

Ref: JPVL:SEC:2019

11th May, 2019

The Manager,
Listing Department,
National Stock Exchange of India Ltd.,
"Exchange Plaza", C-1, Block G,
Bandra-Kurla Complex,
Bandra (E),
Mumbai -400 051

General Manager
Department of Corporate Services
BSE Limited,
25th Floor, New Trading Ring,
Rotunda Building,
P J Towers, Dalal Street, Fort,
Mumbai - 400 001

Scrip Code: JPPOWER

Scrip Code: 532627

Sub: Audited Standalone and Consolidated Financial Results of the Company for the quarter and year ended 31st March, 2019, Reports of Statutory Auditors and Statement on Impact of Audit Qualifications under Regulation 30/33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations")

Dear Sirs,

In terms of Clause 33(3)(d) of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Standalone and Consolidated Financial Results of the Company for the quarter and year ended 31st March, 2019, as approved by the Board of Directors of the Company in its meeting held on 11th May, 2019, alongwith Reports of Statutory Auditors M/s. Lodha & Company, Chartered Accountants, New Delhi.

Further, we would like to state that Statutory Auditors of the Company have issued Audit Reports with modified opinion on both the Standalone and Consolidated Financial Results. Accordingly, in terms of Regulation 30/33 of SEBI (LODR) Regulations, 2015, a Statement on Impact of Audit Qualifications is also enclosed.

The meeting commenced at 12.30 P.M. and concluded at 4.55 P.M.

Thanking you,

Yours faithfully,

For **JAIPRAKASH POWER VENTURES LIMITED**


(A.K. Rastogi)
Joint President & Company Secretary


Encl: As above
JAYPEE
GROUP

Corp. Office : 'JA House' 63, Basant Lok, Vasant Vihar, New Delhi-110057 (India)
Ph. : +91 (11) 26141358 Fax : +91 (11) 26145389, 26143591
Regd. Office : Complex of Jaypee Nigrie Super Thermal Power Plant, Nigrie Tehsil Saral,
Distt. Singrauli-486669, (M.P.) Ph. : +91 (7801) 286021-39 Fax : +91 (7801) 286020
E-mail : jpvl.investor@jalindia.co.in, **Website :** www.jppowerventures.com
CIN : L40101MP1994PLC042920

JAIPRAKASH

POWER VENTURES LIMITED

Regd. Office : Complex of Jaypee Nigrie Super Thermal Power Plant, Nigrie, Tehsil Sarai, District Singrauli - 486 669, (Madhya Pradesh)

Corporate Office: 'JA House' 63, Basant Lok, Vasant Vihar, New Delhi - 110057 (India)

Website: www.jppowerventures.com

Email: jpv.investor@jalindia.co.in

CIN : L40101MP1994PLC042920

STATEMENT OF STANDALONE / CONSOLIDATED AUDITED RESULTS FOR THE QUARTER / YEAR ENDED 31ST MARCH, 2019

Rs. in Lakhs except Shares and EPS

Particulars	Standalone					Consolidated	
	Quarter Ended			Year Ended		Year Ended	
	31.03.2019 #	31.12.2018	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
I Revenue from operations	77,096	92,438	70,121	373,240	338,131	389,162	487,687
II Other income	1,545	7,429	1,544	14,169	34,875	11,319	35,419
III Total Revenue (I+II)	78,641	99,867	71,665	387,409	373,006	400,481	523,106
IV Expenses							
Cost of material and operation expenses	62,929	58,319	42,724	235,965	208,509	236,208	298,406
Purchases of stock-in-trade	-	-	-	-	-	-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	78	385	184	(183)	184	(183)
Employee benefits expense	2,579	2,579	2,488	10,124	9,335	10,492	13,563
Finance costs	36,267	32,865	35,350	143,258	149,178	147,415	261,375
Depreciation and amortisation	11,628	11,972	11,923	47,512	48,686	52,807	81,889
Other expenses	2,275	2,134	3,867	8,979	19,351	9,380	23,413
Total expenses (IV)	115,678	107,947	96,737	446,022	434,876	456,486	678,463
V Profit / (loss) before exceptional items and tax (III-IV)	(37,037)	(8,080)	(25,072)	(58,613)	(61,870)	(56,005)	(155,357)
VI Exceptional items [refer note no. 7(a) and 9]	-	-	-	5,268	-	5,268	(31,325)
VII Profit / (loss) before tax (V+VI)	(37,037)	(8,080)	(25,072)	(53,345)	(61,870)	(50,737)	(186,682)
VIII Tax expense							
(1) Current tax	-	-	-	-	-	1,408	1,325
(2) MAT credit entitlement	-	-	-	-	-	(1,278)	(1,239)
(3) Income tax of earlier years	-	27	-	27	99	423	(526)
(4) Reversal of MAT credit entitlement of earlier years	-	4,072	-	4,072	8,522	4,072	8,522
(5) Deferred tax	(12,610)	(2,590)	(9,339)	(19,656)	(17,760)	(19,656)	(25,730)
IX Profit / (Loss) for the period (VII-VIII)	(24,427)	(9,589)	(15,733)	(37,788)	(52,731)	(35,706)	(169,034)
X Other Comprehensive Income							
A (i) Items that will not be reclassified to profit or loss	24	(2)	(45)	18	(7)	19	(2)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(8)	-	16	(6)	3	(7)	1
B (i) Items that will be reclassified to profit or loss	-	-	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-
Other comprehensive income for the period (X)	16	(2)	(29)	12	(4)	12	(1)
XI Total comprehensive income for the period (IX+X) (Comprising Profit (Loss) and Other comprehensive income for the period)	(24,411)	(9,591)	(15,762)	(37,776)	(52,735)	(35,694)	(169,035)
Profit / (loss) for the year attributable to :							
Owners of the parent						(37,344)	(159,583)
Non-controlling interest						1,638	(9,451)
						(35,706)	(169,034)
Other Comprehensive Income attributable to :							
Owners of the parent						11	(2)
Non-controlling interest						1	1
						12	(1)
Total Comprehensive income attributable to :							
Owners of the parent						(37,333)	(159,585)
Non-controlling interest						1,639	(9,450)
						(35,694)	(169,035)
XII Other equity	-	-	-	299,170	336,946	138,833	178,331
XIII Equity Share Capital (Face value of Rs. 10/- per share)	599,600	599,600	599,600	599,600	599,600	599,600	599,600
XIV Earnings Per Share (Rs.)							
a) Basic EPS	(0.41)	(0.16)	(0.26)	(0.63)	(0.88)	(0.62)	(2.66)
b) Diluted EPS ##	(0.41)	(0.16)	(0.26)	(0.63)	(0.88)	(0.62)	(2.66)

Refer note no. 13 of the accompanying financial results.

Being anti dilutive



Notes:

- 1 The above financial results have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.
- 2 In respect of Hydro Power Plant, the water availability in the first half of the financial year is higher as compared to the second half. As such, the power generation in the first two quarters (based on past experience/ data) lies between 70-75% of the annual power generation, while balance 25-30% is generated in third and fourth quarter.
- 3 (a) The operations of Thermal Power Projects have been impacted on account of (i) JBTPP have been affected due to scheduling of power only for few hours in a day by SLDC requiring the Company to sell balance power on exchange at market driven tariff and insufficient availability of coal, (ii) non availability of long term PPAs and insufficient availability of coal for JNSTPP.
(b) Company has accounted for revenue for the quarter/year ended 31st March, 2019 on the basis of Multi Year Tariff (MYT) for the period 2016-19 for JBTPP and JNSTPP which are subject to true up / final assessment.
(c) Revenue in respect of Vishnuprayag HEP for the quarter/year ended 31st March, 2019 has been accounted for based on provisional tariff subject to true up/final tariff order.
- 4 The Company had submitted a debt resolution/ restructuring plan to its lenders. Since then all the participatory lenders have approved the resolution plan and signed the Framework Agreement (FA) on 18th April 2019. As envisaged in resolution plan, Company is in process of issuing compulsory convertible preference shares (CCPSs) (@ 0.01%, to be converted as per prevailing guidelines) in respect of part of the debt to the lenders. The Board of Directors and Shareholders have already approved for conversion of loans upto of Rs. 4,00,000 lakhs (approx) in to CCPSs in line with the proposed resolution plan. In the mean time, ICICI Bank Ltd. has filed an application with National Company Law Tribunal (NCLT), Ahmedabad. The next date of hearing is 19.06.2019. Further one of the lenders has referred the recovery proceedings in Debt Recovery Tribunal-III, Delhi. Also some of the lenders have advised company to pay back their entire dues alternatively they will be constrained to take legal action including under the provisions of SARFAESI Act, the Company has suitably responded to the same and as per discussion on implementation on resolution plan, concerned lenders are in process to withdraw the legal notices and not pursue the legal matters. Accordingly, current and non-current classification of borrowings has been done without considering payback notices from 4 lenders of amounting to Rs. 178,615 lakhs. The borrowings will further undergo a change on issuance of CCPSs to the lenders.

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- 5 (a) The Company has made investment of Rs.2,92,800 lakhs (Including investment and loan component of compound financial instrument- Optionally Convertible Preference Shares and deferred tax asset) (26,192 lakhs equity shares of Rs. 10/- each fully paid and 2,700 Lakhs Optionally Convertible Preference Shares of Rs.10/- each fully paid) in Prayagraj Power Generation Co. Ltd. (PPGCL) (erstwhile Subsidiary of Company). The entire shares were pledged with Security Trustees, SBI Cap Trustee Company Ltd., as collateral security for the financial assistance granted by lenders to PPGCL. Security Trustee for lender(s) of PPGCL has invoked the entire pledged shares of PPGCL on 18th December, 2017 held by the Company due to default in payment of interest to banks/ financial institutions because of unsatisfactory operations mainly due to paucity of working capital limits etc. Consequent upon invocation of entire pledged shares, PPGCL ceased to be subsidiary of the Company w.e.f 18th December, 2017 and profit/(loss) post this date are not been recorded in consolidated financial statements.

Pursuant to invocations of pledged shares the Lead Bank (SBI) of PPGCL had invited the bids for sale of shares and issued letter of intent to Resurgent Power Ventures Pte Ltd. (Resurgent Power) being the highest bidder for acquisition of stake in PPGCL. A share purchase agreement (SPA) dated 13.11.2018 has been executed between Lenders, purchaser, investor, PPGCL and Security Trustees for transfer of stake in PPGCL. SBI had also filed an insolvency application for PPGCL before NCLT Allahabad. In terms of SPA, State Bank of India approached UPPCL/UPERC for its approval for transfer of shares /change in Management. UPERC vide its Order dated 29th March, 2019 approved the change in Management subject to certain conditions. Pending disposal/ transfer of shares by the lenders as stated above, no provision has been considered necessary in these financial statements by the management. Keeping in view the above, the entire amount of investment in PPGCL of Rs.2,89,590 Lakhs (Including Investment and loan component of compound financial instrument- Optionally Convertible Preference Shares excluding deferred tax asset) is shown as Current Investments and Current Financial Assets-Loans. Also in these consolidated financial statements no impact has been carried out of as stated below in (i) and (ii) and same been carried over in current year from the previous year's financial statements and same will be given effect on transfer of shares by the lenders/settlement of account of the Company:

- (i) Property ,plant and equipment (including CWIP) Rs.14,99,060 Lakhs, financial assets-non current Rs. Rs. 845 Lakhs, other non current assets Rs. 3,650 Lakhs, financial assets-current Rs.72,059 Lakhs & other current assets Rs.23,697 Lakhs;
(ii) Financial liabilities-non current Rs.10,95,636 Lakhs, other non current liabilities Rs. 13,560 Lakhs, financial liabilities-current Rs. 330,011 Lakhs & other current liabilities Rs. 158 Lakhs.

