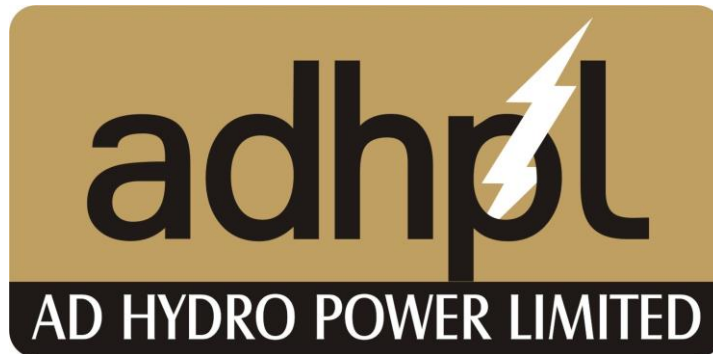


AD HYDRO POWER LIMITED

*Directors' Report for the Financial Year 2017-18*

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# **AD HYDRO POWER LIMITED**

## **ANNUAL REPORT FOR THE FINANCIAL YEAR 2017-18**

*Directors' Report for the Financial Year 2017-18*

**To The Members**

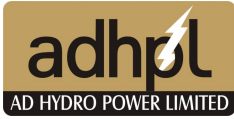
**AD Hydro Power Limited**

The Board of Directors of the Company are pleased to present their Fifteenth Annual Report on the business and operations of the Company and audited statement of accounts for the year ended 31<sup>st</sup> March, 2018 together with the Auditors' Report.

**1. FINANCIAL PERFORMANCE**

(Rs. in millions)

Particulars	For the financial year ended	
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Revenue from operations	2,069.76	2,032.96
Other Income	405.82	493.40
<b>Total Revenue</b>	<b>2,475.58</b>	<b>2,526.36</b>
Operating and Administrative Expenses	633.02	627.36
<b>Operating Profit before Interest, Depreciation &amp; Tax</b>	<b>1,842.56</b>	<b>1,899.00</b>
Depreciation & Amortization Expenses	602.42	602.50
<b>Profit/ (Loss) before finance costs and Exceptional Items and Tax</b>	<b>1,240.14</b>	<b>1,296.50</b>
Finance Costs	1,179.15	1,271.26
Exceptional Items	-	-
<b>Profit/(Loss) before tax</b>	<b>60.99</b>	<b>25.24</b>
<b>Tax Expenses</b>	<b>35.60</b>	-
<b>Net Profit</b>	<b>25.39</b>	<b>25.24</b>
Other Comprehensive Income	(0.14)	0.14
<b>Total Comprehensive Income/(Loss) for the year</b>	<b>25.25</b>	<b>25.38</b>
<b>Surplus brought forward from previous year</b>	<b>(1,717.32)</b>	<b>(1,742.70)</b>
<b>Balance available for appropriation</b>	<b>25.25</b>	<b>25.38</b>
<b>Balance Carried to Balance Sheet</b>	<b>(1,692.07)</b>	<b>(1,717.32)</b>
<b>Earning Per Share (in Rs.)</b>		
i) Basic	0.05	0.05
ii) Diluted	0.05	0.05



***Directors' Report for the Financial Year 2017-18***

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

The Company recorded revenue from operations of Rs. 2,069.76 million during the financial year 2017-18 as compared to Rs. 2,032.96 million in the previous financial year. The Net profit during the financial year 2017-18 was at Rs.25.39 million as compared to net profit of Rs. 25.24 million in the previous financial year. The generation during the year stood at 683.01 Million kWh in the financial year 2017-18 as compared to 679.10 Million kWh in the previous financial year 2016-17.

**2. DIVIDEND**

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

**3. SUBSIDIARY, ASSOCIATE COMPANIES OR JOINT VENTURES**

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

**4. MATERIAL CHANGES AND COMMITMENTS**

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

**5. INDUSTRY POTENTIAL & DEVELOPMENT**

The Indian power sector became the fifth largest installed capacity in the world. The all India installed power generation capacity stood at 3,44,002 MW as on 31.03.2018 comprising of 2,22,907 MW from Thermal, 45,293 MW from Hydro, 6,780 MW from Nuclear and 69,022 MW from Renewable.

