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(Rs.in lakhs)

PARTICULARS	Impact on profit after tax	
	March 31, 2017	March 31, 2016
Interest Rate - increase by 25 basis points	(72.37)	(88.36)
Interest Rate - decrease by 25 basis points	72.37	88.36

b) Price Risk

The company is not exposed to any price risk as there is no investment in equities outside the group 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.

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. Expected Credit Loss for Financial Assets

(Rs. In lakhs)

Financial assets to which loss allowance is measured using 12 months Expected credit loss(ECL)	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision	Gross Carrying Amount	Expected credit loss	Carrying amount net of impairment provision
Loan to Employees	12.34	-	12.34	11.64	-	11.64	17.02	-	17.02
Advances recoverable in cash	474.52	-	474.52	193.75	-	193.75	174.77	-	174.77

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Period ended as at March 31, 2017

Financial assets to which loss allowance is measured using lifetime Expected credit loss(ECL)	Not Due	Less than 60 days	60- 120 days	120- 180 days	180- 365 days	More than 365 days	Total
Trade Receivables- Gross Carrying amount	930.02	374.79	430.69	146.71	-	1994.58	**3876.79**
Expected Loss Rate	-	-	-	-	-	-	-
Expected Credit Losses	-	-	-	-	-	316.68	**316.68**
Carrying amount of Trade receivables	**930.02**	**374.79**	**430.69**	**146.71**	-	**1677.90**	**3560.11**

Year ended as at March 31, 2016

Financial assets to which loss allowance is measured using lifetime Expected credit loss(ECL)	Not Due	Less than 60 days	60- 120 days	120- 180 days	180- 365 days	More than 365 days	Total
Trade Receivables- Gross Carrying amount	552.45	-	-	-	-	1994.58	**2547.03**
Expected Loss Rate	-	-	-	-	-	-	-
Expected Credit Losses	-	-	-	-	-	316.68	**316.68**
Carrying amount of Trade receivables	**552.45**	-	-	-	-	**1677.90**	**2230.35**

Year ended as at April 1, 2015

Financial assets to which loss allowance is measured using lifetime Expected credit loss(ECL)	Not Due	Less than 60 days	60- 120 days	120- 180 days	180- 365 days	More than 365 days	Total
Trade Receivables- Gross Carrying amount	768.85	420.64	466.09	473.16	184.89	4061.56	**6375.19**
Expected Loss Rate	-	-	-	-	-	-	-
Expected Credit Losses	-	-	-	-	-	-	-
Carrying amount of Trade receivables	**768.85**	**420.64**	**466.09**	**473.16**	**184.89**	**4061.56**	**6375.19**

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 which are state government run power utility majors. Hence company has not provided for any discounting on time value of money.

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ii. Reconciliation of loss allowance provision - Trade receivables

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

As at March 31, 2016	316.68
Change for the year	-
As at March 31, 2017	316.68

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 March 31, 2017	Less than 3 months	3-6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings	724.35	2,217.41	1,869.90	10,609.71	1,00,185.17	**1,15,606.54**
Trade payables	862.64	30.60	56.12	33.16	38.62	**1021.14**
Interest Accrued but not due from holding company	1257.98	1257.98	2557.88	4591.62	6478.91	**16,144.37**
Capital Creditors	14.14	-	-	1.76	55.04	**70.94**
Deposit from contractors and others	0.18	1.52	3.38	0.84	4.36	**10.28**
Interest accrued but not due on loan from financial institution	387.14	-	-	-	-	**387.14**

As at March 31, 2016	Less than 3 months	3 to 6 months	6-12 months	12months to 3 years	More than3 years	Total
Borrowings	918.02	1054.16	1395.42	9939.49	105667.05	**118974.14**
Trade payables	482.52	35.78	58.81	98.14	77.60	**752.85**
Interest Accrued but not due from holding company	4591.62	-	-	-	6961.13	**11552.75**
Capital Creditors	0.58	24.35	-	24.14	44.23	**93.30**
Deposit from contractors and others	0.10	0.20	0.57	0.65	4.19	**5.71**
Interest accrued but not due on loan from financial institution	452.79	-	-	-	-	**452.79**