(b) The Company has given the corporate guarantees for loans granted by the lenders to Jaiprakash Associates Limited (JAL) (the party to whom the company is an associate) and to PPGCL (erstwhile subsidiary of Company) and the loan outstanding amounting to Rs 70,333 lakhs (previous year Rs.84,557 lakhs) and Rs. 1,10,000 lakhs (previous year Rs. 1,10,000 lakhs) respectively for which fair valuation has not been done as per the applicable Ind-AS as of 31st March, 2019. However, in the opinion of the Management there will be no material impact on the fair valuation of the above mentioned guarantees on the financial result/ statement of affairs.



- 6 No provision for diminution in value against certain long term investments of amounting to Rs. 2,77,499 lakhs other than 5 (a) (previous year Rs. 277,486 lakhs) (book value - in subsidiaries and other) ("Including investment in trust which in turn holding investment in the Company of Rs.1,98,594 lakhs" previous year 198,594 lakhs) above has been made by the management as in the opinion of the management such diminution is temporary in nature considering the intrinsic value of the assets, future prospects and claims and has concluded that no provision against diminution is necessary at this stage.
- 7 (a) Interest amounting to Rs.14,830 lakhs (including 1,160 lakhs and Rs.4,944 Lakhs for the quarter and year ended 31st March, 2019 respectively) has not been provided on outstanding Foreign Currency Convertible Bonds (FCCBs). The reversal of the interest of Rs.5,268 Lakhs charged in previous years has been treated as Exceptional item during current year. The above is in view of the ongoing discussions with the Bondholders for settlement/conversion of the outstanding FCCBs into equity and waiver of interest [read with footnote no. 4]. On conclusion of the negotiations, interest, if any, payable would be treated as expenses in the subsequent period.
- (b) In view of the on going discussions with one of the unsecured lender [read with footnote no. 4] for settlement, interest amounting to Rs.9548 lakhs has not been provided on unsecured loan (including for quarter ended 31.03.2019 Rs. 2,224 lakhs) and the interest provided aggregating to Rs.5,050 lakhs till 30.09.2018 (including reversal of Rs. 526 lakhs payable as on 31.03.2018) has been reversed in December'18 quarter.
- (c) Penal interest of Rs.10,577lakhs (including Rs.1,358 lakhs and Rs.7,536 lakhs for quarter and year ended 31st March, 2019) has not been provided on certain loans in these financial results as majority of the lenders / banks did not confirm balances / charge penal interest in view of the facility granted to the Company by them has been classified as NPA [read with note no. 4].The above amount will be accounted as expense subject to payment, if any in the relevant subsequent period.
- 8 Expenditure incurred during the construction and incidental to setting up of the project, capital advances and other financial assets by Sangam Power Generation Company Limited (SPGCL), a subsidiary of the Company for development of 1320 MW Power Project (Karchana STPP) at Tahsil Karchana, Distt. Allahabad, Uttar Pradesh, have been carried forward as 'Capital Work in progress' and the Net Worth has been eroded significantly as on 31st March 2019. In view of abnormal delay in handing over the possession of land, SPGCL has written to UPPCL and all procurers that the Power Purchase Agreement is rendered void and cannot be enforced. The matter was considered by UPPCL and a Committee was constituted under the Chairmanship of Managing Director, Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited for amicably closing the Power Purchase Agreement (PPA) and in this regard as advised, draft of Share Purchase Agreement (SPA), as prepared by Company's Legal Counsel, was sent to UPPCL/ UPRVUNL for their approval. There was abnormal delay in resolving the matter by UPPCL, therefore SPGCL has withdrawn all its undertakings given to UPPCL and filed a petition before Hon'ble UPERC for release of performance bank guarantee and also for payment of claim lodged of Rs 1,15,722 lakh. Accordingly, the management does not expect any material adjustment in the carrying value of assets including capital work in progress.

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- 9 In previous year's consolidated results, exceptional items represent amount provided against settlement claims agreed by a Subsidiary company viz Sangam Power Generation Company Limited with L&T.
- 10 During the quarter ended 31st Decemebr 2018, Madhya Pradesh Electricity Regulatory Commission (MPERC) vide its order dated 29th November 2018 has determined the MYT for the period FY 2016-19 for JNSTPP. According to which the net excess amount paid to the company has to be refunded back by the Company. Half of this amount of Rs.11,226 Lakhs had been accounted for during quarter ended 31.12.2018 and balance in quarter ended 31.03.2019.
- 11 Consolidated results for the year are not comparable as previous year figures includes results of PPGCL for the period till 18.12.2018. [refer footnote no.5(a)]
- 12 Previous period figures have been re-grouped/re-classified wherever necessary, to confirm to current period's classification.
- 13 The figures of the last quarter in each of the years is the balancing figures between audited figures in respect of full financial year and the unaudited published year to date figures up to the third quarter of the respective financial year.
- 14 The above audited financial results for the quarter/year ended 31st March, 2019 have been reviewed by Audit Committee and then approved by the Board of Directors at their respective meetings held on the 11th May, 2019.

10/5/19
New Del



PLACE New Delhi
DATE 11th May,2019

For and on behalf of the Board


MANOJ GAUR
CHAIRMAN
DIN 00008480


STANDALONE / CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rupees in Lakhs)

Particulars	Standalone		Consolidated	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Audited	Audited	Audited	Audited
A ASSETS				
1 Non-current assets				
(a) Property, plant and equipment	1,480,742	1,518,244	3,043,580	3,086,367
(b) Capital work-in-progress	13,133	15,877	53,405	56,149
(c) Investment property	-	-	-	-
(d) Goodwill	14	14	18	18
(e) Other intangible assets	21,392	22,961	21,392	22,961
(f) Intangible assets under development	-	-	-	-
(g) Investment in subsidiaries	101,105	101,092	-	-
(h) Financial assets				
(i) Investments	198,594	198,594	198,594	198,594
(ii) Trade receivables	-	-	-	-
(iii) Loans Receivable	333	316	3,337	3,335
(iv) Other financial assets	390	371	1,250	1,217
(i) Deferred tax assets (net)	110,194	90,544	103,030	83,381
(j) Other Non-current assets	37,679	42,247	52,190	55,302
Total - Non-Current Assets	1,963,576	1,990,260	3,476,796	3,507,324
2 Current assets				
(a) Inventories	17,407	16,852	23,361	22,836
(b) Financial assets				
(i) Other investments	273,877	273,877	-	-
(ii) Trade receivables	48,850	29,639	118,300	98,021
(iii) Cash and bank balances	3,142	4,508	7,192	9,313
(iv) Bank balances other than (iii) above	12,936	480	15,321	2,841
(v) Loans Receivable	15,713	15,713	-	11
(vi) Other financial assets	245	44	7,156	6,023
(c) Current tax assets (net)	285	183	2,328	2,398
(d) Other current assets	60,826	45,944	76,577	61,465
Total - Current Assets	433,281	387,240	250,235	202,908
Total - Assets	2,396,857	2,377,500	3,727,031	3,710,232
B EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	599,600	599,600	599,600	599,600
(b) Other equity	299,170	336,946	138,833	178,331
(c) Non controlling interest	-	-	28,971	27,332
Total - Equity	898,770	936,546	767,404	805,263
Liability				
1 Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	734,084	793,149	1,778,563	1,843,863
(ii) Trade payables	-	-	-	-
(iii) Other financial liabilities	155	499	59,399	59,551
(b) Provisions	4,786	5,047	4,834	5,087
(d) Deferred tax liabilities (net)	-	-	-	-
(e) Other non-current liabilities	42,112	46,621	55,635	60,145
Total - Non-Current Liabilities	781,137	845,316	1,898,431	1,968,646
2 Current liabilities				
(a) Financial liabilities				
(i) Borrowings	134,656	133,672	171,423	170,439
(ii) Trade payables				
(a) total outstanding dues of Micro Enterprises and Small Enterprises	1,885	-	1,885	-
(b) total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	28,798	31,516	29,005	31,873
(iii) Other financial liabilities	539,733	420,017	839,042	723,373
(b) Other non-current liabilities	11,560	10,182	11,689	10,307
(c) Provisions	318	251	7,551	300
(d) Current tax liabilities (net)	-	-	601	31
Total - Current Liabilities	716,950	595,638	1,061,196	936,323
Total - Equity and Liabilities	2,396,857	2,377,500	3,727,031	3,710,232



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**STANDALONE / CONSOLIDATED AUDITED SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE
QUARTER / YEAR ENDED 31ST MARCH, 2019**

(Rs. in Lakhs)

Particulars	Standalone					Consolidated	
	Quarter Ended			Year Ended		Year Ended	
	31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
1 Segment Revenue							
i) Power	77,179	92,574	69,754	372,306	335,446	386,990	453,631
ii) Coal	1,164	6,750	2,928	30,120	30,474	30,120	30,474
iii) Other	360	448	1,575	2,810	4,048	4,048	35,419
Total	78,703	99,772	74,257	405,236	369,968	421,158	519,524
Less : Inter segment eliminations	1,607	7,334	4,136	31,996	31,837	31,996	31,837
Add : Other income	1,545	7,429	1,544	14,169	34,875	11,319	35,419
Total sales / income from operations	78,641	99,867	71,665	387,409	373,006	400,481	523,106
2 Segment Results							
Profit / (loss) from operations before finance charges, depreciation and amortisation, exceptional items and tax							
i) Power	9,644	34,098	20,728	124,843	108,003	136,903	159,916
ii) Coal	1,265	1,184	1,198	4,803	4,911	4,803	4,911
iii) Other	(51)	1,475	275	2,511	23,080	2,511	23,080
Total	10,858	36,757	22,201	132,157	135,994	144,217	187,907
Less :							
[a] Interest expenses	36,267	32,865	35,350	143,258	149,178	147,415	261,375
[b] Depreciation and amortisation	11,628	11,972	11,923	47,512	48,686	52,807	81,889
Total	47,895	44,837	47,273	190,770	197,864	200,222	343,264
Profit / (loss) from operations before exceptional items and tax	(37,037)	(8,080)	(25,072)	(58,613)	(61,870)	(56,005)	(155,357)
Exceptional items	-	-	-	5,268	-	5,268	(31,325)
Profit / (loss) from operations before tax	(37,037)	(8,080)	(25,072)	(53,345)	(61,870)	(50,737)	(186,682)
Income tax (net)	(12,610)	1,509	(9,339)	(15,557)	(9,139)	(15,031)	(17,648)
Other comprehensive income	16	(2)	(29)	12	(4)	12	(1)
Profit / (loss) from operations after tax	(24,411)	(9,591)	(15,762)	(37,776)	(52,735)	(35,694)	(169,035)
Minority interest	-	-	-	-	-	1,639	(9,450)
Profit / (loss) from operations after tax and Minority Interest	(24,411)	(9,591)	(15,762)	(37,776)	(52,735)	(37,333)	(159,585)
3 Capital Employed							
a Segment Assets							
i) Power	1,583,546	1,599,992	1,575,812	1,583,546	1,575,812	2,913,719	2,908,544
ii) Coal	41,067	43,418	46,795	41,067	46,795	41,067	46,795
iii) Other	772,244	764,524	754,893	772,244	754,893	772,244	754,893
Total	2,396,857	2,407,934	2,377,500	2,396,857	2,377,500	3,727,031	3,710,232
b Segment Liabilities							
i) Power	405,524	376,764	329,199	405,524	329,199	728,381	646,722
ii) Coal	10,073	16,625	7,661	10,073	7,661	10,073	7,661
iii) Other	102,198	102,163	106,736	102,198	106,736	102,198	106,736
Total Liabilities	517,795	495,552	443,596	517,795	443,596	840,652	761,119
c Capital Employed *	1,879,062	1,912,382	1,933,904	1,879,062	1,933,904	2,886,378	2,949,113