During the fiscal year 2017-18, the energy availability was 1,205 BU as against requirement of 1213 BU kWh with a shortfall of 0.7% and peak load was 161 GW as against peak demand of 164 GW with a shortfall of 2%.

As per the CEA's 19th Electric Power Survey (EPS) report, the electricity consumption on all-India basis during the period 2021-22 and 2026-27 has been assessed as 1300 BU and 1743 BU respectively. The peak electricity demand has been estimated as 226 GW during 2021-22 and 299 GW during 2026-27.

The 2018 Union Budget proposals are also pro-growth with focus on rural development and infrastructure. The government has outlined ~21% Y-o-Y increase in funds for infrastructure in FY19. Lead by this and the various reforms including GST. Indian GDP growth is likely to remain buoyant in the short to medium term.

In terms of on World Bank's Ease of getting Electricity Index, India's rank has also increased to 29 in June' 2017 from 99 in 2015.

## *Directors' Report for the Financial Year 2017-18*

The 2018 Global Economics Prospect (GEP) released by the World Bank projects that India's GDP will grow by 7.3% in 2018-19 and by 7.50% for the next two years. Also according to the Central Electricity Authority (CEA), the electricity demand in the country will grow at 6.18% (CAGR) between FY17 and FY22, driven primarily by industrial demand which is expected to pick up owing to the 'Make in India' initiative of the Government.

Over the next 3 to 5 years, we expect power demand to grow steadily considering the expected pick-up in GDP growth and the various macroeconomic reforms and measures taken by the Government – steady operational improvement under UDAY scheme. 'Power for all by 2019' initiative and the 'Saubhagya' scheme to name a few.

### **HYDRO POWER**

As per the Central Electricity Authority Assessment (CEA), the economically exploitable hydro power potential in terms of installed capacity as 148,701 MW, out of which 145,320 MW is from schemes having capacity above 25 MW. However as of 31<sup>st</sup> March 2018 the hydro-electric schemes in operation account for only 31% and thus, the bulk of the potential remains to be developed.

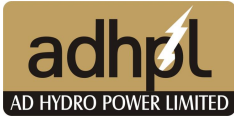
Despite huge potential, the growth of hydro power segment has been rather sluggish due to inherent risks associated with the sector, such as geological surprises, natural calamities, environmental & forest issues, and rehabilitation and resettlement issues apart from commercial risks. The major commercial deterrents for the private developers are high capital cost and long payback period due to high gestation period. Financing such capital-intensive projects for long period such as 20 years is really a challenge. Through the private route, only about 3400 MW has been commissioned contributing only 7 percent of the total installed hydropower capacity signifying that there is minimal participation of the private sector.

Private developers, today seek returns commensurate with respect to risks involved in the sector. The industry seeks relentless support from the government in resolution of issues like various clearance processes, R&R, land acquisition, evacuation, law & order problems, and other issues. A definite hydro power policy in place addressing the above issues will probably restore the confidence of private sector to engage themselves in the implementation of hydro power plants in India.

The state of Himachal Pradesh constitutes close to one-fourth of India's total hydel power capacity. Its harnessable power potential lies second to the state of Arunachal Pradesh in the country, at approximately 19 GW of which 62% or 11.6 GW is operational/under construction. The state in the month of May 2018 amended its Hydro Power policy to boost execution of stalled projects. However it is yet to be seen that how far such positive changes in the state policy is able to restore the confidence & interest of private players in development of hydro power projects in the state.

### **INDIAN MERCHANT MARKET**

After three consecutive years of sub-Rs 3.00 / kWh, spot prices on the power exchange firmed up during year 2017-18, particularly in the second half. The monthly market clearing price at the Indian Energy Exchange (IEX) has spiked to Rs 4.02/kWh in March 18, taking the average cost to Rs



## ***Directors' Report for the Financial Year 2017-18***

3.26/kWh. Recently the spot market witnessed the price going as high as Rs 11.78 / kWh on 24<sup>th</sup> May 2018

While such sudden surge in the spot market could be due to temporary factors like reduction in hydro and nuclear generation, outage of transmission line, shortage of domestic coal etc leading to short supply of power resulting into demand supply mismatch, however at the same time the underlying trend is quite encouraging.

