

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the Fifteenth Annual Report of the Company together with the Audited Financial Statements for the Financial Year ended 31st March, 2019.

1. OPERATIONAL & FINANCIAL HIGHLIGHTS

The Management Discussion and Analysis Report for FY 19 is part of the Annual Report and explains the operating and financial performance of the business for the year.

Summary of the financial results of the Company for the year under review is as under:

(₹ in Crore except per share data)

Particulars	Standalone		Consolidated	
	FY 19	FY 18	FY 19	FY 18
Total Income	13,239	11,717	13,341	11,776
Profit Before Tax	1,248	1,376	1,264	1,401
Total comprehensive income for the year (after non-controlling interest)	883	935	893	955
Add: Balance brought forward	3,378	2,606	3,405	2,614
Add: Impact on adoption of Ind AS 115	649	-	648	-
Balance available for Appropriation	4,910	3,541	4,946	3,569
Appropriations				
Transfer to specific reserves	36	36	36	36
Dividend paid (including dividend distribution tax)	288	127	290	128
Balance carried to Balance Sheet	4,586	3,378	4,620	3,405
Basic and Diluted Earnings per Share (₹ per share)	19	19	19	20

2. DIVIDEND

The Company, as a policy, endeavours to distribute approx. 30% of its consolidated annual profits after tax as dividend in one or more tranches. Following the said policy, the Board of Directors have recommended dividend of ₹5 per equity share having face value of ₹10/- on 48,06,16,784 equity shares (PY ₹5 per equity share having face value of ₹10/- on 48,06,16,784 equity shares), amounting to ₹240.31 Crore (PY ₹240.31 Crore).

The Company will pay Dividend Distribution Tax of ₹49.40 Crore (PY ₹49.40 Crore) on the above dividend; the total outflow on account of dividend thus is ₹289.71 Crore (PY ₹289.71 Crore) i.e. 32.28% (PY 30.01%) of consolidated total comprehensive income for FY 19.

The Dividend Distribution Policy of the Company can be accessed at the Company's website: https://www.torrentpower.com/pdf/investors/06-01-2017_hfl6a_Dividend_Distribution_Policy.pdf

3. FINANCE

During the year under review, the Company has tied up ₹2,355 Crore in the form of Capex LC facility and part of the Rupee Term Loan for 499.8 MW Wind Power Project and ₹1,680 Crore in the form of term loan for its routine capex requirements, mainly for its Distribution Licensee and Distribution Franchisee businesses as well as cable business of the Company incurred and to be incurred during FY 19 and FY 20.

Outstanding amount towards long term loans, Non-Convertible Debentures (NCDs) and Accelerated Power Development and Reforms Programme (APDRP) loans as on 31st March, 2019 was ₹9,455 Crore. Details of long term loans of the Company for the year under review are provided in Note 22 to the Consolidated Financial Statements.

The consolidated debt to equity (including deferred tax liability) ratio as at the end of FY 19 was 0.90 (PY 1.01).

The particulars of loans given, guarantees provided and investments made are disclosed in Note 55 to the Standalone Financial Statements.

Credit Rating of the Company's long term loans, cash credit and NCDs has been reaffirmed by CRISIL at AA- / Stable and that of Letters of Credit / Bank Guarantees of the Company has been reaffirmed at A1+ on 29th September, 2018.

4. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Board reviews the affairs of the Company's subsidiaries and associates at regular intervals. In accordance with section 129(3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statements of the Company which form part of this Annual Report. Further, a statement containing salient features of the Financial Statements of the Company's subsidiaries and associates is given in prescribed form AOC-1 which forms part of this Annual report at page no. 238. The said Form also highlights the financial performance of each of the subsidiaries and associate companies included in the Consolidated Financial Statements.

Details pertaining to companies that ceased to be the associates of the Company during the year are provided in Note no. 41 of the notes to the Consolidated Financial Statements, forming part of the Annual Report.

In accordance with section 136(1) of the Companies Act, 2013, the Financial Statements of the subsidiary and associate companies are available for inspection by the members at the Registered Office of the Company during business hours on all days except Saturday, Sunday and Public Holiday. Any person desirous of obtaining said financial statements may write at cs@torrentpower.com. The Annual Report of the Company and Audited Financial Statements of each of the subsidiary companies have been placed on the website of the Company www.torrentpower.com.

5. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The members of the Company at the 14th Annual General Meeting (AGM) held on 1st August, 2018, appointed Shri Samir Mehta as Chairman (with substantial powers of management) and Shri Jinal Mehta as Managing Director of the Company wef 1st April, 2018, for a term of five years.

The members in the same meeting re-appointed Smt. Bhavna Doshi (from 4th August, 2018 till 30th September, 2021), Ms. Dharmishta N Raval (from 16th October, 2018 till 30th September, 2021), Shri Samir Barua (from 1st April, 2019 till 30th September, 2022), Shri Keki Mistry (from 1st April, 2019 till 31st March, 2024) and Shri Pankaj Patel (from 1st April, 2019 till 31st March, 2024) as Independent Directors of the Company for second and final term.

Shri Markand Bhatt, Whole-time Director relinquished his position wef 30th September, 2018.

Shri Kiran Karnik completed his term as an Independent Director of the Company on 31st March, 2019 and in deference to his wish, was not re-appointed for second term.

The Board meeting held on 7th February, 2018 appointed Shri Sanjay Dalal as Chief Financial Officer & Whole-time KMP of the Company wef 30th May, 2018 in place of Shri T. P. Vijayasathy who was assigned a new role in the Company.

The Board meeting held on 1st August, 2018 appointed Shri Samir Shah as Company Secretary & Whole-time KMP of the Company wef 2nd August, 2018.

As per the provisions of the Companies Act, 2013, Shri Jinal Mehta (DIN: 02685284), Director, retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment. A brief resume and other relevant details of Shri Jinal Mehta are given in the Explanatory Statement to the Notice convening the 15th AGM.

6. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from the Independent Directors confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Independent Directors are in compliance with the Code of Conduct prescribed under Schedule IV of the Companies Act, 2013.

7. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION POLICY

The Nomination and Remuneration Committee (NRC) has approved the following criteria and process for identification / appointment of Directors:

Criteria for appointment:

- i. Proposed Director ("Person") shall meet all statutory requirements and should:
 - possess the highest ethics, integrity and values
 - not have direct / indirect conflict with present or potential business / operations of the Company
 - have the balance and maturity of judgment
 - be willing to devote sufficient time and energy
 - have demonstrated leadership and vision at senior levels, and have the ability to articulate a clear direction for the Company
 - have relevant experience with respect to Company's business (in exceptional circumstances, specialisation / expertise in unrelated areas may also be considered)
 - have appropriate comprehension to understand or be able to acquire that understanding:
 - o relating to Corporate Functioning
 - o concerning the scale, complexity of business and specific market and environment factors affecting the functioning of the Company
- ii. The appointment shall be in compliance with the Board Diversity Policy of the Company.

Process for Identification / Appointment of Directors:

- i. Board members may (formally or informally) suggest any potential person to the Chairman of the Company meeting the above criteria. If the Chairman deems fit, necessary recommendation shall be made by him to the NRC.
- ii. Chairman of the Company can himself also refer any potential person meeting the above criteria to the NRC.
- iii. NRC will process the matter and recommend such proposal to the Board.
- iv. Board will consider such proposal on merit and decide suitably.

Remuneration Policy:

The Company has in place a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees of the Company. The Company has revised the said policy in its Board Meeting held on 5th February, 2019. The amended policy is available on the website of the Company at https://www.torrentpower.com/pdf/investors/Remuneration_Policy.pdf

8. EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The evaluation of Board, its Committees and Individual Directors was carried out as per the process and criteria laid down by the Board of Directors.

The proforma formats for facilitating the evaluation process of Non Independent Directors, Board as a whole and Committees were sent to all Independent Directors. A presentation on functioning of the Board and Committees containing the outcome of their evaluation and feedback was reviewed by the Independent Directors in their separate meeting and by the Board. Based on the feedback, the Board expressed satisfaction on the functioning of the Board, Committees and performance of Individual Directors.

