

**CHANGO YANGTHANG HYDRO POWER LIMITED**  
**DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2017-18**

Dear Members,

Your Directors are pleased to present their Seventh (7<sup>th</sup>) Annual Report on the business and operations of the Company along with the Audited statement of accounts for the year ending 31<sup>st</sup> March, 2018.

**1. FINANCIAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE COMPANY**

The Financial data for the current year and previous year are stated as following:

Particulars	(Amount in Rs. Lac)	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total Income	Nil	Nil
Total Expenditure	36.70	0.83
Profit/(Loss) Before Exceptional items & Taxes	(36.70)	(0.83)
Exceptional Items	2,713.18	Nil
Profit/(Loss) Before Tax	(2,749.88)	(0.83)
Taxes	Nil	Nil
Profit/(Loss) after Tax	(2,749.88)	(0.83)
Basic EPS/Diluted EPS in Rs.	(4.58)	(0.0014)

**\*The Company has not yet started its commercial activities.\***

The Audited Financial Statement together with the Auditors' Report forms the part of the Annual Report.

**2. OVERALL PERFORMANCE**

During the financial year 2017-18, the company incurred a loss of Rs. 2,749.88 Lacs as compared to Rs. 0.83 Lacs during the previous financial year 2016-17. The loss during the year is mainly due to charging off ₹ 2,713.18 Lacs which was hitherto shown as CWIP.

Due to various reasons, your Company is not able to develop this project and has surrendered the project and sought refund of upfront premium and security deposit of Rs 39.69 crore along with interest @ 10%. The management of the company is expecting a refund amounting Rs. 3,969.45 Lacs therefore the upfront premium of Rs. 3,789.45 Lacs which was classified in Capital Work In Progress has been transferred to Other Non-current Assets and balance amount of Rs. 2,713.18 Lacs is charged to Profit & Loss Account as an exceptional item.

**3. STATEMENT OF COMPANY AFFAIRS/ PROJECT STATUS AND INFORMATION**

Your Company, a wholly owned subsidiary of M/s Bhilwara Energy Limited, is having license to develop 180 MW Chango Yangthang Hydro Electric Project in the state of Himachal Pradesh.

Due to various reasons, your Company is not able to develop this project and has surrendered the project and sought refund of upfront premium and security deposit of Rs 39.69 crore along with interest @ 10%.

**4. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

Due to various reasons, your company is not able to develop its project and has surrendered the project and filed application with Govt. of H.P. for refund of upfront premium and security deposit of Rs. 39.69 crore along with interest @ 10%.

The members are aware that the Company has filed an application with Hon'ble National Company Law Tribunal, Chandigarh Bench for reduction of share capital from Rs. 60 crore to Rs. 30 crore. The NCLT vide its order dated 08<sup>th</sup> August, 2018 has approved such reduction of capital.

**5. DIVIDEND**

Due to losses, your Director's do not propose any dividend for the financial year under review.

**6. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS.**

The Company has adequate internal financial controls in place with reference to the Financial Statements 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. During the year under review, these controls were evaluated and no significant weakness was identified in the operations of control. The Company has a well-defined organizational structure, internal rules and guidelines for conducting business transactions.

**7. PERSONNEL**

**(a) Industrial Relation**

The Industrial Relations during the period under review generally remained cordial 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**.

**8. 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.

## 9. RESERVES

No amount was required to be transferred to Reserve.

## 10. CORPORATE SOCIAL RESPONSIBILITY

The company does not fit into the criteria as specified under section 135 for making investment in CSR Activities so the disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable.

## 11. SHARE CAPITAL

### a) Issue of equity shares with differential rights

During the financial year 2017-18, no equity shares have been issued with differential rights.

### b) Issue of sweat equity shares

During the financial year 2017-18, no sweat equity shares which have been issued.

### c) Issue of employee stock options

During the financial year 2017-18, no equity shares have been issued under employee stock option scheme/ employee stock purchase scheme.

### d) Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees

During the Financial Year 2017-18 no provision of money was made by the company for purchase of its own shares by employees or by trustees for the benefit of employees. So the provisions as provided in rule 16 (4) of Companies (Share Capital and Debentures) Rules, 2014 are not applicable.

## 12. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

The members are aware that the Company has filed an application with Hon'ble National Company Law Tribunal, Chandigarh Bench for reduction of share capital from Rs. 60 crore to Rs. 30 crore. The NCLT vide its order dated 08<sup>th</sup> August, 2018 has approved such reduction of share capital.