* Note :- Capital employed = Equity + long term borrowings including current maturities of long term borrowings



Independent Auditor's Report on Quarterly Standalone Financial Results and Year to Date Standalone Financial Results of Jaiprakash Power Ventures Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
**The Board of Directors of
Jaiprakash Power Ventures Limited**

1. We have audited the accompanying standalone financial results of JAIPRAKASH POWER VENTURES LIMITED ('the Company') for the quarter ended 31 March 2019 and the year to date results for the period from 1 April 2018 to 31 March 2019 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 ('Listing Regulations'). The quarterly standalone financial results are the derived figures between the audited figures in respect of the year ended 31 March 2019 and the published year-to-date figures up to December 31, 2018, being the date of the end of the third quarter of the current financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit.

These quarterly Standalone financial results as well as the year to date Standalone financial results have been prepared on the basis of the reviewed Standalone financial results up to the end of the third quarter and audited annual Standalone financial statements, which are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial results based on our audit of such Standalone financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS), prescribed under Section 133 of the Companies Act 2013 read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our opinion.

3. **Basis of Qualified opinion**

Attention is drawn to:

- (a) Note no 53 (b) of audited standalone financial statements for the year ended 31st March, 2019 regarding invocation of the pledged shares of Prayagraj Power Generation Company Limited (PPGCL), erstwhile subsidiary of the Company, pledged by the Company in favour of the lenders of PPGCL, amounting to Rs. 292,800 lacs (previous year Rs. 289,038 lacs) (Including deferred tax asset and Investment and loan components of compound financial instrument - Optionally Convertible Preference Shares). Consequent upon invocation of entire pledged shares, PPGCL ceased to be subsidiary of the Company w.e.f 18th December, 2017. Pending disposal/ transfer of shares by the Lenders in favour of the interested party due to pending certain approvals, no provision at this stage has been made in these financial results by the management, as impact in the opinion of the management, if any is currently unascertainable (Footnote no. 5 (a) of accompanying financial results).



(b) As stated in note no. 44 (e) of audited standalone financial statements for the year ended 31st March, 2019, the Company has given/provided corporate guarantees for loans granted by the lenders to Jaiprakash Associates Limited (JAL) (the party to whom the company is an associate) and to PPGCL (erstwhile subsidiary of Company) of amounting to Rs. 70,333 lacs (previous year Rs. 84,557 lacs) and Rs. 110,000 lacs (previous year Rs. Rs. 110,000 lacs) respectively for which fair valuation has not been done as per the applicable IND-AS as of 31 March 2019 and also no provision against these guarantees been made in these financial results. In the absence of fair valuation of the stated corporate guarantees, we are not able to ascertain the impact of the same on the financial results (Footnote no. 5 (b) of accompanying financial results).

(c) As stated in note no. 53 (a) and 46 of the standalone financial statements, No provision for diminution in value against certain long term investments of amounting to Rs.277,499 lacs (previous year Rs. 277,486 lacs) (Book Value) ("Including investment in trust which in turn holding investment in the Company") has been made by the management as in the opinion of the management such diminution is temporary [this to be read with footnote no. 4] in nature considering the intrinsic value of the assets, future prospects and claims (impact unascertainable).

Having regard to the above, management of the Company has concluded that no provision against diminution is necessary at this stage as stated in footnote no 6 of the accompanying financial results.

Matter stated in para (a), (b) and (c) been also qualified in our report on preceding quarters/year.

(d)

(i) As stated in Note no. 57 (a) and no. 57 (c) of the audited standalone financial statements for the year ended 31st March, 2019, Company has not provided for interest on outstanding Foreign Currency Convertible Bonds (FCCBs) amounting to Rs. 14,830 lacs (including Rs. 1,160 lacs and Rs. 4,944 lacs for quarter and year ended 31st March'19 respectively) (Previous year Rs.4618 lacs) and penal interest on certain loans of amounting to Rs. 105,77 lacs (including Rs.1,358 lacs and Rs. 7,536 lacs for quarter and year ended 31 March 2019 respectively) (previous year Rs. 3,041 lacs). (Including interest of Rs. 5,268 lacs on FCCBs for the period up to 31st March, 2017 reversed in June 2018 and shown as exceptional item). Also, this to be read with note no. 7 of accompanying statement regarding non confirmation of balances of secured loans, banks, unsecured loans as stated in the said note. [Footnote no. 7(a) and (c) of accompanying financial results). Had the interest provision been made the loss for the quarter/year ended 31st March 2019 of the Company would have increased by the above stated amount.

(ii) As stated in Note no. 57 (b) of the audited standalone financial statements for the year ended 31st March 2019, the Company has not provided interest on unsecured loan of amounting to Rs. 9,548 lacs (including Rs. 2,224 lacs for the current quarter). Had the interest provision been made the loss for the quarter/year ended 31st March 2019 of the Company would have increased by the above stated amount [Footnote no. 7 (b) accompanying financial results].

(e) Some of the lenders/banks have re-called loans (payback notices), however, pending implementation of resolution plan through Framework Agreement (FA) as stated in note no 24.7 of the audited standalone financial statements for the year ended 31st March 2019 current and non-current classification of borrowings been done by the management without considering pay back notices (amount Rs. 178,615 lacs as stated in said note) [Footnote no. 4 accompanying financial results].

Matter stated in para 3(d) (ii) was qualified first time for quarter ended 31st December,2018 and matter stated in 3(e) is qualified first time.



4. **Qualified opinion:**

Based on our audit conducted as above, in our opinion and to the best of our information and according to the explanation given to us, except for the effects/possible effects of our observations in para 3 above, these quarterly as well as the year to date results:

- (a) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular dated 5 July 2016 in this regard; and
- (b) give a true and fair view of the financial performance including other comprehensive income and other financial information for the quarter ended 31 March 2019 as well as the year to date results for the period from 1 April 2018 to 31 March 2019.

5. **Emphasis of matter:**

We draw attention to the following matters:

- (a) As Stated in Note no. 48 of the audited standalone financial statements for the year ended 31st March, 2019, no provision has been considered necessary by the management against Entry Tax in respect of Bina TPP & Nigrie STPP (including Nigrie Cement Grinding Unit) amounting to Rs. 12,341 lacs (previous year Rs. 11,533 lacs) & Rs. 9,074 lacs (previous year Rs. 9,074 lacs) respectively and interest thereon (impact unascertainable) as stated in said note. The concerned authority once issued the exemption certificate in respect of Bina TPP for exempting of entry tax later on cancelled & in respect of Nigrie STPP (including Nigrie Cement Grinding Unit) receipts of approval for extension of the time for eligibility for exemption from payment of Entry tax is pending, as stated in the said notes for which the company has made representations before the concerned authority and management is confident for favourable outcome. Against the entry tax demand till date Rs. 1,946 lacs (previous year Rs.1,946 lacs) and Rs. 3,580 lacs (previous year Rs. 2,580 lacs) has been deposited (and shown as part of other non-current assets) in respect of Bina TPP & Nigrie STPP (including Nigrie Cement Grinding Unit) respectively which is in the opinion of the management is good and recoverable.
- (b) As stated in note no. 59 (a) of the audited standalone financial statements for the year ended 31st March, 2019 regarding, Pending confirmations/reconciliation of balances of certain secured and unsecured loans & borrowings, balances with banks including certain fixed deposits, trade receivables, trade payables (including of micro and small) and others (including capital creditors and of CHAs and receivables/payables from/to related parties), loans & advances and inventory lying with third parties/in transit. In this regard, as stated in the note, internal control is being strengthen through process automation (including for as stated in note no.59 (b) regarding of fuel procurement and consumption processes which are in process of further strengthening). The management is confident that on confirmation/reconciliation there will not be any material impact on the state of affairs as stated in said note.
- (c) For deferred tax assets on unabsorbed depreciation & business losses and of MAT credit entitlement recognised amounting to Rs. 110,194 lacs (previous year Rs.90,544 lacs) and Rs. 27,559 lacs (previous year Rs. 31,631 lacs) respectively, the Management is confident about realisability. Accordingly, these have been considered good and no provision there against at this stage is considered necessary by the management as stated in Note no. 66 (c) of the audited standalone financial statements for the year ended 31st March, 2019.
- (d)
 - i. As stated in the Note no. 56 of the standalone financial statements, Fair value of Jaypee Nigrie Cement grinding unit (JNCGU) (2 million MT capacity) being in excess as compared to the carrying value, as assessed by a technical valuer, Also management is of the view that no impairment provision in the carrying amount of fixed assets (including capital work-in-progress) is necessary at this stage.



- ii. As stated in the Note no. 55 of the audited standalone financial statements for the year ended 31st March, 2019, fair value of fixed assets of power plants (JNSTPP and JBTPP) (including Land, Building, Plant & Machinery capitalized or under CWIP) being in excess as compared to the carrying value, as estimated by a technical valuer and for the reasons explained in the said note, management is of the view that no impairment provision in the carrying amount of fixed assets (including capital work-in-progress) is necessary at this stage.
- (e) The Company has incurred losses and as current liabilities exceed current assets in the past few years due to continuous losses. However, for the reasons stated in the note no. 58 of the audited standalone financial statements for the year ended 31st March, 2019 and as stated in the note no. 4 of the accompanying financial results, it is considered appropriate by the management to prepare financial statements on going concern basis.

Our opinion is not modified in respect of above stated matters in para (a) to (e).