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As at April 01,2015	Less than 3 months	3 to 6 months	6-12 months	12months to 3 years	More than 3 years	Total
Borrowings	593.06	2587.16	5966.73	21524.67	96099.16	**126,770.78**
Trade payables	1492.80	78.17	48.70	70.76	148.89	**1,839.32**
Interest Accrued but not due from holding company	-	-	-	-	7461.13	**7,461.13**
Capital Creditors	16.65	-	34.08	44.34	102.40	**197.47**
Deposit from contractors and others	0.09	0.09	0.27	0.91	3.58	**4.94**
Interest accrued but not due on loan from financial institution	492.16	-	-	-	-	**492.16**

40. Capital Management

a. Risk Management

The group's objectives when managing capital are:

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 group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group 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, including non- controlling interest)
The gearing ratios were as follows:

	March 31, 2017	March 31, 2016	April 01, 2015
Net Debt	120,004.31	127,787.86	133,744.55
Total equity	38,842.17	38,588.30	34,918.98
Net Debt to Equity Ratio	**3.09**	**3.31**	**3.83**

Loan Covenants

Under the terms of the major borrowing facilities, the company is required to comply with the following financial covenants:

1. The Fixed Asset Coverage Ratio (FACR) must be atleast 1.2 times in any year.
2. Debt Service Coverage ratio (DSCR) shall not be less than 1.2 in any year.
3. Debt Service Reserve Account (DSRA) shall me maintained with a minimum balance equivalent to one-fourth of the debt servicing requirements of the ensuing financial year for all domestic borrowings and one-half of the debt service requirements for all foreign borrowings.
4. Total Debt to EBITDA must be less than 8 in any year.

The group has complied with these covenants throughout the reporting period and there have been no breaches in the financial covenants of any interest bearing loans and borrowings in the current period.

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41. Financial Instruments- Accounting Classification and Fair Value Measurement

	March 31, 2017			March 31, 2016			April 1, 2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Loans to employees	-	-	12.34	-	-	11.64	-	-	17.02
Security Deposits	-	-	15.83	-	-	25.13	-	-	25.32
Others	-	-	68.64	-	-	98.82	-	-	72.20
Trade Receivables	-	-	3560.11	-	-	2,230.35	-	-	6,375.18
Cash and Cash Equivalents	-	-	11,832.90	-	-	2,695.24	-	-	833.27
Bank Balances	-	-	4,498.85	-	-	7,026.79	-	-	868.25
Total Financial Assets	-	-	**19,988.67**	-	-	**12,087.97**			**8,191.24**
Financial Liabilities									
Borrowings	-	-	115,305.71	-	-	118,477.56	-	-	126,624.54
Trade Payables	-	-	1021.14	-	-	752.85	-	-	1839.31
Interest accrued but not due from holding company	-	-	16,144.37	-	-	11,552.75	-	-	7,461.13
Other Financial Liabilities	-	-	468.35	-	-	551.80	-	-	694.57
Total Financial Liabilities	-	-	**132, 939.57**	-	-	**131,334.96**			**136,619.55**

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Particulars	Carrying amount	Fair value		
	As at March 31, 2017	Level 1	Level 2	Level 3
Financial liabilities at amortised cost:				
Borrowings	115,305.71	-	115,305.71	-
Others	17,633.86	-	17,633.86	-
Total	**132, 939.57**	-	**132, 939.57**	-
Financial assets at amortised cost:				
Loans	28.17		28.17	-
Others	19,960.15	-	19,960.15	-
Total	**19,988.32**	-	**19,988.32**	-

Fair value hierarchy

Particulars	Carrying amount	Fair value		
	As at March 31, 2016	Level 1	Level 2	Level 3
Financial liabilities at amortised cost:				
Borrowings	118,477.56	-	118,477.56	-
Others	12,857.40	-	12,857.40	-
Total	**131,334.96**	-	**131,334.96**	-
Financial assets at amortised cost:				
Loans	36.77	-	36.77	-
Others	12051.20	-	12051.20	-
Total	**12,087.97**	-	**12,087.97**	-