9. MEETINGS OF THE BOARD, COMMITTEES & COMPLIANCE TO SECRETARIAL STANDARDS

The Board meets at regular intervals, with gap between two meetings not exceeding 120 days. During the year under review, the Board met four times.

The Board has five Committees namely Audit and Risk Management Committee (ARMC), Nomination and Remuneration Committee (NRC), Corporate Social Responsibility (CSR) Committee, Stakeholders Relationship Committee (SRC) and Committee of Directors (CoD). A detailed note on the composition of the Board and its Committees (ARMC, NRC and SRC) is provided in the Corporate Governance Report included in this Annual Report. Composition of CSR Committee is given in the Report on CSR Activities (Annexure C). CoD is a Board Committee to facilitate routine executive decisions and exercise of authority granted by the Board in various matters. The minutes of the CoD meetings are reviewed at every Board meeting.

During the year under the review, the Company has complied with the provisions of Secretarial Standard 1 (relating to meeting of the Board of Directors) and Secretarial Standard 2 (relating to General meetings).

10. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of section 134(3) of the Companies Act, 2013, the Board of Directors state that:

- a) in preparation of the Financial Statements, the applicable accounting standards have been followed and there are no material departures;
- b) the Directors 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 as on 31st March, 2019 and of the profits for the year ended 31st March, 2019;
- c) the Directors have taken proper and sufficient care 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;
- d) the financial statements have been prepared on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

11. AUDITORS

STATUTORY AUDITORS

The members had at the 13th AGM of the Company appointed M/s. Price Waterhouse Chartered Accountants LLP as Statutory Auditors of the Company to hold the office from the close of the 13th AGM till the conclusion of the 18th AGM, subject to their appointment being ratified by the members in every AGM. The members of the Company approved deletion of the requirement of seeking ratification of appointment of Statutory Auditors at every AGM pursuant to amendment brought by the Companies Amendment Act, 2017.

The Auditors' Report for FY 19 forms part of this Annual Report and does not contain any qualification, reservation or adverse remark.

COST AUDITORS

Pursuant to section 148(3) of the Companies Act, 2013, M/s. Kirit Mehta & Co., Cost Accountants, Mumbai had been appointed as the Cost Auditors of the Company for FY 19 by the Board of Directors for conducting audit of cost records maintained in respect of electrical energy and electrical cables. Their remuneration was ratified by members at the 14th AGM of the Company.

The Cost Audit Report for FY 18 does not contain any qualification and was filed on 29th August, 2018 with the Central Government (within the prescribed time limit) pursuant to section 148(6) of the Companies Act, 2013.

SECRETARIAL AUDITORS

Pursuant to section 204 of the Companies Act, 2013 read with rules thereof, the Board of Directors had appointed M/s. M. C. Gupta & Co., Company Secretaries, Ahmedabad, as Secretarial Auditors of the Company for FY 19. The Secretarial Audit Report for FY 19 is annexed herewith as **Annexure A**.

There are no adverse observations in the Secretarial Audit Report which call for explanation.

12. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to Financial Statements. During the year under review, such controls were tested by the Auditors and no reportable material weakness was observed.

13. CORPORATE GOVERNANCE

In compliance with Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Report on Corporate Governance forms part of this Annual Report. Certificate of the Auditors regarding compliance with the conditions of Corporate Governance is annexed to the Board's Report as **Annexure B**.

14. CORPORATE SOCIAL RESPONSIBILITY (CSR)

During FY 19, the Company incurred CSR expenditure of ₹19.64 Crore which was higher than the obligation to spend 2% of average net profit for the past three financial years amounting to ₹19.51 Crore. The CSR activities by the Company were under the thrust areas of Community Healthcare, Sanitation & Hygiene, Education & Knowledge Enhancement and Social Care & Concern. The brief outline of the CSR policy of the Company and the details of key CSR programs and activities undertaken at Group level are provided in the Report on CSR Activities annexed herewith as **Annexure C**.

In addition to above, the Company continued other social activities during the year, the brief details of the same is described hereunder.