For **LODHA & CO.**
Chartered Accountants
Firm's Registration No. 301051E

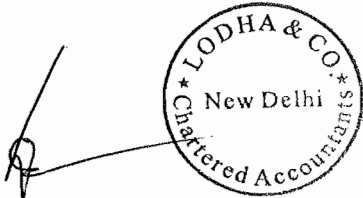

N.K. Lodha
Partner
Membership No. 085155
Place: New Delhi
Dated: 11-05-2019



ANNEXURE-I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results – (Standalone)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019			
(See Regulation 33/52 of the SEBI (LODR)(Amendment) Regulations, 2016)			
(Amount in Rs. Lacs)			
I.	S. No.	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/ Total Income	3,87,409
	2.	Total Expenditure	4,80,977
	3.	Exceptional and Extraordinary items (Net)	-
	4.	Net Profit/(Loss) (1-2-3) before tax	(88,300)
	5.	Earnings Per Share (after Extraordinary items)	(1.21)
	6.	Total Assets	23,96,857
	7.	Total Liabilities	15,33,042
	8.	Net Worth	8,63,815
	9.	Any other financial item(s) (as felt appropriate by the management)	-
			-
II.	Audit Qualification (each audit qualification separately): Attention is drawn to: (a) Note no 53 (b) of audited standalone financial statements for the year ended 31st March, 2019 regarding invocation of the pledged shares of Prayagraj Power Generation Company Limited (PPGCL), erstwhile subsidiary of the Company, pledged by the Company in favour of the lenders of PPGCL, amounting to Rs. 292,800 lacs (previous year Rs.		



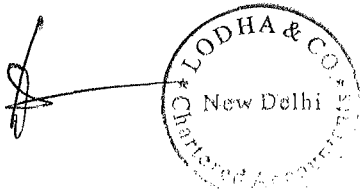
289,038 lacs) (Including deferred tax asset and Investment and loan components of compound financial instrument - Optionally Convertible Preference Shares). Consequent upon invocation of entire pledged shares, PPGCL ceased to be subsidiary of the Company w.e.f 18th December, 2017. Pending disposal/ transfer of shares by the Lenders in favour of the interested party due to pending certain approvals, no provision at this stage has been made in these financial results by the management, as impact in the opinion of the management, if any is currently unascertainable (Footnote no. 5 (a) of accompanying financial results).

- (b) As stated in note no. 44 (e) of audited standalone financial statements for the year ended 31st March, 2019, the Company has given/provided corporate guarantees for loans granted by the lenders to Jaiprakash Associates Limited (JAL) (the party to whom the company is an associate) and to PPGCL (erstwhile subsidiary of Company) of amounting to Rs. 70,333 lacs (previous year Rs. 84,557 lacs) and Rs. 110,000 lacs (previous year Rs. Rs. 110,000 lacs) respectively for which fair valuation has not been done as per the applicable IND-AS as of 31 March 2019 and also no provision against these guarantees been made in these financial results. In the absence of fair valuation of the stated corporate guarantees, we are not able to ascertain the impact of the same on the financial results (Footnote no. 5 (b) of accompanying financial results).
- (c) As stated in note no. 53 (a) and 46 of the standalone financial statements, No provision for diminution in value against certain long term investments of amounting to Rs.277,499 lacs (previous year Rs. 277,486 lacs) (Book Value) ("Including investment in trust which in turn holding investment in the Company") has been made by the management as in the opinion of the management such diminution is temporary [this to be read with footnote no. 4] in nature considering the intrinsic value of the assets, future prospects and claims (impact unascertainable). (Footnote no 6 of the accompanying financial results)

Matter stated in para (a), (b) and (c) been also qualified in our report on preceding quarters/years.

(d)

(i) As stated in Note no. 57 (a) and no. 57 (c) of the audited standalone financial statements for the year ended 31st March, 2019, Company has not provided for interest on outstanding Foreign Currency Convertible Bonds (FCCBs) amounting to Rs. 14,830 lacs (including Rs. 1,160 lacs and Rs. 4,944 lacs for quarter and year ended 31st March'19 respectively) (Previous year Rs.4618 lacs) and penal interest on certain loans of amounting to Rs. 105,77 lacs (including Rs.1,358 lacs and Rs. 7,536 lacs for quarter and year ended 31 March 2019 respectively) (previous year Rs. 3,041 lacs). (Including interest of Rs.



5,268 lacs on FCCBs for the period up to 31st March, 2017 reversed in June 2018 and shown as exceptional item). Also, this to be read with note no. 7 of accompanying statement regarding non confirmation of balances of secured loans, banks, unsecured loans as stated in the said note. [Footnote no. 7(a) and (c) of accompanying financial results). Had the interest provision been made the loss for the quarter/year ended 31s March 2019 of the Company would have increased by the above stated amount.

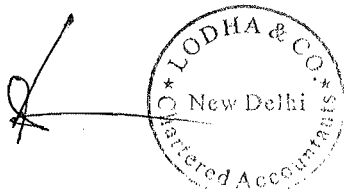
(ii) As stated in Note no. 57 (b) of the audited standalone financial statements for the year ended 31st March 2019, the Company has not provided interest on unsecured loan of amounting to Rs. 9,548 lacs (including Rs. 2,224 lacs for the current quarter). Had the interest provision been made the loss for the quarter/year ended 31s March 2019 of the Company would have increased by the above stated amount [Footnote no. 7 (b) accompanying financial results].

(d) Some of the lenders/banks have re-called loans (payback notices), however, pending implementation of resolution plan through Framework Agreement (FA) as stated in note no 24.7 of the audited standalone financial statements for the year ended 31st March 2019 current and non-current classification of borrowings been done by the management without considering pay back notices (amount Rs. 178,615 lacs as stated in said note) [Footnote no. 4 accompanying financial results].

Above all been qualified in preceding periods/year reports except matter stated in para II (d) (ii) was qualified first time for quarter ended 31st December, 2018 and matter stated in II (e) is qualified first time.

III **Management Response to the Qualification in the Standalone Annual Audited Financial Statements:-**

(a) Pursuant to invocations of pledged shares the Lead Bank (SBI) of PPGCL had invited the bids for sale of shares and issued letter of intent to Resurgent Power Ventures Pte Ltd. (Resurgent Power) being the highest bidder for acquisition of stake in PPGCL. A share purchase agreement (SPA) dated 13.11.2018 has been executed between Lenders, purchaser, investor, PPGCL and Security Trustees for transfer of stake in PPGCL. SBI had also filed an insolvency application for PPGCL before NCLT Allahabad. In terms of SPA, State Bank of India approached UPPCL/UPERC for its approval for transfer of shares /change in Management. UPERC vide its Order dated 29th March, 2019 approved the change in Management subject to certain conditions. Pending disposal/ transfer of shares by the lenders as stated above, no provision has been considered necessary in these financial statements by the management. Keeping in view the above, the entire amount of investment in PPGCL of Rs.2,89,590 Lakhs (Including Investment and loan component of compound financial instrument- Optionally Convertible Preference Shares excluding deferred



tax asset) is shown as Current Investments and Current Financial Assets-Loans

Presently Impact can not be quantified.

(b) In the opinion of the Management there will be no material impact of the fair valuation of the following guarantees on the financial result/statement of affairs. Accordingly considering this not being considered and recorded in this financial statement.

(i) Corporate Guarantee of US\$ 1,500 Lakhs in favour of State Bank of India, Hong Kong branch for the credit facilities granted by lenders to Jaiprakash Associates Limited (Party to whom the company is Associate).The principal amount of loan outstanding of US\$ 1,300 Lakhs (equivalent to Rs. 70,333 lakhs) has been converted to rupee term loan by State Bank of India vide sanction letter dated 28th December, 2016.

(ii) Corporate Guarantee of Rs.50,000 Lakhs in favour of State Bank of India, for Optionally Convertible Sub Debt underwritten/ granted by them to Prayagraj Power Generation Company Limited (erstwhile subsidiary of the Company).The principal amount of loan outstanding as on 31st March, 2019 was Rs.50,000 Lakhs (Previous Year-Rs.50,000 Lakhs).

(iii) Corporate Guarantee of Rs.60,000 Lakhs in favour of State Bank of India, for Optionally Convertible Short Term Loan granted by them to Prayagraj Power Generation Company Limited (erstwhile subsidiary of the Company).The principal amount of loan outstanding as on 31st March, 2019 was Rs.60,000 Lakhs (Previous Year-Rs.60,000 Lakhs).

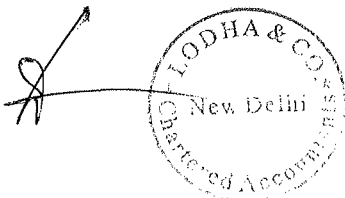
Presently Impact can not be quantified.

(c) No provision for diminution in value against following long term investments of amounting to Rs.2,77,499 lakhs (Book Value) ("Including investment in trust which in turn holding investment in the Company") has been made as in the opinion of the management such diminution is temporary in nature considering the intrinsic value of the assets, future prospects and claims and management is confident that no provision for the same at this stage is considered necessary.

(i)	Investment in Sangam Power Generation Company Limited	Rs. 55,206 lakhs
(ii)	Investment in Jaypee Arunachal Power Ltd	Rs. 22,852 lakhs
(iii)	Investment in Jaypee Meghalaya Power Ltd	Rs. 841 lakhs
(iv)	Investment in JPVL Trust	Rs. 198,595 lakhs
(v)	Interest in Bina Power Supply Co. Ltd.	<u>Rs. 5 Lakhs</u>
		Rs. 277,486 lakhs

Presently Impact can not be quantified.

(d) (i) The Company is under discussion with the Bond Holders for settlement / conversion and they are in principle agreeable to convert their entire principal outstanding of US\$ 101 million into equity at a conversion price



of INR 12/- share and waive off the entire accrued interest without any further changes to terms & conditions of the bonds. Therefore Company has not provided Interest on outstanding Foreign Currency Convertible Bonds (FCCBs) of amounting to Rs 14,830 lakhs in the financial statements.

Company has not provided penal interest on loans aggregating of amounting to Rs. 10,577 lakhs (approx.) as majority of the lenders / banks did not confirm balances / charged penal interest in view of the facility granted to the Company by them has been classified as NPA (31st March 2019).

(ii) The Company is under discussion with the unsecured lender for settlement / conversion. Therefore Company has not provided Interest on outstanding unsecured lender aggregating to Rs 9,548 lakhs in the financial statements.

(e) The Company had submitted a debt resolution/ restructuring plan to its lenders. Since then all the participatory lenders have approved the resolution plan and signed the Framework Agreement (FA) on 18th April 2019. Accordingly, current and non-current classification of borrowings has been done without considering payback notices from 4 lenders of amounting to Rs. 178,615 lakhs. The borrowings will further undergo a change on issuance of CCPs to the lenders.

Matter stated in para II (d) (ii) was qualified first time for quarter ended 31st December, 2018 and matter stated in II(e) is qualified first time.