## 13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND 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.

**14. DIRECTORS AND KEY MANAGERIAL PERSONNEL****DIRECTORS RETIRE BY ROTATION**

During the year, Mr. Riju Jhunjhunwala (DIN: 00061060) and Mr. Rishabh Jhunjhunwala (DIN: 03104458) shall retire by rotation in the forthcoming Annual General Meeting and being eligible shall offer themselves for reappointment. The Board recommends their reappointment.

**DURING THE YEAR, THE FOLLOWING CHANGES OCCURRED IN THE DIRECTORS AND KMP'S:-****APPOINTMENT OF CHIEF FINANCIAL OFFICER (CFO)**

Your Directors informs the members that that based on the recommendation of the Nomination and Remuneration Committee, Mr. Sushil Kumar was appointed as a Chief Financial Officer (CFO) of the Company w.e.f 13<sup>th</sup> April, 2017.

**RE-APPOINTMENT OF MANAGER (KMP)**

During the Financial Year under review, Mr. Pradeep Kumar Sharma was re-appointed as the Manager in terms of Section 2(53) of the Companies Act, 2013 by the Board in their meeting held on 22<sup>nd</sup> March, 2018 and subsequently approved by the members at an Extra Ordinary General Meeting held on 28<sup>th</sup> March, 2018 for a period of one year commencing from 01<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019 and was designated as the Key Managerial Personnel of the Company as required under Section 2(51) of the Companies Act, 2013.

**DECLARATION FROM INDEPENDENT DIRECTORS**

Your Directors further inform the members that the Company has received necessary declaration from each Independent Director/s under section 149(7) 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.

**KEY MANAGERIAL PERSONNEL (KMPS)**

During the year, Mr. Pradeep Kumar Sharma, Manager, Ms. Srishti Saxena, Company Secretary and Mr. Sushil Kumar, Chief Financial Officer (CFO) acted as the Key Managerial Personnel of the Company in terms of Section 2(51) of the Companies Act, 2013.

**15. MEETINGS OF THE BOARD**

The Board of Directors met six (6) times during the financial year 2017-18. The meetings were held on 13<sup>th</sup> April, 2017, 10<sup>th</sup> May, 2017, 22<sup>nd</sup> August, 2017, 15<sup>th</sup> November, 2017, 04<sup>th</sup> December, 2017 and 22<sup>nd</sup> March, 2018 respectively.

The intervening gap between the meetings was within the period prescribed under the Companies Act. 2013

The composition and the attendance for the above mentioned meetings are as follows:

S. No.	Name of the Director	Designation	Category	No. of meetings entitled to attend	No. of meetings attended
<u>1.</u>	Mr. Riju Jhunjhunwala	Director	Non-Executive Director	6	6
<u>2.</u>	Mr. Rishabh Jhunjhunwala	Director	Non-Executive Director	6	6
<u>3.</u>	Mr. Om Prakash Ajmera	Director	Non-Executive Director	6	6

<u>4.</u>	Ms. Niharika Bindra	Independent Director	Non-Executive Independent Director	6	6
<u>5.</u>	Mr. Pradeep Agarwal	Independent Director	Non-Executive Independent Director	6	6

## 16. AUDIT COMMITTEE

During the financial year 2017-18, the Audit Committee reviewed the Company's financial results, 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 accepted by the Board during the financial year 2017-18.

Majority of the members of the Committee possess knowledge of corporate finance, accounts and corporate laws. During the year, four (4) audit committee meetings were held on 10<sup>th</sup> May, 2017, 22<sup>nd</sup> August, 2017, 04<sup>th</sup> December, 2017 and 22<sup>nd</sup> March, 2018.

The Company Secretary acts as the secretary to the Committee.

The composition and attendance of Audit Committee held during the year is mentioned as below:

S. No.	Name of the member	Designation	Category	No. Of Meetings entitled to attend	No. of meetings attended
<u>1.</u>	Mr. Om Prakash Ajmera	Chairperson, Member	Non-Executive Director	4	4
<u>2.</u>	Ms. Niharika Bindra	Member	Non-Executive Independent Director	4	4
<u>3.</u>	Mr. Pradeep Agarwal	Member	Non-Executive Independent Director	4	4

## 17. NOMINATION AND REMUNERATION COMMITTEE MEETING

During the financial year 2017-18, two (2) Nomination and Remuneration Committee meetings were held. The meetings were held on 13<sup>th</sup> April, 2017 & 22<sup>nd</sup> March, 2018.

The Company Secretary acts as the Secretary to the Committee.