- **Creating livelihoods :**

- o 33 working days intensive training module, followed by structured on job training for 28 days, developed in-house by the security team at SUGEN and DGEN Power Plant, covering security, basic firefighting and working knowledge of computers for unemployed youth with basic primary education has been continued in FY19 as well; these youths, numbering 48, have been absorbed in security related jobs at SUGEN and DGEN power plants. As at end of the year, 138 youth were employed as Security Guards at SUGEN and DGEN power plants as part of the security setup.
- o 31 differently abled persons (with impaired hearing and speech) were trained for routine cleaning of solar panels at the GENSU Solar Plant, thus providing them a dignified livelihood.
- o Employment to uneducated and destitute locals for horticulture, house keeping and canteen work.

- **Community Healthcare :**

SWADHAR – the community health care centre at SUGEN Plant, provided primary health care facilities at nominal cost to the surrounding communities. FY 19 witnessed enhanced scope through inclusion of specialized consultations in the areas of Dental care, Ophthalmology, Dermatology, Gynaecology, Physiotherapy and Orthopaedic. The enhancement in scope resulted in a surge in the number of patients served during year to about 85,000. Till 31st March, 2018 a total of 80,640 patients in general ailment category were benefited whereas during FY 19, total 84,714 patients, including 23,806 patients with specific ailment. The cumulative patients served since inception of the program was 1,65,354.

- **Donations :**

The Company also made donations amounting to ₹9.20 Crore to various organisations for activities related to healthcare, education, arts & culture, science, relief to disaster victims; socio-economic development including de-addiction, skill development; self-help groups, youth, upliftment of women, integrated development of tribes; etc.

15. ENVIRONMENT, HEALTH AND SAFETY (EHS)

The Company accords utmost importance to EHS in its various operations. The key developments concerning EHS during FY 19 includes:

- Zero Liquid Discharge (ZLD) since August 2017 at SUGEN plant.
- SUGEN, UNOSUGEN, DGEN and Cable Units have upgraded to the 2015 version of ISO standards. Generation plants have also implemented 5-S programme and got certified by Quality Circle Forum of India (QCFI).
- Implemented “Behaviour Based Safety” (BBS) to develop and inculcate safety as a behavioural aspect of each individual. Safety trainings were imparted to employees at different locations.
- Health talks related to common health problems such as Hypertension, Diabetes, Life Style Disease, yoga sessions, mini marathon etc. were conducted for employees.
- Drip Irrigation System in AMGEN premises to save water, rainwater harvesting at Meghdhanush housing colony of DGEN, extension of remote calibration facility for Continuous Emission Monitoring System (CEMS) to Central Pollution Control Board (CPCB) as per the applicable regulations.
- E-learning initiative taken up for EHS training in SUGEN, DGEN and GENSU. Specialized external training workshops were organised for critical activities such as lifting and rigging, working at height, hot works, confined space working and safe scaffolding, training for CPR technique (with latest analytical tool) with practical demonstration and practice, Mock drills for different kind of emergency scenarios such as electrical shock, fire in office premise after duty hours, oil spillage in the workshop etc.
- Measurement and monitoring of environmental parameters related to drinking water quality, food quality, work place noise, energy consumption stores, usage of environmentally friendly bio-degradable ester oil in place of mineral oil in distribution transformers in densely populated and congested areas to enhance safety and to prevent land contamination.
- Celebrations of Electrical Safety/ Chemical Safety / National Safety / Anti-Tobacco / Road Safety weeks, World Heart Day, National Fire Service Day, World Environment Day, Earth Day, etc.

Moreover, the Company has in place the “Conviction for Safety” policy, which provides for substantial compensation to the personnel (Employees as well as Contractors) and their families, who are adversely affected by accidents.

16. VIGIL MECHANISM

The Company has in place a Whistle Blower Policy pursuant to the applicable statutory requirements. The details of the Whistle Blower Policy are explained in the Report on Corporate Governance.

17. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of sections 124 and 125 of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, during the year under review, the Company has credited unpaid / unclaimed Dividend and equity shares to the Demat account of IEPF Authority as per the details mentioned below:

Dividend for Financial Year	Unpaid / Unclaimed Dividend transferred (in ₹)	No. of equity shares transferred
2010-11	1,63,43,497/-	4,49,354
2011-12 (Interim)	89,20,242/-	96,978

During the year under review, the Company has also credited dividend declared for FY 18 amounting to ₹61,80,205/- to IEPF account arising on 12,36,041 equity shares already transferred to IEPF authority.