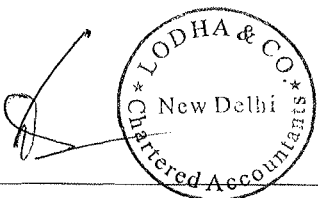
IV. Emphasis of matter:

We draw attention to the following matters:

- (a) As Stated in Note no. 48 of the audited standalone financial statements for the year ended 31st March, 2019, no provision has been considered necessary by the management against Entry Tax in respect of Bina TPP & Nigrie STPP (including Nigrie Cement Grinding Unit) amounting to Rs. 12,341 lacs (previous year Rs. 11,533 lacs) & Rs. 9,074 lacs (previous year Rs. 9,074 lacs) respectively and interest thereon (impact unascertainable) as stated in said note. The concerned authority once issued the exemption certificate in respect of Bina TPP for exempting of entry tax later on cancelled & in respect of Nigrie STPP (including Nigrie Cement Grinding Unit) receipts of approval for extension of the time for eligibility for exemption from payment of Entry tax is pending, as stated in the said notes for which the company has made representations before the concerned authority and management is confident for favourable outcome. Against the entry tax demand till date Rs. 1,946 lacs (previous year Rs. 1,946 lacs) and Rs. 3,580 lacs (previous year Rs. 2,580 lacs) has been deposited (and shown as part of other non-current assets) in respect of Bina TPP & Nigrie STPP (including Nigrie Cement Grinding Unit) respectively which is in the opinion of the management is good and recoverable.



- (b) As stated in note no. 59 (a) of the audited standalone financial statements for the year ended 31st March, 2019 regarding, Pending confirmations/reconciliation of balances of certain secured and unsecured loans & borrowings, balances with banks including certain fixed deposits, trade receivables, trade payables (including of micro and small) and others (including capital creditors and of CHAs and receivables/payables from/to related parties), loans & advances and inventory lying with third parties/in transit. In this regard, as stated in the note, internal control is being strengthen through process automation (including for as stated in note no.59 (b) regarding of fuel procurement and consumption processes which are in process of further strengthening). The management is confident that on confirmation/reconciliation there will not be any material impact on the state of affairs as stated in said note.
- (c) For deferred tax assets on unabsorbed depreciation & business losses and of MAT credit entitlement recognised amounting to Rs. 110,194 lacs (previous year Rs.90,544 lacs) and Rs. 27,559 lacs (previous year Rs. 31,631 lacs) respectively, the Management is confident about realisability. Accordingly, these have been considered good and no provision there against at this stage is considered necessary by the management as stated in Note no. 66 (c) of the audited standalone financial statements for the year ended 31st March, 2019.
- (d)
- (i) As stated in the Note no. 56 of the standalone financial statements, Fair value of Jaypee Nigrie Cement grinding unit (JNCGU) (2 million MT capacity) is in excess as compared to the carrying value, as assessed by a technical valuer, Also management is of the view that no impairment provision in the carrying amount of fixed assets (including capital work-in-progress) is necessary at this stage.
- (ii) As stated in the Note no. 55 of the audited standalone financial statements for the year ended 31st March, 2019, fair value of fixed assets of power plants (JNSTPP and JBTPP) (including Land, Building, Plant & Machinery capitalized or under CWIP) being in excess as compared to the carrying value, as estimated by a technical valuer and for the reasons explained in the said note, management is of the view that no impairment provision in the carrying amount of fixed assets (including capital work-in-progress) is necessary at this stage.



(e) The Company has incurred losses and current liabilities exceed current assets in the past few years due to continuous losses. However, for the reasons stated in the note no. 58 of the audited standalone financial statements for the year ended 31st March, 2019 and as stated in the note no. 4 of the accompanying financial results, it is considered appropriate by the management to prepare financial statements on going concern basis.

Our opinion is not modified in respect of above stated matters

V. **Management Response to the Emphasis of matter in the Standalone Annual Audited Financial Statements:-**

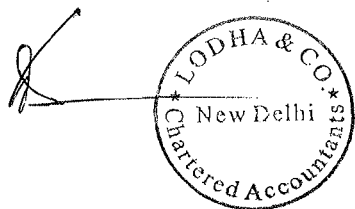
(a) The Company has not made provision against Entry Tax in respect of Bina unit & Nigrie Power and Cement unit amounting to Rs. 12,341 lacs & Rs. 9,074 lacs respectively and interest thereon (impact unascertainable). The concerned authority once issued the exemption certificate in respect of Bina unit for exemption of entry tax later on cancelled & in respect of Nigrie Power and Cement unit receipts of approval for extension of the time for eligibility of exemption from payment of Entry tax is pending, for which the company has made representations before the concerned authority and management is confident for favourable outcome. Against the entry tax demand till date Rs. 1,946 lacs and Rs. 3,580 lacs has been deposited (and shown as part of other non-current assets) in respect of Bina unit & Nigrie Power and Cement unit respectively which is in the opinion of the management good and recoverable.

Presently Impact can not be quantified.

(b) Management is in the process to confirmations/reconciliation of balances of certain secured and unsecured loans & borrowings, balances with banks including certain fixed deposits, trade receivables, trade payables (including of micro and small) and others (including capital creditors and of CHAs and receivables/payables from/to related parties), loans & advances and inventory lying with third parties/in transit. In this regard, as stated in the note, internal control is being strengthened through process automation (including for as stated in note no.59 (b) regarding of fuel procurement and consumption processes which are in process of further strengthening). The management is confident that on confirmation/reconciliation there will not be any material impact on the state of affairs as stated in said note.

Presently Impact can not be quantified.

(c) Though the company has been incurring losses in last few years, it expects turnaround of the sector and accordingly Deferred tax assets in respect of unabsorbed depreciation and business losses and MAT credit entitlement



have been recognized amounting to Rs. 110,194 lakhs and Rs.27,559 lakhs respectively, owing to reasonable certainty of availability of future taxable income to realize such assets.. Accordingly, these have been considered good and no provision there against at this stage is considered necessary in the financial statements.

Presently Impact can not be quantified.

(d) (i) As assessed by an Expert and by the Management, carrying value of Nigrie Grinding Unit (CGU) is lower than fair value, therefore, the management feel that there is no need to make provision on account of impairment at the stage.

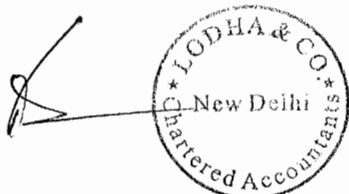
Presently Impact can not be quantified.

(ii) In view of fair value for all fixed assets of power plants (JNSTPP and JPTPP) (including Land, Building, Plant & Machinery capitalized or under CWIP) being excess as compared to the carrying value, as estimated by a technical valuer and an Experts, management does not anticipate any impairment amount which is to be provided at this stage in the financial statement for in the value of property, plant and equipment(including capital work-in-progress) based on the condition of plant, market demand and supply, economic and regulatory environment and other factors.

Presently Impact can not be quantified.

(e) The Company had submitted a debt resolution/ restructuring plan to its lenders. Since then all the participatory lenders have approved the resolution plan and signed the Framework Agreement (FA) on 18th April 2019. As envisaged in resolution plan, Company is in process of issuing compulsory convertible preference shares (CCPSs) (@ 0.01%, to be converted as per prevailing guidelines) in respect of part of the debt to the lenders. The Board of Directors and Shareholders have already approved for conversion of loans upto of Rs. 4,00,000 lakhs (approx.) in to CCPSs in line with the proposed resolution plan and expected revenue generation from sale of energy under long term PPAs/ Merchant sales etc as may be required to sustain its operations on a going concern basis Hence these standalone financial statement are prepared on going concerned basis.

b.	Type of Audit Qualification: Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion: Modified opinion by Auditors
c.	Frequency qualification: Whether appeared first time/ repetitive / since how long continuing: Repetitive Time except II (d)(ii) and e



- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
As Stated above under respective reply on the Audit Qualifications.
- e. For Audit Qualification(s) where the impact is not quantified by the auditor:
As Stated above under respective reply on the Audit Qualifications.

VI. **Signatories**

- Sunil Kumar Sharma (Vice Chairman & CEO)

S.K. Sharma

- Suren Jain (Managing Director & CFO)

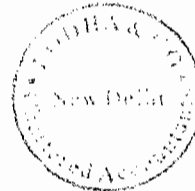
S. Jain

- B.B.Tandon (Chairman-Audit Committee)

B.B. Tandon

- Statutory Auditors: N.K. Lodha, Partner, Lodha & Co., Chartered Accountants

N.K. Lodha



N.K. Lodha

(M.No. 085155) (FRN 301051E)

Place: New Delhi

Date: 11th May 2019

**Independent Auditor's Report on Consolidated Financial Results of Jaiprakash Power Ventures Limited
pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015**

To The Board of Directors of Jaiprakash Power Ventures Limited

1. We have audited the consolidated financial results of Jaiprakash Power Ventures Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') the year ended 31 March, 2019, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ('Listing Regulations'). These consolidated financial results are based on the consolidated financial statements for the year ended 31 March, 2019 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act'), and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November, 2015 and CIR/CFD/CMD/15/2015 dated 5 July, 2016, which are the responsibility of the Holding Company's management and have been approved by the Board of Directors of the Holding Company. Our responsibility is to express an opinion on these consolidated financial results based on our audit of the consolidated financial statements for the year ended 31 March, 2019.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on the test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provide a reasonable basis for our opinion.
3. **Basis of Qualified Opinion:**
Attention is drawn to:
 - (a) Note no 51 (b) of audited consolidated financial statements for the year ended 31st March, 2019 regarding invocation of the pledged shares of Prayagraj Power Generation Company Limited (PPGCL), erstwhile subsidiary of the Company, pledged by the Company in favour of the lenders of PPGCL, amounting to Rs. 292,800 lacs (previous year Rs. 289,038 lacs) (Including deferred tax asset and Investment and loan components of compound financial instrument - Optionally Convertible Preference Shares). Consequent upon invocation of entire pledged shares, PPGCL ceased to be subsidiary of the Company w.e.f 18th December, 2017 and profit/(loss) post this date not been recorded in consolidated financial statements. Pending disposal/transfer of shares by the Lenders in favour of the interested party due to pending certain approvals, no provision has been made in these financial statements by the management, as impact in the opinion of the management, if any is currently unascertainable. Further, pending final decision, in consolidated financial statements no impact has been carried out in this regard and total assets and liabilities of Rs.15,99,311 lacs (previous year Rs.15,99,311 lacs) & Rs. 14,39,365 lacs (previous year Rs. 14,39,365 lacs) respectively of PPGCL been considered and carried over in these financial statements (Footnote no. 5 (a) of financial results).
 - (b) As stated in note no. 43 (h) of audited consolidated financial statements for the year ended 31st March, 2019, the Company has given/provided corporate guarantees for loans granted by the lenders to Jaiprakash



Associates Limited (JAL) (the party to whom the company is an associate) and to PPGCL (erstwhile subsidiary of Company) of amounting to Rs. Rs.70,333 lacs (previous year Rs. 84,557 lacs) and Rs. 110,000 lacs (previous year Rs. Rs. 110,000 lacs) respectively for which fair valuation has not been done as per the applicable IND-AS as of 31 March 2019 and also no provision against these guarantees been made in these financial results. In the absence of fair valuation of the stated corporate guarantees, we are not able to ascertain the impact of the same on the financial results (Footnote no. 5 (b) of accompanying financial results)

- (c) As stated in note no 51 (a) of the consolidated financial statements, No provision for diminution in value of investment in beneficiary trust (Equity), JPVL Trust amounting to Rs. 198,594 lacs (previous year Rs.198,594 lacs), ("which in turn holding investment in the Company") has been made by the management as in the opinion of the management such diminution is temporary [this to be read with footnote no. 4] in nature considering the intrinsic value of the assets, future prospects (impact unascertainable).
Having regard to the above, management of the Company has concluded that no provision against diminution is necessary at this stage as stated in footnote no. 6 of the accompanying financial results.