Particulars	Carrying amount	Fair value		
	As at 01-04-2015	Level 1	Level 2	Level 3
Financial liabilities at amortised cost:				
Borrowings	126,624.54	-	126,624.54	-
Others	9,995.00	-	9,995.00	
Total	136,619.54	-	136,619.54	-
Financial assets at amortised cost:				
Loans	42.34	-	42.34	-
Others	8,150.54	-	8,150.54	-

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AD HYDRO POWER LTD.

Total	**8,148.88**	-	**8,148.88**	-

Assumptions and valuation technique used to determine fair value

The following methods and assumptions were used to estimate the fair values

i. Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

ii. Long-term variable-rate borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Fair value of variable interest rate borrowings approximates their carrying values.

42. First Time Adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions availed

Ind AS 101 allows first - time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The company has applied the following exemptions:

a) **Carrying value as deemed cost in Property, plant and equipment**

The company has elected to apply previous GAAP carrying amount of its plant, property and equipment as deemed cost at the date of transitiontoInd AS.

b) **Investments in associates**

The company has elected to apply previous GAAP carrying amount of its equity investment in associates as deemed cost as on the date oftransition to Ind AS.

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43. Disclosure of Specified Bank Notes (SBN)

In accordance with Minister of Corporate Affair notification dated March 30, 2017, the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30. 2016 is as follow:

(Rs. In lakh)

Particulars	SBN	Other Denomination notes	Total
Closing cash in hand as on 08.11.2016	18.98	0.26	19.24
(+) Permitted receipts	-	8.92	8.92
(-) Permitted payments	-	4.99	4.99
(-) Amount deposited in Banks	18.98	-	18.98
Closing cash in hand as on 30.12.2016	-	4.19	4.19

As per our report of even date

For S.R. Batliboi& Co. LLP
ICAI Firm Registration No: 301003E/E300005
Chartered Accountants

per AtulSeksaria
Partner
Membership No.086370

Place: NOIDA
Date : 4th May 2017

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

Ravi Jhunjhunwala
Director
DIN:-0006097

TimaIyerUtne
Director
DIN:- 06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place: NOIDA
Date: 4th May 2017

AD Hydro Power Limited

44(a) Reconciliation of Balance Sheet as at April 1, 2015, Date of Transition to IND AS

(Amount in lakhs)

Particulars	As per IGAAP April 1, 2015	Ind AS Adjustments	As per Ind AS April 1, 2015
ASSETS			
(1) **Non - current assets**			
(a) Property, plant and equipment	161,198 24	-	161,198 24
(b) Financial assets			
(i) Loans	204 11	(171 10)	33.01
(ii) Others	-	2 00	2 00
(c) Other non current assets	2.00	169 10	171.10
	161,404.35	-	**161,404.35**
(2) **Current assets**			
(a) Inventories	922.17	-	922.17
(b) Financial assets			
(i) Trade receivables	6,375 19	-	6,375.19
(ii) Cash and cash equivalents	1,701 52	(868.25)	833 27
(iii) Loans	257.84	(248 51)	9 33
(iv) Bank Balances	-	868 25	868.25
(v) Others	-	70 20	70 20
(c) Current tax assets	-	-	-
(d) Other current assets	1,214 86	(968 05)	246.81
	10,471.58	**(1,146.36)**	**9,325.22**
Non-current Assets held for sale	-	1,146 36	1,146.36
Total assets	**171,875.93**	-	**171,875.93**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	56,015 28	-	56,015.28
(b) Other equity			
Retained Earnings	(21,242 57)	146.26	(21,096.31)
	34,772.71	**146.26**	**34,918.97**
LIABILITIES			
(1) **Non - current liabilities**			
(a) Financial liabilities			
(i) Borrowings	117,623 84	(146 26)	117,477.58
(ii) Others	-	7,461 13	7,461 13
(b) Provisions	114 54	-	114.54
(c) Other non-current liabilities	7,461 13	(7,461 13)	-
	125,199.51	**(146.26)**	**125,053.25**
(2) **Current liabilities**			
(a) Financial liabilities			
(i) Trade payables	1,839.32	-	1,839.32
(ii) Others	-	9,841 52	9,841.52
(b) Other current liabilities	10,025 23	(9,841.52)	183 71
(c) Provisions	39 16	-	39 16
	11,903.71	-	**11,903.71**
Total Equity & Liabilities	**171,875.93**	-	**171,875.93**