The average Market Clearing Price (MCP) at Indian Energy Exchange (IEX) on all India basis rose 35% Y-o-Y to Rs.3.26/kWh in FY 2017-18.

Based on the facts provided above, the company feels that surging spot prices of electricity will continue to rise in the near-term, driven by both structural and seasonal reasons. Barring the short term reasons like imbalance in demand-supply, the underlying real demand is improving, which is far more important.

Going forward, it is expected that the demand will grow to cater to the continued economic growth of the country, creating more volume in the power market with strengthening of financials of Discoms.

### **6. 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.

### **7. 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.

*Directors' Report for the Financial Year 2017-18*

**8. PERSONNEL**

**a) Industrial relations**

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

**b) Particulars of employees**

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

**9. 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	<b>Nil</b>
b) Amount remained unpaid or unclaimed as at the end of the year	<b>Nil</b>
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	<b>-N/A-</b>
ii) maximum during the year	<b>-N/A-</b>
iii) at the end of the year	<b>-N/A-</b>

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.

**10. 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 2017-18, impacting the going concern status and company's operations in future.

**11. 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.

**12. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the year, the Board made the following appointments/re-appointments on the recommendation of the Nomination and Remuneration Committee.

## *Directors' Report for the Financial Year 2017-18*

- ❖ Mr. Rajinder Pal Goel was re-appointed as the Whole Time Director of the Company in the Board meeting held on 25<sup>th</sup> August 2017 and approval of the Members was granted in the Nineteenth Annual General Meeting of the Company held on 27<sup>th</sup> September 2017.

### **Re-appointments**

- ❖ During the year, Ms. Tima Iyer Utne, Director would have retired by rotation at the ensuing Annual General Meeting and, being eligible, had offered herself for re-appointment and the members had approved her re-appointment.

### **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.

## **13. 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.

## **14. MEETINGS OF THE BOARD**

The Board of Directors had met 4 (four) times during the financial year 2017-18. The meetings of the Board were held on 4<sup>th</sup> May 2017, 25<sup>th</sup> August 2017, 6<sup>th</sup> December 2017 and 13<sup>th</sup> March 2018 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	3
2.	Mr. Rajinder Pal Goel	Whole Time Director	4	4
3.	Ms. Tima Iyer Utne	Non-Executive Director	4	4
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	3

**Directors' Report for the Financial Year 2017-18**

**15. 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.

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 4th May 2017, 25th August 2017, 6th December 2017 and 13th March 2018 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	3



**Directors' Report for the Financial Year 2017-18**

**(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. All the recommendations of the Committee were duly accepted by the Board during the financial year 2017-18. The NRC policy may be accessed on the Company's website.

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

For the financial year 2017-18, the composition of the Nomination and remuneration Committee was as follows:

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

The Company Secretary acts as the Secretary of the Committee.

➤ **Meetings and attendance**

The committee met once in the financial year 2017-18, on 25<sup>th</sup> August 2017.

The attendance for the committee is as follows:

S. No.	Name of Member	Designation	Attended (Yes/No)
1	Mr. Ravi Jhunjunwala	Chairman & Member	Yes
2	Ms. Tima Iyer Utne	Member	Yes
3	Dr. Kamal Gupta	Member	Yes
4	Mr. Tantra Narayan Thakur	Member	Yes

**(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

**Directors' Report for the Financial Year 2017-18**

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.

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

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

➤ **Meetings and attendance**

The committee had met twice on 25<sup>th</sup> August 2017 and 13<sup>th</sup> March 2018.

The attendance for the committee is as follows:

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

**(iv) INDEPENDENT DIRECTORS' MEETING**

During the financial year 2017-18, 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 Managing Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**(v) BOARD EVALUATION:**

The Board is responsible for undertaking a formal annual evaluation of its own performance, committees and individual Directors with a view to review their functioning and effectiveness and to determine whether to extend or continue the term of appointment of the independent

## *Directors' Report for the Financial Year 2017-18*

directors. During the year, the Board carried out the performance evaluation of itself, Committees and each of the executive directors/non-executive directors/independent directors excluding the director being evaluated. The evaluation of performance of Independent Director is based on the criteria laid down in the Nomination and Remuneration policy which includes knowledge and experience in the field of power sector, legal, finance and CSR activities. Your Directors express their satisfaction with the evaluation process and inform that the performance of the Board as a whole, its committee and its member individually was adjudged satisfactorily.