(d)

- (i) As stated in Note no. 55 (a) and no. 55 (c) of the audited consolidated financial statements for the year ended 31st March, 2019, Company has not provided for interest on outstanding Foreign Currency Convertible Bonds (FCCBs) amounting to Rs. 14,830 lacs (including Rs. 1,160 lacs and Rs. 4,944 lacs for quarter and year ended 31st March'19 respectively) (previous year Rs.4,618 lacs) and penal interest on certain loans of amounting to Rs. 10,577 lacs (including Rs. 1,358 lacs and Rs. 7,536 lacs for quarter and year ended 31 March 2019 respectively) (previous year Rs.3,041 lacs). (Including interest of Rs. 5,268 lacs on FCCBs for the period up to 31st March, 2017 reversed in June 2018 and shown as exceptional item).[Footnote no. 7(a) and (c) of accompanying financial results] Also, this to be read with note no. 7 of accompanying statement regarding non confirmation of balances of secured loans, banks, unsecured loans as stated in the said note. Had the interest provision been made the loss for the quarter/year ended 31s March 2019 of the Group would have increased by the above stated amount.
- (ii) As stated in Note no. 55 (b) of the audited consolidated financial statements for the year ended 31st March 2019, the Company has not provided interest on unsecured loan of amounting to Rs. 9,548 lacs (including Rs. 2,224 lacs for the current quarter). Had the interest provision been made the loss for the quarter/year ended 31s March 2019 of the group would have increased by the above stated amount [Footnote no. 7 (b) accompanying financial results].
- (e) Subsidiary Company, Sangam Power Generation Company Limited - Expenditure incurred during the construction and incidental to setting up of the project, Capital advances and Security Deposits (Non-Current other financial assets) in respect of project (project assets) have been carried forward as 'Capital Work-in-Process', Capital advances and Security Deposits (Non-Current other financial assets) aggregating Rs. 10,804 lacs, Rs. 2,248 lacs and 3,003 lacs respectively. In view of circumstances discussed in the note including land being not in possession, the promoters of the company had requested Uttar Pradesh Power Corporation Limited (UPPCL) to take over the project /company and refund of investment made by it. Further, the Company has withdrawn all its undertakings given to UPPCL and lodged a claim of Rs. 115,722 lacs. Pending such settlement, no adjustment in the carrying value of project assets under non current assets, for impairment has been made. Moreover, the ultimate outcome of the settlement is as present not ascertainable. This indicates the existence of a material uncertainty that cast significance doubt on the Company's ability to continue as Going concern and accordingly we are unable to comment on the consequential impact, if any, on the carrying value of such project assets under non current assets in consolidated financial statement as stated in Note no. 51 (c) of the consolidated financial statements. (Footnote no. 8 of the financial results).



- (f) Some of the lenders/banks have re-called loans (payback notices), however, pending implementation of resolution plan through Framework Agreement (FA) as stated in note no 22.7 of the audited consolidated financial statements for the year ended 31st March 2019 current and non-current classification of borrowings been done by the management without considering pay back notices (amount Rs. 178,615 lacs as stated in said note) [Footnote no. 4 accompanying financial results].

Our report was also qualified on the matters stated in para 3 above except matter stated in 3 (d) (ii) and 3(f), issued on the consolidated financial statements for the for the year ended 31st March 2018.

4. **Qualified Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/possible effects of our observations stated in para 3 above, and based on the consideration of the reports of other auditors on separate financials results and on other financial information of the subsidiaries , the consolidated financial results:

- (a) Include the financial results for the year ended 31 March 2019, of the following entities:

Subsidiaries

- (i) Jaypee Powergrid Limited (JV Subsidiary);
- (ii) Jaypee Arunachal Power Limited (JV Subsidiary);
- (iii) Jaypee Meghalaya Power Limited;
- (iv) Sangam Power Generation Company Limited;
- (v) Bina Power Supply Limited.

- (b) are presented in accordance with the requirement of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard: and
- (c) give a true and fair view of the consolidated financial performance (including other comprehensive income) and other financial information in conformity with the accounting principles generally accepted in India including Ind AS specified under section 133 of the Act for the year ended 31 March 2019.

5. **Emphasis of matter:**

We draw attention to the following matters:

- (a) As Stated in Note no. 46 of the audited consolidated financial statements for the year ended 31st March, 2019, no provision has been considered necessary by the management against Entry Tax in respect of Bina TPP & Nigrie STPP (including Nigrie Cement Grinding Unit) amounting to Rs. 12,341 lacs (previous year Rs. 11,533 lacs) & Rs. 9,074 lacs (previous year Rs.9,074 lacs) respectively and interest thereon (impact unascertainable) as stated in said note. The concerned authority once issued the exemption certificate in respect of Bina TPP for exempting of entry tax later on cancelled & in respect of Nigrie STPP (including Nigrie Cement Grinding Unit) receipts of approval for extension of the time for eligibility for exemption from payment of Entry tax is pending, as stated in the said notes for which the company has made representations before the concerned authority and management is confident for favourable outcome. Against the entry tax demand till date Rs. 1,946 lacs (previous year Rs.1,946 lacs) and Rs. 3,580 lacs (previous year Rs. 2,580 lacs) has been deposited (and shown as part of other non-current assets) in respect of Bina TPP & Nigrie STPP (including Nigrie Cement Grinding Unit) respectively which is in the opinion of the management is good and recoverable.
- (b) As stated in note no. 57 (a) of the audited consolidated financial statements for the year ended 31st March, 2019 regarding, Pending confirmations/reconciliation of balances of certain secured and unsecured loans & borrowings, balances with banks including certain fixed deposits, trade receivables, trade payables (including of micro and small) and others (including capital creditors and of CHAs and receivables/payables from/to related parties), loans & advances, deferred tax and inventory lying with third parties/in transit. In this regard,



as stated in the note, internal control is being strengthened through process automation (including for as stated in note no.57 (b) regarding of fuel procurement and consumption processes which are in process of further strengthening). The management is confident that on confirmation/reconciliation there will not be any material impact on the state of affairs as stated in Note no. 57 (a) of the audited consolidated financial statements for the year ended 31st March, 2019.

- (c) For deferred tax assets on unabsorbed depreciation & business losses and of MAT credit entitlement recognised amounting to Rs. 110,194 lacs (previous year Rs. 90,544 lacs) and Rs. 27,559 lacs (previous year Rs. 31,631 lacs) respectively, the Management is confident about realisability. Accordingly, these have been considered good and no provision there against at this stage is considered necessary by the management as stated in Note no. 62 of the audited consolidated financial statements for the year ended 31st March, 2019.
- (d)
- (i) As stated in the Note no. 54 of the consolidated financial statements, Fair value of Jaypee Nigrie Cement grinding unit (JNCGU) (2 million MT capacity) being in excess as compared to the carrying value, as assessed by a technical valuer, Also management is of the view that no impairment provision in the carrying amount of fixed assets (including capital work-in-progress) is necessary at this stage.
- (ii) As stated in the Note no. 53 of the audited consolidated financial statements for the year ended 31st March, 2019, fair value of fixed assets of power plants (JNSTPP and JBTPP) (including Land, Building, Plant & Machinery capitalized or under CWIP) being in excess as compared to the carrying value, as estimated by a technical valuer and for the reasons explained in the said note, management is of the view that no impairment provision in the carrying amount of fixed assets (including capital work-in-progress) is necessary at this stage.
- (e) The Company has incurred losses and as current liabilities exceed current assets in the past few years due to continuous losses. However, for the reasons stated in the note no. 56 of the audited consolidated financial statements for the year ended 31st March, 2019 and as stated in the note no. 4 of the accompanying financial results, it is considered appropriate by the management to prepare financial statements on going concern basis.

Our opinion is not modified for matters stated in para (a) to (e).

(f) **Uncertainty on the going concern – of Subsidiary Companies:**

- (i) The statutory auditor in their report for the year ended 31st March 2019 of Jaypee Arunachal Power Limited (JAPL) have drawn attention on : JAPL is waiting for statutory clearances to commence operations and is completely dependent on its holding company for meeting its day to day obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. However, the financial statements of the JAPL have been prepared on a going concern basis [Note no. 64(i) of the audited consolidated financial statements for the year ended 31st March, 2019].
- (ii) The statutory auditor in their report for the year ended 31st March 2019 of Jaypee Meghalaya Power Limited (JMPL) have drawn attention on : JMPL is waiting for statutory clearances to commence operations and is completely dependent on its holding company for meeting its day to day obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. However, the financial statements of the JMPL have been prepared on a going concern basis [Note no. 64(ii) of the audited consolidated financial statements for the year ended 31st March, 2019].
- (iii) The statutory auditor in their report for the year ended 31st March 2019 of Bina Power Supply Limited (BPSL) have drawn attention on : BPSL is waiting for statutory clearances to commence operations and is completely dependent on its holding company for meeting its day to day obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going



concern. However, the financial statements of the BPSL have been prepared on a going concern basis [Note no. 64(iii) of the audited consolidated financial statements for the year ended 31st March, 2019].

Our opinion on above is not modified.

- (g) The statutory auditor in their report for the year ended 31st March 2019 of Sangam Power Generation Company Limited (SPGCL) has invited attention to the matter that SPGCL is yet to appoint key managerial personnel except Company Secretary as per the requirement of Section 203 of the Companies Act, 2013.

Our opinion on above is not modified.