As per our report of even date
For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

S.R. BATLIBOI & CO. LLP * GURGAON

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 4th May 2017

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

Ravi Jhunjhunwala
Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 4th May 2017

AD HYDRO POWER LTD. *

AD Hydro Power Limited

44(b) Reconciliation of Balance Sheet as at March 31, 2016

(Amount in Lakhs)

	Particulars	As per IGAAP March 31, 2016	Ind AS adjustments	As per Ind AS March 31, 2016
	ASSETS			
(1)	**Non - current assets**			
	(a) Property, plant and equipment	155,090.27	-	155,090.27
	(b) Financial assets			
	(i) Loans	710.15	(683.58)	26.57
	(ii) Others	-	2.00	2.00
	(c) Other non current assets	2.00	681.58	683.58
		155,802.42	-	**155,802.42**
(2)	**Current assets**			
	(a) Inventories	940.00	-	940.00
	(b) Financial assets			
	(i) Trade receivables	2,230.35	-	2,230.35
	(ii) Cash and cash equivalents	9,722.03	(7,026.79)	2,695.24
	(iii) Loans	211.97	(201.78)	10.19
	(iv) Bank Balances	-	7,026.79	7,026.79
	(v) Others	-	96.82	96.82
	(c) Other current assets	1,243.19	(1,041.41)	201.78
		14,347.54	**(1,146.37)**	**13,201.17**
	Non-current Assets held for sale	-	1,146.37	1,146.37
	Total assets	**170,149.96**	-	**170,149.96**
	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity share capital	56,015.28	-	56,015.28
	(b) Other equity			
	Retained Earnings	(17,923.57)	(496.59)	(17,426.98)
		38,091.71	**496.59**	**38,588.30**
	LIABILITIES			
(1)	**Non - current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	114,406.99	(496.59)	113,910.40
	(ii) Other financial liabilities	-	11,552.75	11,552.75
	(b) Provisions	112.12	-	112.12
	(c) Other non-current liabilities	11,552.75	(11,552.75)	-
		126,071.86	**(496.59)**	**125,575.27**
(2)	**Current liabilities**			
	(a) Financial liabilities			
	(i) Trade payables	752.85	-	752.85
	(ii) Other financial liabilities	-	5,118.95	5,118.95
	(b) Other current liabilities	5,198.76	(5,118.95)	79.81
	(c) Provisions	34.78	-	34.78
		5,986.39	-	**5,986.39**
	Total Equity & Liabilities	**170,149.96**	-	**170,149.96**

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 4th May 2017

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

Ravi Jhunjhunwala
Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO
Place : NOIDA
Date : 4th May 2017

Arvind Gupta
Company Secretary
M.No.:-F7690

S.R. BATLIBOI & CO. LLP GURGAON

AD HYDRO POWER LTD.