### **16. MEETING OF THE MEMBERS**

The Annual General meeting of the members was held on 27<sup>th</sup> September, 2017.

### **17. 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](http://www.adhydropower.com/docs/ADHPL_Whistle_Blower_Policy.pdf)

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

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

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

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

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

## *Directors' Report for the Financial Year 2017-18*

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.

### **19. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

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

### **20. STATUTORY AUDITORS**

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

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

### **21. COST AUDITORS**

The Cost Audit for financial year ended March 31, 2017 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, 2017 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 13<sup>th</sup> March 2018, the Board has approved the re-appointment of M/s K.G. Goyal & Co., Cost Accountants (Firm Registration No. 0017), as the Cost Auditors of the Company for the financial year 2018-19 at a remuneration of Rs. 0.45 lakhs plus service tax and out of pocket expenses that may be incurred by them during the course of audit. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for

## Directors' Report for the Financial Year 2017-18

the remuneration payable to M/s K.G. Goyal & Co., Cost Auditors is included in the Notice convening the Annual General Meeting.

### 22. 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 2017-18, 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. The Board has re-appointed M/s. P. Kathuria & Associates, Company Secretaries in practice as Secretarial Auditor of the Company for the financial year 2018-19 (*proposed in the ensuing Board meeting*).

### 23. 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 2018-19.

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

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

### 25. 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.

*Directors' Report for the Financial Year 2017-18*

**26. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that:

- i. In preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- ii. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2018 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.

**27. 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.

**28. EXTRACT OF ANNUAL RETURN**

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

**29. GENERAL DISCLOSURE**

- The company has maintained the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, and accordingly such accounts and records are made and maintained by the company.
- 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

## *Directors' Report for the Financial Year 2017-18*

& Redressal) Act, 2013. The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No complaints were received during the financial year 2017-18.

- There was no change in the name of the Company and its nature of business.
- The financial year of the Company was same as of previous year.
- During the year, there was no change in the issued share capital of the company.
- To the best of our knowledge and belief there has been no instance of fraud that has occurred or reported during the Financial Year 2017-18.
- The Company is in compliance of all the applicable secretarial standards issued by The Institute of Company Secretaries of India, issued from time to time.

### **30. ACKNOWLEDGEMENT**

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

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

**For and on behalf of the Board of Directors**

**Ravi Jhunjunwala**  
**Chairman**

**(DIN 00060972)**

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

**PLACE: Noida**

**DATE: 16<sup>th</sup> August 2018**

**Directors' Report for the Financial Year 2017-18**

**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	7.80	Degree in Electrical Engg.EMBA in energy management.PGDMA energy management.	39	59	07-Nov-07	HPSEB as Deputy Director for 28years.	Nil	Permanent	No
2	Mr. Praven Kumar Giri	GM - Electrical	4.68	B.E. (Electrical) & 1 year PG Diploma in Administrative Law	36	56	01-Apr-15	Indo Canadian Consultancy Services Ltd. as General Manager for 16 years	Nil	Permanent	No
3	Mr. Rajinder Pal Goel	Whole Time Director	4.48	B.E. (Civil)	53	78	29-Nov-05	Chief Advisor (LNJ Bhilwara Group)	Nil	Contractual	No
4	Arvind Kr. Sharma	A.G.M.-Civil	3.58	Diploma in civil-1994,Corr B Tech Civil-2013	26	49	17-Dec-07	Lanko Green Power Ltd.as Sr Manager for 4 months.	Nil	Permanent	No
5	M. P. Joshi	A.G.M.- O&M.	3.20	B.E Mechanical-1991,Corr P.G Dip in operation management-2013	26	47	11-Mar-10	Koyna Hydro Power Station as Asstt Engineer for 6 years.	Nil	Permanent	No
6	Surya Kant Chehal	VP.O&M	2.78	BSc Engg-Electrical.	42	67	10-Jan-11	HPSEB, Chief Electrical Inspector,	Nil	Permanent	No
7	Ramesh Kr. Khaitan	Associate Vice President	2.37	BSc HONS.1974	44	67	18-Sep-06	JK Diary and Foods Ltd. as Chief Commercial Manager for 6 years.	Nil	Permanent	No
8	Jai Raj Chopra	Manager Mechanical	2.20	B.E Mechanical-1999,	19	46	01-Sep-06	SSJV Project as Mechanical Engineerfor 3 years.	Nil	Permanent	No
9	Tapesh Atri	Manager - Electrical	2.10	Dip. In Electrical. 1987	28	49	14-Nov-05	H.P. Equipments Pvt Ltd. As Engineer for 3 Years	Nil	Permanent	No
10	Rajiv Katyal	Manager -Electrical	2.04	B.Tech. Electrical 2002	15	41	14-Jan-08	Malana Power Company Ltd. as Engineer for 5 years	Nil	Permanent	No