6. **Other Matters:**

- (a) Auditors of the respective Subsidiary companies have drawn attention to following matters in their reports under the heading 'Report on Other Legal and Regulatory Requirements':
- (i) Jaypee Meghalaya Power Limited is yet to appoint Company Secretary as key managerial personnel as per the requirement of the Section 203 of the Companies Act, 2013 read with the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014. (Since appointed)
 - (ii) Jaypee Arunachal Power Limited is yet to appoint Chief Financial Officer (CFO) as key managerial personnel as per the requirement of the Section 203 of the Companies Act, 2013 read with the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014.
- (b) We did not audit the financial statements of five subsidiaries whose financial statements reflect total assets of Rs. 1,29,151 Lacs, net assets of Rs. 86,674 Lacs and net cash inflows of Rs. (753) Lacs as at 31 March 2019, total revenues of Rs. 16,513 Lacs, total profit/(loss) after tax of Rs. 5,526 Lacs and other comprehensive Income of Rs. 1 Lacs for year ended on that date, as considered in the consolidated financial results. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI circulars CIR/CFD/CMD/15/2015 dated 30 November, 2015 and CIR/CFD/CMD/15/2015 dated 5 July, 2016, in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of such auditors.

Our opinion is not modified in respect of matters stated in (a) & (b) above.

For LODHA & CO.

Chartered Accountants
Firm's Registration No. 301051E



N.K. LODHA
Partner
Membership No. 085155
Place: New Delhi
Date: 11-05-2019



ANNEXURE-I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results – (Consolidated)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019				
(See Regulation 33/52 of the SEBI (LODR)(Amendment) Regulations, 2016)				
(Amount in Rs. Lacs)				
I.	S. No.		Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/ Total Income	4,00,481	4,00,481
	2.	Total Expenditure	4,56,486	4,91,441
	3.	Exceptional and Extraordinary items (Net)	5,268	5,268
	4.	Net Profit/(Loss) (1+2-3) before tax	50,737	85,692
	5.	Earnings Per Share (after Extraordinary items)	(0.62)	(1.21)
	6.	Total Assets	37,27,031	37,27,031
	7.	Total Liabilities	29,59,627	29,94,582
	8.	Net Worth	7,67,404	7,32,449
	9.	Any other financial item(s) (as felt appropriate by the management)	-	-
				-
II.	<u>Audit Qualification (each audit qualification separately):</u>			
	<u>Attention is drawn to:</u>			
	(a) Note no 51 (b) of audited consolidated financial statements for the year ended 31st March, 2019 regarding invocation of the pledged shares of Prayagraj Power Generation Company Limited (PPGCL), erstwhile			




subsidiary of the Company, pledged by the Company in favour of the lenders of PPGCL, amounting to Rs. 292,800 lacs (previous year Rs. 289,038 lacs) (Including deferred tax asset and Investment and loan components of compound financial instrument - Optionally Convertible Preference Shares). Consequent upon invocation of entire pledged shares, PPGCL ceased to be subsidiary of the Company w.e.f 18th December, 2017 and profit/(loss) post this date not been recorded in consolidated financial statements. Pending disposal/transfer of shares by the Lenders in favour of the interested party due to pending certain approvals, no provision has been made in these financial statements by the management, as impact in the opinion of the management, if any is currently unascertainable. Further, pending final decision, in consolidated financial statements no impact has been carried out in this regard and total assets and liabilities of Rs.15,99,311 lacs (previous year Rs.15,99,311 lacs) & Rs. 14,39,365 lacs (previous year Rs. 14,39,365 lacs) respectively of PPGCL been considered and carried over in these financial statements (Footnote no. 5 (a) of financial results).

(b) As stated in note no. 43 (h) of audited consolidated financial statements for the year ended 31st March, 2019, the Company has given/provided corporate guarantees for loans granted by the lenders to Jaiprakash Associates Limited (JAL) (the party to whom the company is an associate) and to PPGCL (erstwhile subsidiary of Company) of amounting to Rs. Rs.70,333 lacs (previous year Rs. 84,557 lacs) and Rs. 110,000 lacs (previous year Rs. Rs. 110,000 lacs) respectively for which fair valuation has not been done as per the applicable IND-AS as of 31 March 2019 and also no provision against these guarantees been made in these financial results. In the absence of fair valuation of the stated corporate guarantees, we are not able to ascertain the impact of the same on the financial results (Footnote no. 5 (b) of accompanying financial results)

(c) As stated in note no 51 (a) of the consolidated financial statements, No provision for diminution in value of investment in beneficiary trust (Equity), JPVL Trust amounting to Rs. 198,594 lacs (previous year Rs.198,594 lacs), ("which in turn holding investment in the Company") has been made by the management as in the opinion of the management such diminution is temporary [this to be read with footnote no. 4] in nature considering the intrinsic value of the assets, future prospects (impact unascertainable).

Having regard to the above, management of the Company has concluded that no provision against diminution is necessary at this stage as stated in footnote no. 6 of the accompanying financial results.

(d) (i) As stated in Note no. 55 (a) and no. 55 (c) of the audited consolidated financial statements for the year ended 31st March, 2019, Company has not provided for interest on outstanding Foreign



Currency Convertible Bonds (FCCBs) amounting to Rs. 14,830 lacs (including Rs. 1,160 lacs and Rs. 4,944 lacs for quarter and year ended 31st March'19 respectively) (previous year Rs.4,618 lacs) and penal interest on certain loans of amounting to Rs. 10,577 lacs (including Rs. 1,358 lacs and Rs. 7,536 lacs for quarter and year ended 31 March 2019 respectively) (previous year Rs.3,041 lacs). (Including interest of Rs. 5,268 lacs on FCCBs for the period up to 31st March, 2017 reversed in June 2018 and shown as exceptional item).[Footnote no. 7(a) and (c) of accompanying financial results) Also, this to be read with note no. 7 of accompanying statement regarding non confirmation of balances of secured loans, banks, unsecured loans as stated in the said note. Had the interest provision been made the loss for the quarter/year ended 31s March 2019 of the Group would have increased by the above stated amount.

(ii) As stated in Note no. 55 (b) of the audited consolidated financial statements for the year ended 31st March 2019, the Company has not provided interest on unsecured loan of amounting to Rs. 9,548 lacs (including Rs. 2,224 lacs for the current quarter). Had the interest provision been made the loss for the quarter/year ended 31s March 2019 of the group would have increased by the above stated amount [Footnote no. 7 (b) accompanying financial results].

(c) Subsidiary Company, Sangam Power Generation Company Limited - Expenditure incurred during the construction and incidental to setting up of the project, Capital advances and Security Deposits (Non-Current other financial assets) in respect of project (project assets) have been carried forward as 'Capital Work-in-Process', Capital advances and Security Deposits (Non-Current other financial assets) aggregating Rs. 10,804 lacs, Rs. 2,248 lacs and 3,003 lacs respectively. In view of circumstances discussed in the note including land being not in possession, the promoters of the company had requested Uttar Pradesh Power Corporation Limited (UPPCL) to take over the project /company and refund of investment made by it. Further, the Company has withdrawn all its undertakings given to UPPCL and lodged a claim of Rs. 115,722 lacs. Pending such settlement, no adjustment in the carrying value of project assets under non current assets, for impairment has been made. Moreover, the ultimate outcome of the settlement is as present not ascertainable. This indicates the existence of a material uncertainty that cast significance doubt on the Company's ability to continue as Going concern and accordingly we are unable to comment on the consequential impact, if any, on the carrying value of such project assets under non current assets in consolidated financial statement as stated in Note no. 51 (c) of the consolidated financial statements. (Footnote no. 8 of the financial results).



(f) Some of the lenders/banks have re-called loans (payback notices), however, pending implementation of resolution plan through Framework Agreement (FA) as stated in note no 22.7 of the audited consolidated financial statements for the year ended 31st March 2019 current and non-current classification of borrowings been done by the management without considering pay back notices (amount Rs. 178,615 lacs as stated in said note) [Footnote no. 4 accompanying financial results].

Above all been qualified in preceding periods/year reports except matter stated in para II (d) (ii) was qualified first time for quarter ended 31st December, 2018 and matter stated in II (f) is qualified first time.

III Management Response to the Qualification in the Consolidated Annual Audited Financial Statements:-

(a) Pursuant to invocations of pledged shares the Lead Bank (SBI) of PPGCL had invited the bids for sale of shares and issued letter of intent to Resurgent Power Ventures Pte Ltd. (Resurgent Power) being the highest bidder for acquisition of stake in PPGCL. A share purchase agreement (SPA) dated 13.11.2018 has been executed between Lenders, purchaser, investor, PPGCL and Security Trustees for transfer of stake in PPGCL. SBI had also filed an insolvency application for PPGCL before NCLT Allahabad. In terms of SPA, State Bank of India approached UPPCL/UPERC for its approval for transfer of shares /change in Management. UPERC vide its Order dated 29th March, 2019 approved the change in Management subject to certain conditions. Pending disposal/ transfer of shares by the lenders as stated above, no provision has been considered necessary in these financial statements by the management. Keeping in view the above, the entire amount of investment in PPGCL of Rs.2,89,590 Lakhs (Including Investment and loan component of compound financial instrument- Optionally Convertible Preference Shares excluding deferred tax asset) is shown as Current Investments and Current Financial Assets-Loans

Presently Impact can not be quantified.

(b) In the opinion of the Management there will be no material impact of the fair valuation of the following guarantees on the financial result/ statement of affairs. Accordingly considering this not being considered and recorded in this financial statement.

(i) Corporate Guarantee of US\$ 1,500 Lakhs in favour of State Bank of India, Hong Kong branch for the credit facilities granted by lenders to Jaiprakash Associates Limited (Party to whom the company is Associate). The principal amount of loan outstanding of US\$ 1,300 Lakhs (equivalent to Rs. 70,333 lakhs) has been converted to rupee term loan by State Bank of India vide sanction letter dated 28th



December, 2016.

- (ii) Corporate Guarantee of Rs.50,000 Lakhs in favour of State Bank of India, for Optionally Convertible Sub Debt underwritten/ granted by them to Prayagraj Power Generation Company Limited (erstwhile subsidiary of the Company).The principal amount of loan outstanding as on 31st March, 2019 was Rs.50,000 Lakhs (Previous Year-Rs.50,000 Lakhs).
- (iii) Corporate Guarantee of Rs.60,000 Lakhs in favour of State Bank of India, for Optionally Convertible Short Term Loan granted by them to Prayagraj Power Generation Company Limited (erstwhile subsidiary of the Company).The principal amount of loan outstanding as on 31st March, 2019 was Rs.60,000 Lakhs (Previous Year-Rs.60,000 Lakhs).

Presently Impact can not be quantified.

- (c) No provision for diminution in value against following long term investments of amounting to Rs.1,98,594 lacs lakhs (Book Value) in JPVL TRUST which in turn holding investment in the Company”) has been made as in the opinion of the management such diminution is temporary in nature considering the intrinsic value of the assets, future prospects and claims and management is confident that no provision for the same at this stage is considered necessary.

Presently Impact can not be quantified.

- (d) (i) The Company is under discussion with the Bond Holders for settlement / conversion and they are in principle agreeable to convert their entire principal outstanding of US\$ 101 million into equity at a conversion price of INR 12/- share and waive off the entire accrued interest without any further changes to terms & conditions of the bonds. Therefore Company has not provided Interest on outstanding Foreign Currency Convertible Bonds (FCCBs) of amounting to Rs 14,830 lakhs in the financial statements.