AD HYDRO POWER LIMITED

44(c) Statement of Profit and Loss for the year ended March 31, 2016

(Amount in Lakhs)

	Particulars	As per Igaap March 31, 2016	Ind AS adjustments	As per Ind AS March 31, 2016
I	Revenue from operations	21,729.60	374.52	22,104.12
II	Other income	6,710.99	-	6,710.99
III	Total income (I + II)	**28,440.59**	**374.52**	**28,815.11**
IV	Expenses			
	Open Access Charges	749.57	343.11	1,092.68
	Bulk Power Transmission Charges	1,368.85	-	1,368.85
	Employee benefits expenses	1,265.54	(0.41)	1,265.13
	Finance costs	13,588.48	(350.33)	13,238.15
	Depreciation and amortization expenses	6,129.59	-	6,129.59
	Other expenses	2,019.56	31.41	2,050.97
	Total expenses	**25,121.59**	**23.78**	**25,145.38**
V	Profit / (loss) before exceptional items and tax (I - IV)	3,319.00	350.75	3,669.74
VI	Exceptional items			-
VII	Profit / (loss) before tax (V - VI)	3,319.00	350.75	3,669.74
VIII	Tax expense			
	(1) Current tax			-
	(2) Deferred tax	-	-	-
		-	-	-
IX	Profit / (loss) from continuing operations (VII - VIII)	3,319.00	350.75	3,669.74
X	Profit / (loss) from discontinued operations (VII - VIII)	-	-	-
XI	Tax expense of discontinued operations	-	-	-
XII	Profit / (loss) from discontinued operations (after tax) (X -	3,319.00	350.75	3,669.74
XIII	Profit / (loss) for the period (IX + XII)	3,319.00	350.75	3,669.74
XIV	Other comprehensive income			
	A (i) Items that will not be reclassified to profit or loss	-	(0.41)	(0.41)
	(ii) Income tax relating to items that will not be reclassfied to profit or loss	-	-	-
	B (i) Items that will be reclassified to profit or loss	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
		-	(0.41)	(0.41)
XV	Total comprehensive income for the period (XIII + XIV)	3,319.00	350.34	3,669.33

As per our report of even date

For S. R. Batliboi & Co. LLP

ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

per Atul Seksaria

Partner

Membership No. : 086370

Place : NOIDA

Date : 4th May 2017

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

Ravi Jhunjhunwala

Director

DIN:-00060972

Tina Iyer Utne

Director

DIN:-06839949

O.P. Ajmera

CEO and CFO

Place : NOIDA

Date : 4th May 2017

Arvind Gupta

Company Secretary

M.No.:-F7690

AD HYDRO POWER LIMITED

44(d)

Profit Reconciliation

	As at April1, 2015	As at March 31, 2016
Profit as IGAAP	3,089.47	3,319.00
Adjustment on account of upfront fee amortisation on loans from banks and financial institutions		350.33
Adjustment on account of actuarial gain/loss		0.41
Profit as Ind AS	**3,089.47**	**3,669.74**

OTHER EQUITY RECONCILIATION

	As at April1, 2015	As at March 31, 2016
Reserves Balance	(21,242.57)	(17,923.57)
Ind AS adjustments:		
Adjustment on account of upfront fee amortisation on loans from banks and financial institutions	146.26	496.59
Reserves closing balance	**(21,096.31)**	**(17,426.98)**

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 4th May 2017

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

Ravi Jhunjhunwala
Director
DIN:-00060972

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO
Place : NOIDA
Date : 4th May 2017

Arvind Gupta
Company Secretary
M.No.:-F7690

AD HYDRO POWER LIMTED

44(e) Footnotes

A. Other Financial assets
Under Indian GAAP, there was no such concept of financial assets or liabilities. Under Ind AS, financial assets and financial liabilities has been classified as per Ind AS 109 read with Ind AS 32.

B. Defined benefit obligation
Both under Indian GAAP and Ind AS, the company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [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.Thus the employee benefit cost is reduced by Rs. 0.41 lakhs and Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

C. Interest bearing loans and borrowings
Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

D. Deferred Tax
Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.
In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings.

E. Other comprehensive income
Under Indian GAAP, the company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

F. Statement of Cash Flows
The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

As per our report of even date
For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

S.R. BATLIBOI & CO. LLP GURGAON

per Atul Seksaria
Partner
Membership No. : 086370

Place : NOIDA
Date : 4th May 2017

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

Ravi Jhunjhunwala
Director
DIN:-
00060972

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AD HYDRO POWER LTD.