**(B) Names of every employee whose remuneration 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



**Directors' Report for the Financial Year 2017-18**

**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 5 Years 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 Million)**

S. No.	Particulars	2017-18	2016-17
<b>I</b>	<b>Foreign Exchange Outgo</b>		
	Traveling and conveyance	0.00	0.00
	Financial charges	0.64	0.68
	CER Expenses	5.81	6.92
	Others	0.04	0.041
	<b>Total</b>	<b>6.49</b>	<b>7.641</b>
<b>II</b>	<b>Foreign Exchange Earnings</b>		
	Others (Sale of Certified Emission Rights)	273.16	387.02

*Directors' Report for the Financial Year 2017-18*

**ANNEXURE III TO THE DIRECTORS' REPORT**

**NOMINATION & REMUNERATION POLICY**

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

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

**1. OBJECTIVE**

The Key Objectives of the Committee would be:

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

**2. DEFINITIONS**

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

**3. ROLE OF COMMITTEE**

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

## *Directors' Report for the Financial Year 2017-18*

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- 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**

## *Directors' Report for the Financial Year 2017-18*

- 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;

## *Directors' Report for the Financial Year 2017-18*

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

### **12. REMUNERATION DUTIES**

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

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

#### **1. Director/ Managing Director**

Besides the above Criteria, the Remuneration/ compensation/ commission/fee to be paid to Director/ Managing Director/ Whole Time Director shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

#### **2. Non executive Independent Directors**

The Non-Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such

## *Directors' Report for the Financial Year 2017-18*

fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

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

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

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

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

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

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

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

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

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

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

## **14. DISCLOSURE**

***Directors' Report for the Financial Year 2017-18***

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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.

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*Directors' Report for the Financial Year 2017-18*

**ANNEXURE IV TO THE DIRECTORS' REPORT**

**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2018**

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

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

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

Based on my verification of the AD Hydro Power Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by AD Hydro Power Limited ('the company') for the financial year ended on March 31, 2018 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;



*Directors' Report for the Financial Year 2017-18*

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- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Other law applicable specifically to the Company, as identified and on the basis of representation given by the management,:
  - The Electricity Act, 2003.
  - The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

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

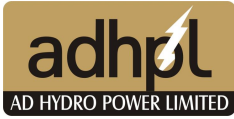
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Notified and effective from 1<sup>st</sup> July, 2015).
- (ii) The SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.  
**(Not Applicable to the Company during the Audit period)**

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



***Directors' Report for the Financial Year 2017-18***

seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

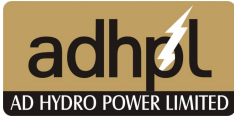
- The Company has done debt refinancing for replacement of high cost debt with low cost debt, wherein the resolution was passed by the Committee of the board of directors on 7<sup>th</sup> March 2017 and 22<sup>nd</sup> March 2017 and such Committee was duly constituted by the Board on 12<sup>th</sup> December, 2016 & 27<sup>th</sup> 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. The Board took note of the same in its first Board Meeting held during the period under review.