Members whose shares and unclaimed dividend, have been transferred to the IEPF Demat Account or IEPF account, as the case may be, may claim the shares or apply for refund of dividend by making an application to the IEPF Authority in Form IEPF-5 (available on <http://www.iepf.gov.in>). Details of members whose dividend remained unpaid for 7 consecutive years or more may be accessed at Company's website at www.torrentpower.com.

The details of unpaid/ unclaimed dividend lying in the unpaid Dividend accounts as on 31st March, 2019 are mentioned below:

Sr. No.	Dividend for Financial Year	Due date for transfer to IEPF	Amount of Unpaid / Unclaimed Dividend (in ₹)
1.	2011-12 (Final) of Torrent Power Ltd.	29 th August, 2019	1,05,28,951.00
2.	2011-12 (Final) of erstwhile Torrent Cables Ltd.	23 rd August, 2019	9,45,094.50
3.	2012-13 (Final) of Torrent Power Ltd.	30 th August, 2020	66,91,906.00
4.	2012-13 (Final) of erstwhile Torrent Cables Ltd.	25 th August, 2020	9,40,775.50
5.	2013-14 (Final) of Torrent Power Ltd.	2 nd September, 2021	18,65,015.00
6.	2013-14 (Final) of erstwhile Torrent Cables Ltd.	2 nd September, 2021	4,71,168.00
7.	2014-15 (Final) of Torrent Power Ltd.	9 th September, 2022	55,76,581.50
8.	2014-15 (Final) of erstwhile Torrent Cables Ltd.	2 nd September, 2022	3,09,858.00
9.	2015-16 (Interim) of Torrent Power Ltd.	15 th April, 2023	1,69,65,814.50
10.	2016-17 (Final) of Torrent Power Ltd.	6 th September, 2024	1,27,40,446.40
11.	2017-18 (Final) of Torrent Power Ltd.	6 th September, 2025	1,73,66,385.00

Note: Torrent Cables Limited was amalgamated with Torrent Power Limited wef 1st October, 2015.

At the above mentioned due dates, the actual amount lying in unpaid dividend accounts alongwith corresponding shares related thereto will be transferred to IEPF authority.

18. BUSINESS RESPONSIBILITY REPORT

As stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report forms part of this Annual Report.

19. RISK MANAGEMENT

The Company has in place a Risk Management framework for a systematic approach to control risks. The Risk Management Policy of the Company lays down procedures for risk identification, assessment, monitoring, review and reporting. The policy also lists the roles and responsibilities of Board, Risk Management Committee, Chief Risk Officer, Risk Champions and Risk Co-ordinators. Internal and external risks with potential impact and likelihood that may impact the Company in achieving its strategic objectives or may threaten its existence have been identified and assessed.

20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties are given in the prescribed Form AOC-2, appended herewith as **Annexure D** and in the section on Related Party Transactions in the Report on Corporate Governance.

21. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The details in terms of section 197(12) of the Companies Act, 2013 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time are forming part of this report as **Annexure E**.

22. PROTECTION OF WOMEN AGAINST SEXUAL HARASSMENT AT WORK PLACE

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 [14 of 2013].

23. THE EXTRACT OF THE ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 is appended herewith as **Annexure F** to this Report.

24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The details relating to conservation of energy, technology absorption, foreign exchange earnings and outgo prescribed under section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are given in the **Annexure G** which forms part of this Report.

25. OTHER DISCLOSURES

- During the year under review, the Company has neither accepted nor renewed any fixed deposits.
- There are no material changes and commitments, affecting the financial position of the Company which has occurred between end of Financial Year i.e. 31st March, 2019 and the date of Board's Report i.e. 15th May, 2019.
- No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.

26. APPRECIATION AND ACKNOWLEDGEMENTS

The Board of Directors is pleased to place on record its appreciation for the continued support received from all stakeholders including government, regulatory authorities and financing institutions. The Board is thankful to the members and employees for their unstinted support and contribution.

For and on behalf of the Board of Directors

Ahmedabad
15th May, 2019

Samir Mehta
Chairman
DIN: 00061903