The composition and attendance of Nomination and Remuneration Committee meetings held during the year is mentioned as below:

S. No.	Name Of The Member	Designation	Category	No. Of Meetings entitled to attend	No. Of Meetings Attended
<u>1.</u>	Mr. Om Prakash Ajmera	Chairperson, Member	Non-Executive Director	2	2
<u>2.</u>	Mr. Riju Jhunjhunwala	Member	Non-Executive Director	2	2

<b>3.</b>	Mr. Pradeep Agarwal	Member	Non-Executive Independent Director	2	2
<b>4.</b>	Ms. Niharika Bindra	Member	Non-Executive Independent Director	2	2

### **18. MEETING OF THE MEMBERS**

The Sixth (6<sup>th</sup>) Annual General Meeting of the members of the Company was held on 26<sup>th</sup> September, 2017.

Two (2) Extra Ordinary General Meetings of the members of the Company were held on 15<sup>th</sup> December, 2017 & 28<sup>th</sup> March, 2018.

### **19. MEETING OF THE INDEPENDENT DIRECTORS**

During the year under review, One Independent Director Meeting was held on 22<sup>nd</sup> March, 2018. Independent Directors met 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 Executive Directors 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.

### **20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

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

### **21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The Provision of section 186 of the Companies Act, 2013 with respect to loans, guarantees and security is not applicable since the Company is engaged in providing Infrastructural Facilities and is exempt under section 186 of the Companies Act, 2013. The Company has not made any investments in terms of Section 186 of the Companies Act, 2013.

### **22. BOARD EVALUATION**

Pursuant to the provisions of section 134 (3) (p) of the Companies Act, 2013, the annual evaluation has been made of the Board, its committees and individual directors. The manner of evaluation is mentioned in the Nomination & Remuneration Policy which forms part of the Board Report.

Your Directors express their satisfaction with the evaluation process and inform that the performance of the Board as a whole, its Committees and its member individually was adjudged satisfactory.

**23. BUSINESS 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. 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 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.

**24. NOMINATION & REMUNERATION POLICY**

Pursuant to the provisions of section 178 of the companies act, 2013 the board of directors on the recommendation of the nomination and remuneration committee has framed a policy for the appointment of directors and senior management of the company and their remuneration. The policy forms part of the board report as **Annexure-III** has been disclosed on the website of the holding company, the link of which is [www.bhilwaraenergy.com](http://www.bhilwaraenergy.com)

**25. STATUTORY AUDITORS**

At the Fourth(4<sup>th</sup>) Annual General Meeting held on 28<sup>th</sup> September, 2015, **M/s Doogar & Associates**, Chartered Accountants (Firm Reg. No. 000561N), were appointed as the Statutory Auditors of the Company to hold office till the conclusion of the Eight (8<sup>th</sup>) Annual General Meeting to be held in the Calendar Year, 2019, subject to ratification at every Annual General Meeting.

Your Directors inform the members that in accordance with the amendment notified by MCA on 7th May, 2018, the requirement of ratification of the appointment of Statutory Auditors at every Annual General Meeting has been omitted and is no longer required. Accordingly, the notice convening the ensuing Annual General Meeting does not carry resolutions with regard to ratification of appointment of Statutory Auditors.

However, the Statutory Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder.

The observations of the Auditors, if any, are explained wherever necessary, in the appropriate notes to the accounts. The Auditors' Report does not contain qualification, reservation or adverse remark.

**26. AUDITORS' REMARKS**

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

**27. SECRETARIAL AUDITOR**

In terms of Section 204 of the Act and Rules made there under, M/s. M. L. Sharma & Company, Company Secretaries have been appointed as Secretarial Auditors of the Company for the financial year 2017-18. The Secretarial Auditor has given their report for the financial year 2017-18.

The report of the Secretarial Auditors is annexed to this report as **Annexure IV**.

The Secretarial Audit Report confirms that the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines etc. and does not contain any qualification, reservation, adverse remark or disclaimer.

## 28. INTERNAL AUDITOR

Based on the Audit Committee recommendations, the Board has appointed M/s BGJC & Associates, LLP, Chartered Accountants (Firm Registration No. 003304N) as its Internal Auditor for the financial year 2018-19. During the year under review, the Company continued to implement the suggestions and recommendations made by the previous Internal Auditors M/s KRA & Associates, Chartered Accountants, to improve the control environment.

## 29. REPORTING OF FRAUDS BY THE AUDITORS

During the year under review, neither the Statutory Auditors nor the Secretarial Auditor and the Internal Auditor had reported any matter under Section 143 (12) of the Companies Act, 2013. Therefore, no detail is required to be disclosed under 134(3) (ca) of the Companies Act, 2013.