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: 09.07.2018**



***Directors' Report for the Financial Year 2017-18***

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**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: 09.07.2018**

**Directors' Report for the Financial Year 2017-18**

**ANNEXURE V TO THE DIRECTORS' REPORT**

**FORM NO. MGT.9**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31<sup>st</sup> March, 2018

[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
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**Directors' Report for the Financial Year 2017-18**

1	Malana Power Company Limited	U40101HP1997PLC019959	Holding Company	88%	2(46)
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**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i. CATEGORY-WISE SHARE HOLDING**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(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	492,905,750		492,905,750	87.99	NIL
e. Banks / FI									
f. Any Other....									
<b>Sub-total (A) (1):-</b>	<b>492,905,750</b>	<b>49,890</b>	<b>492,955,640</b>	<b>88.00</b>	<b>492,905,750</b>	<b>49,890</b>	<b>492,955,640</b>	<b>88.00</b>	<b>NIL</b>
(2) Foreign									
a) NRIs - Individuals									
b) Other -- Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
<b>Sub-total (A) (2):-</b>									
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>492,905,750</b>	<b>49,890</b>	<b>492,955,640</b>	<b>88.00</b>	<b>492,905,750</b>	<b>49,890</b>	<b>492,955,640</b>	<b>88.00</b>	<b>NIL</b>
<b>B. Public Shareholding</b>									
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) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>67,197,201</b>		<b>67,197,201</b>	<b>12.00</b>	<b>67,197,201</b>		<b>67,197,201</b>	<b>12.00</b>	<b>NIL</b>
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)									
<b>Sub-total (B)(2):-</b>									
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>560,102,951</b>	<b>49,890</b>	<b>560,152,841</b>	<b>100</b>	<b>560,102,951</b>	<b>49,890</b>	<b>560,152,841</b>	<b>100</b>	<b>NIL</b>

**Directors' Report for the Financial Year 2017-18**

**ii. SHAREHOLDING OF PROMOTERS**

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

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

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

S.I. 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 Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	<b>NO CHANGES</b>			
3	At the End of the year	-	-	-	-

***Directors' Report for the Financial Year 2017-18***

**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
<b>1</b>	At the beginning of the year (International Finance Corporation, Washington)	67,197,201	12.00%	67,197,201	12.00%
<b>2</b>	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	-	-	-	-
<b>3</b>	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%

**Directors' Report for the Financial Year 2017-18**
**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
<b>At the beginning of the year</b>					
1	Mr. Ravi Jhunjhunwala	-	-	-	-
2	Mr. Rajinder Pal Goel	-	-	-	-
3	Ms. Tima Iyer Utne	-	-	-	-
4	Mr. Knut Leif Bredo Erichsen	-	-	-	-
5	Dr. Kamal Gupta	-	-	-	-
6	Mr. Tantra Narayan Thakur	-	-	-	-
7	Mr. Om Prakash Ajmera (CEO & CFO)	-	-	-	-
8	Mr. Arvind Gupta (Company Secretary)	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	<b>No changes</b>	<b>No changes</b>	<b>No changes</b>	<b>No changes</b>
<b>At the End of the year</b>					
1	Mr. Ravi Jhunjhunwala	-	-	-	-
2	Mr. Rajinder Pal Goel	-	-	-	-
3	Ms. Tima Iyer Utne	-	-	-	-
4	Mr. Knut Leif Bredo Erichsen	-	-	-	-
5	Dr. Kamal Gupta	-	-	-	-
6	Mr. Tantra Narayan Thakur	-	-	-	-
7	Mr. Om Prakash Ajmera (CEO & CFO)	-	-	-	-
8	Mr. Arvind Gupta (Company Secretary)	-	-	-	-



*Directors' Report for the Financial Year 2017-18*

**V. INDEBTEDNESS**

<b>V. INDEBTEDNESS</b>				
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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	689.26	463.80	-	1,153.06
ii) Interest due but not paid	-	161.44	-	161.44
iii) Interest accrued but not due	3.39	-	-	3.39
<b>Total (i+ii+iii)</b>	<b>692.65</b>	<b>625.24</b>	<b>-</b>	<b>1,317.89</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	48.11	-	-	48.11
<b>Net Change</b>	<b>48.11</b>	<b>-</b>	<b>-</b>	<b>48.11</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	641.14	463.80	-	1,104.94
ii) Interest due but not paid	-	207.36	-	207.36
iii) Interest accrued but not due	3.39	-	-	3.39
<b>Total (i+ii+iii)</b>	<b>644.53</b>	<b>671.16</b>	<b>-</b>	<b>1,315.69</b>

**Directors' Report for the Financial Year 2017-18**
**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in Rs. Million)

S.I. No.	Particulars of Remuneration	Name of Whole Time Director
1	Gross salary	<b>Mr. Rajinder Pal Goel</b>
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3.76
	(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	0.72
	<b>Total (A)</b>	<b>4.48</b>
	Ceiling as per the Act	10 % of the net profits of the company calculated as per section 198 of the Companies Act, 2013 or in terms of Schedule V of the Companies Act, 2013.

**B. Remuneration to other Directors:**

1. Independent Directors					
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	425,000	325,000	750,000	
2	Commission	-	-	-	
3	Others, please specify	-	-	-	
4	<b>Total (1)</b>	<b>425,000</b>	<b>325,000</b>	<b>750,000</b>	
2. Other Non-Executive Directors (if any)					
S.I. No.	Particulars of Remuneration	Name of Directors			Total Amount (In Rs.)
		Mr. Ravi Jhunjunwala	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	<b>Total (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**Directors' Report for the Financial Year 2017-18**
**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	-	-	-
	<b>Total (A)</b>	-	-	-

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

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

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

***Directors' Report for the Financial Year 2017-18***

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

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2017-18**

**PART-A**

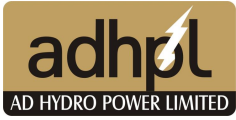
<b>S. No.</b>	<b>A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs and the Composition of the CSR Committee.</b>	<b>Refer to Point No. 15(iii) on Corporate Social Responsibility in Director's Report.</b>
1	Average Net Profit of the Company for last three financial years:	Rs. 233.62 million
2	Prescribed CSR Expenditure (two percent of the amount as in item 1 above):	Rs.4.67 million
3	Details of CSR spent during the financial year 2017-18:	
	a. Total amount to be spent for the financial year 2017-18:	Rs.4.67 million
	b. Total amount spent during the financial year 2017-18:	Rs.5.006 million
	c. Amount unspent, if any:	Nil
	d. Manner in which the amount spent during the financial year:	As per below

**Directors' Report for the Financial Year 2017-18**
**Manner in which the amount spent during the financial year 2017-18:**

(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 Garbage collection	Swachha Bharat Abhiyan	Local Area (Distt-Kullu, Himachal Pradesh)	1.29	1.15	1.15	Direct
2	Schemes for women empowerment (Sewing training centre)	Empowering Women	Local Area (Distt-Kullu, Himachal Pradesh)	0.18	0.13	0.13	Direct
3	i) ADHPL Scholarship scheme, distribution of school bags and honorarium paid to govt. school and, ii) ADHPL Vidyasaarathi Scholarship Scheme (Jointly with NSDL and Tata Institute of Social Sciences)	Promoting education	Local Area (Distt-Kullu, Himachal Pradesh)	1.25	1.85	1.85	i) Direct and ii) Jointly with NSDL and Tata Institute of Social Sciences
5	Civil work at near-by villages and providing free electricity bills	Rural Development	Local Area (Distt-Kullu, Himachal Pradesh)	1.00	0.86	0.86	Direct
6	Financial Support to Badminton	Sports	Local Area (Distt-Kullu, Himachal Pradesh)	0.11	0.11	0.11	Direct
7	Financial Support to Sahara Old Age Home	Healthcare	Local Area (Distt-Kullu, Himachal Pradesh)	0.75	0.59	0.59	Direct
8	Misc. Community CSR work	Miscellaneous	Local Area (Distt-Kullu, Himachal Pradesh)	0.25	0.31	0.31	Direct
			<b>TOTAL</b>	<b>4.83</b>	<b>5.01</b>	<b>5.01</b>	

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



**PART-B**

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

**Not Applicable.**

During the financial year 2017-18, the amount for CSR expenditure was Rs. 4.67 Million (being 2% of average net profit before tax of last three financial years) as per the provisions of Companies Act, 2013 and rules made there under.

The Company has spent more than the limit prescribed under law keeping in view the spirit of the company in doing CSR activities. All the CSR activities were done in the villages near the Project area. The company had spent Rs. 5.006 million on CSR activities which are covered under the approved CSR Policy of the Company and are also covered under Companies Act, 2013 and Rules made thereunder. This reflects the social welfare commitment of the Company at the Project area.

**RESPONSIBILITY STATEMENT**

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

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

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

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