## 30. EXTRACT OF THE ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in form MGT 9 as **Annexure V** is annexed hereto. The Annual Return and extract of Annual Return in form MGT-9 is also placed on the website of the holding company M/s Bhilwara Energy Limited ([www.bhilwaraenergy.com](http://www.bhilwaraenergy.com))

## 31. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge state the following:

- i. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii. that such accounting policies had been selected and applied consistently and judgment and estimates have been made that are reasonable & prudent to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March, 2018 and of the profit & losses of the company for the year ended on that date;
- iii. that the proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. that the annual financial statement has been prepared 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. that the Company had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 32. GENERAL DISCLOSURES

- 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. The Company has complied with the provisions relating to constitution of Internal Complaints Committee under sexual harassment of women at workplace (Prevention, Prohibition & 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.
- To the best of our knowledge and belief there has been no instance of fraud that has occurred or reported in the Company, during the financial year 2017-18.
- During the year, there was no change in the issued share capital of the company.
- The Company is in compliance of all applicable secretarial standards issued by The Institute of Company Secretaries of India from time to time.
- The Company is not required to maintain 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 not made and maintained by the Company.
- The Company has made the necessary disclosure as per rule 8(5) of Companies Accounts Rules 2014.

### **33. ACKNOWLEDGEMENTS**

Your Company has acknowledged the assistance and continued support provided by the Ministry of Environment and Forests (Government of India), Central Electricity Authority, Government of Himachal Pradesh, other government agencies. Your Directors' also like to express great appreciation for the commitment and contribution of its employees at all levels.

Your Directors' also show their gratitude and record the appreciation towards all the Shareholders and all the members of the Company for their inbuilt faith and confidence reposed by them in the Company.

**DATE: 13.08.2018**  
**PLACE: Noida (U.P.)**

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**  
**CHANGO YANGTHANG HYDRO POWER LIMITED**

**RIJU JHUNJHUNWALA**  
**DIRECTOR**  
**DIN-00061060**

**OM PRAKASH AJMERA**  
**DIRECTOR**  
**DIN-00322834**

**ANNEXURE-I OF THE BOARD'S 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:

**CHANGO YANGTHANG HYDRO POWER LIMITED****(A) Names of the top ten employees in terms of remuneration drawn**

S. No.	Name of Employee	Designation	Remuneration	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	*Mr. Pradeep Kumar Sharma	Manager (Dy. Manager-Liasion)	Rs. 15.34 Lac	MBA from KSOU, Mysore. PG Diploma in personnel & Administration from AIIMS, Chennai.	21 Years	47 Years	01.10.2011	Prabati Hydro-Electric Project Lot-II-800 MW	NIL	Permanent	NO
2	**Mr. Sushil Kumar	CFO(Officer Accounts)	Rs. 6.05 Lac	MBA Finance	14 Years	33 Years	10.04.2017	IQOR Global Service India Private Limited	NIL	Permanent	NO
3	Ms. Srishti Saxena	Company Secretary	Rs. 3.09 Lac	B.Com (H), Company Secretary	3 Years	28 Years	10.08.2015	-	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	-	-	-	-	-	-	-	-	-	-	-

**Notes:**

\*Mr. Pradeep Kumar Sharma was re-appointed as the Manager of the Company for a period of one year commencing from 01.04.2017 to 31.03.2018.

\*\*Mr. Sushil Kumar, was appointed as CFO w.e.f. 13<sup>th</sup> April, 2017.

ANNEXURE-IICONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

**A) Conservation of energy:**

- |   |   |     |
|---|---|-----|
| i) the steps taken or impact on conservation of energy;                       | : | Nil |
| ii) the steps taken by the company for utilising alternate sources of energy; | : | Nil |
| iii) the capital investment on energy conservation equipments;                | : | Nil |

**B) Technology absorption:**

- |  |   |     |
|--|---|-----|
| i) the efforts made towards technology absorption;   | : | Nil |
| ii) the benefits derived like product improvement, cost reduction, product development or import substitution;                 | : | Nil |
| 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.  |   |     |

**C) Foreign exchange earnings and Outgo:**

- |                           |   |     |
|---------------------------|---|-----|
| Foreign Exchange Earnings | : | Nil |
| Foreign Exchange Outgo    | : | Nil |

**ANNEXURE-III OF THE BOARD'S REPORT**  
**NOMINATION AND REMUNERATION POLICY**

**1. OBJECTIVE**

The Key Objectives of the Committee would be:

- i. to guide the Board in relation to appointment, appraisal and removal of Directors, Key Managerial Personnel and Senior Management.
- ii. to evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- iii. to recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

**2. DEFINITIONS**

**a) Key Managerial Personnel:** Key Managerial Personnel 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.

**b) 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 and departmental heads.

**3. ROLE OF COMMITTEE**

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

- i. to formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- ii. to recommend to the Board the appointment and removal of Senior Management
- iii. to carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance.
- iv. to recommend to the Board on:
  - \* policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management, and
  - \* Executive Directors remuneration and incentive.
- v. 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;
- vi. ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
- vii. to devise a policy on Board diversity;
- viii. to develop a succession plan for the Board and to regularly review the plan;

**4. MEMBERSHIP**

- a) The Committee shall at any point of time consist of a minimum 3 or more non-executive directors out of which not less than one half shall be independent directors. (This clause shall be applicable as and when required no. of Independent Director shall be appointed).
- 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) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- b) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- c) 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. NOMINATION DUTIES OF COMMITTEE**

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

- i. Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;
- ii. 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;
- iii. Identifying and recommending Directors who are to be put forward for retirement by rotation.
- iv. Determining the appropriate size, diversity and composition of the Board;
- v. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- vi. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- vii. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- viii. 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.

- ix. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- x. Recommend any necessary changes to the Board.
- xi. Considering any other matters as may be requested by the Board; and

#### **11. REMUNERATION DUTIES OF COMMITTEE**

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

- i. to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- ii. to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- iii. to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- iv. to consider any other matters as may be requested by the Board.
- v. Professional indemnity and liability insurance for Directors and senior management.

#### **12. MINUTES OF COMMITTEE MEETING**

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

**ANNEXURE IV OF THE BOARD'S REPORT****Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 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,**  
**Chango Yangthang Hydro Power Limited**  
**CIN:U40101HP2011PLC031772**

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company, **Chango Yangthang Hydro Power Limited** and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Chango Yangthang Hydro Power Limited** for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

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

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (v)(a) The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations 2015 **(Not Applicable)**
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. **(Not applicable)**
- (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011; **(Not applicable)**
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable)**
- (e) The Securities and Exchange Board of India (Employee Stock option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable)**
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable)**
- (g) 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; **(not applicable)**
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(not applicable)**
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(not applicable)**

**We have also examined the compliances with the applicable clauses of the following:**

(j) Secretarial Standards issued by the Institute of Company Secretaries of India (Notified and effective from 1<sup>st</sup> July, 2015.)

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

**Other Laws that are specifically to the Company, as identified on the basis of the representation given by the Management:**

The Electricity Act, 2003.

The Sexual Harassment of women at workplace (Prevention , Prohibition and Redressal) Act, 2013.

We further report that:-

All decisions at the 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.

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

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 in case of shorter notice, proper consent is being taken from all the directors 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.

We further report that there are 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.

We further report that during the audit period, the Company has filed the petition before the Hon'ble National Company Law Tribunal, Chandigarh Bench seeking Confirmation for the reduction of the Share Capital of the Company from Rs. 60,00,00,000 (Rupees Sixty Crore) divided into 60000000 (Six Crore) Equity shares of Rupees 10/- each to Rs. 30,00,00,000 (Rupees Thirty Crore) divided into 60000000 (Six Crore) Equity shares of Rs. 5/- each. The approval for such reduction is still pending with the Hon'ble National Company Law Tribunal. Further report that the petition is filed on 15<sup>th</sup> January, 2018 after complying with the provisions of section 66(1) of the Companies Act, 2013 read with National Company Law Tribunal (Procedure for Reduction of Share Capital of the Company) Rules, 2016 having a bearing on the company's affairs in pursuance of the above referred laws, rules, regulations and standards etc.

Place : Delhi

Signature:

Date : 27<sup>th</sup> July, 2018

For M.L. Sharma & Company

(Manohar Lal Sharma)

Prop.

FCS No. 8241

C. P. No: 6823

Note: This report is to be read with our letter of even date which is annexed as 'Annexure-A' and forms an integral part of this report.



## Annexure 'A' to the Secretarial Audit Report

To,  
The Members  
Chango Yangthang Hydro Power Limited  
CIN:U40101HP2011PLC031772

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company since the same have been subject to review by the Statutory Auditors.
4. Where ever required, we 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. Our 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.

Place : Delhi

Signature:

Date : 27<sup>th</sup> July,2018

For M.L. Sharma & Company

(Manohar Lal Sharma)

Prop.

FCS No. 8241

C. P. No: 6823