Company has not provided penal interest on loans aggregating to Rs. 10,577 lakhs (approx) as majority of the lenders / banks did not confirm balances / charged penal interest in view of the facility granted to the Company by them has been classified as NPA (31st March 2019).

(ii)The Company is under discussion with the unsecured lender for settlement / conversion. Therefore Company has not provided Interest on outstanding unsecured lender aggregating to Rs 9,548 lakhs in the financial statements.

- (e) Sangam Power Generation Company Limited (SPGCL) was acquired by JPVL (the Company) from Uttar Pradesh Power Corporation Limited (UPPCL) in earlier years, for the implementation of 1320 MW (2 x 660



MW) Thermal Power Project (with provision to add one additional unit of 660 MW) in Tehsil Karchana of District Allahabad, Uttar Pradesh. All major statutory approvals for Phase-1, are in place and Coal linkage for 4.68 MTPA by Northern Coalfield Limited has been issued for Phase-1 of the Project. SPGCL executed Deed of Conveyance with Uttar Pradesh Power Corporation Limited (UPPCL) but the District Administration could not hand over physical possession of land to SPGCL and hence, no physical activity could be started for the implementation of Project. SPGCL has written to UPPCL and all procurers that the Power Purchase Agreement is rendered void and cannot be enforced.

There is abnormal delay in resolving the matter by UPPCL, SPGCL has withdrawn all its undertakings given to UPPCL and lodged a claim of Rs. 1,15,722 Lakhs on UPPCL.

JAL has also furnished Performance Guarantee aggregating to Rs. 99.00 crores valid up to 31.12.2018.

The Company has made investment of Rs.55,207 Lakhs in SPGCL up to 31st March, 2018. Where no provision is considered necessary by the management, keeping in view the above stated facts and considering value of assets/ claims.

- (f) The Company had submitted a debt resolution/ restructuring plan to its lenders. Since then all the participatory lenders have approved the resolution plan and signed the Framework Agreement (FA) on 18th April 2019. Accordingly, current and non-current classification of borrowings has been done without considering payback notices from 4 lenders of amounting to Rs. 178,615 lakhs. The borrowings will further undergo a change on issuance of CCPs to the lenders.

IV Emphasis of matter:

We draw attention to the following matters:

- A. As Stated in Note no. 46 of the audited consolidated financial statements for the year ended 31st March, 2019, no provision has been considered necessary by the management against Entry Tax in respect of Bina TPP & Nigrie STPP (including Nigrie Cement Grinding Unit) amounting to Rs. 12,341 lacs (previous year Rs. 11,533 lacs) & Rs. 9,074 lacs (previous year Rs.9,074lacs) respectively and interest thereon (impact unascertainable) as stated in said note. The concerned authority once issued the exemption certificate in respect of Bina TPP for exempting of entry tax later on cancelled & in respect of Nigrie STPP (including Nigrie Cement Grinding Unit) receipts of approval for extension of the time for eligibility for exemption from payment of Entry tax is pending, as stated in the said notes for which the company has made representations before the concerned authority and management is confident for favourable outcome. Against the entry tax demand till date Rs. 1,946 lacs (previous year Rs.1,946 lacs) and Rs. 3,580 lacs (previous year Rs. 2,580 lacs) has been deposited (and shown as part of other non-current assets) in respect of Bina TPP & Nigrie STPP


New Delhi

(including Nigrie Cement Grinding Unit) respectively which is in the opinion of the management is good and recoverable.


B. As stated in note no. 57 (a) of the audited consolidated financial statements for the year ended 31st March, 2019 regarding, Pending confirmations/reconciliation of balances of certain secured and unsecured loans & borrowings, balances with banks including certain fixed deposits, trade receivables, trade payables (including of micro and small) and others (including capital creditors and of CHAs and receivables/payables from/to related parties), loans & advances, deferred tax and inventory lying with third parties/in transit. In this regard, as stated in the note, internal control is being strengthen through process automation (including for as stated in note no.57 (b) regarding of fuel procurement and consumption processes which are in process of further strengthening). The management is confident that on confirmation/reconciliation there will not be any material impact on the state of affairs as stated in Note no. 57 (a) of the audited consolidated financial statements for the year ended 31st March, 2019.

C. For deferred tax assets on unabsorbed depreciation & business losses and of MAT credit entitlement recognised amounting to Rs. 110,194 lacs (previous year Rs. 90,544 lacs) and Rs. 27,559 lacs (previous year Rs. 31,631 lacs) respectively, the Management is confident about realisability. Accordingly, these have been considered good and no provision there against at this stage is considered necessary by the management as stated in Note no. 62 of the audited consolidated financial statements for the year ended 31st March, 2019.

D. (i) As stated in the Note no. 54 of the consolidated financial statements, Fair value of JaypeeNigrie Cement grinding unit (JNCGU) (2 million MT capacity) being in excess as compared to the carrying value, as assessed by a technical valuer, Also management is of the view that no impairment provision in the carrying amount of fixed assets (including capital work-in-progress) is necessary at this stage.

(ii)As stated in the Note no. 53 of the audited consolidated financial statements for the year ended 31st March, 2019, fair value of fixed assets of power plants (JNSTPP and JBTPP) (including Land, Building, Plant & Machinery capitalized or under CWIP) being in excess as compared to the carrying value, as estimated by a technical valuer and for the reasons explained in the said note, management is of the view that no impairment provision in the carrying amount of fixed assets (including capital work-in-progress) is necessary at this stage.

E. The Company has incurred losses and current liabilities exceed current



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assets in the past few years due to continuous losses. However, for the reasons stated in the note no. 56 of the audited consolidated financial statements for the year ended 31st March, 2019 and as stated in the note no. 4 of the accompanying financial results, it is considered appropriate by the management to prepare financial statements on going concern basis.

F. Uncertainty on the going concern – of Subsidiary Companies:

- (i) The statutory auditor in their report for the year ended 31st March 2019 of Jaypee Arunachal Power Limited (JAPL) have observed that, JAPL is waiting for statutory clearances to commence operations and is completely dependent on its holding company for meeting its day to day obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. However, the financial statements of the JAPL have been prepared on a going concern basis [Note no. 64(i) of the audited consolidated financial statements for the year ended 31st March, 2019].
- (ii) The statutory auditor in their report for the year ended 31st March 2019 of Jaypee Meghalaya Power Limited (JMPL) have observed that, JMPL is waiting for statutory clearances to commence operations and is completely dependent on its holding company for meeting its day to day obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. However, the financial statements of the JMPL have been prepared on a going concern basis [Note no. 64(ii) of the audited consolidated financial statements for the year ended 31st March, 2019].
- (iii) The statutory auditor in their report for the year ended 31st March 2019 of Bina Power Supply Limited (BPSL) have observed that, BPSL is waiting for statutory clearances to commence operations and is completely dependent on its holding company for meeting its day to day obligations. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. However, the financial statements of the BPSL have been prepared on a going concern basis [Note no. 64(iii) of the audited consolidated financial statements for the year ended 31st March, 2019].

Our opinion on all above matters is not modified.

- (g) Auditors of the respective companies have drawn attention in their report:
Sangam Power Generation Company Limited (SPGCL) a subsidiary of the company is yet to appoint key management person except company



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secretary as per the requirement of the section 203 of the companies Act, 2013

Other Matters:

Auditors of the respective Subsidiary companies have drawn attention to following matters in their reports under the heading 'Report on Other Legal and Regulatory Requirements':

Jaypee Meghalaya Power Limited is yet to appoint Company Secretary as key managerial personnel as per the requirement of the Section 203 of the Companies Act, 2013 read with the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014. (Since appointed)

Jaypee Arunachal Power Limited is yet to appoint Chief Financial Officer (CFO) as key managerial personnel as per the requirement of the Section 203 of the Companies Act, 2013 read with the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014.

Our opinion is not modified in respect of above stated matters

V **Management Response to the Emphasis of matter in the Consolidated**

Annual Audited Financial Statements:-

(a) The Company has not made provision against Entry Tax in respect of Bina unit & Nigrie Power and Cement unit amounting to Rs. 12,341 lacs & Rs. 9,074 lacs respectively and interest thereon (impact unascertainable). The concerned authority once issued the exemption certificate in respect of Bina unit for exemption of entry tax later on cancelled & in respect of Nigrie Power and Cement unit receipts of approval for extension of the time for eligibility of exemption from payment of Entry tax is pending, for which the company has made representations before the concerned authority and management is confident for favourable outcome. Against the entry tax demand till date Rs. 1,946 lacs and Rs. 3,580 lacs has been deposited (and shown as part of other non-current assets) in respect of Bina unit & Nigrie Power and Cement unit respectively which is in the opinion of the management good and recoverable.

Presently Impact can not be quantified.

(b) Management is in the process to confirmations/reconciliation of balances of certain secured and unsecured loans & borrowings, balances with banks including certain fixed deposits, trade receivables, trade payables (including of micro and small) and others (including capital creditors and of CHAs and receivables/payables from/to related parties), loans & advances and inventory lying with third parties/in transit. In this regard, as stated in the note, internal control is being strengthened through process automation (including for as stated in note no.59 (b) regarding of fuel procurement and consumption processes which are in process of further strengthening). The management is confident that on confirmation/reconciliation there will not be any material impact on the state of affairs as stated in said note.

Presently Impact can not be quantified.



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(c) Though the company has been incurring losses in last few years, it expects turnaround of the sector and accordingly Deferred tax assets in respect of unabsorbed depreciation and business losses and MAT credit entitlement have been recognized amounting to Rs. 110,194 lakhs and Rs.27,559 lakhs respectively, owing to reasonable certainty of availability of future taxable income to realize such assets.. Accordingly, these have been considered good and no provision there against at this stage is considered necessary in the financial statements.

Presently Impact can not be quantified.

(d) (i) As assessed by an Expert and by the Management, carrying value is lower than fair value, therefore, the management feel that there is no need to make provision on account of impairment at the stage.

Presently Impact can not be quantified.

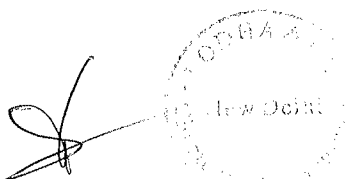
(ii) In view of fair value for all fixed assets of power plants (JNSTPP and JBTTP) (including Land, Building, Plant & Machinery capitalized or under CWIP) being excess as compared to the carrying value, as estimated by a technical valuer and an Experts, management does not anticipate any impairment amount which is to be provided at this stage in the financial statement for in the value of property, plant and equipment (including capital work-in-progress) based on the condition of plant, market demand and supply, economic and regulatory environment and other factors.

Presently Impact can not be quantified.

(e) The Company had submitted a debt resolution/ restructuring plan to its lenders. Since then all the participatory lenders have approved the resolution plan and signed the Framework Agreement (FA) on 18th April 2019. As envisaged in resolution plan, Company is in process of issuing compulsory convertible preference shares (CCPSs) (@ 0.01%, to be converted as per prevailing guidelines) in respect of part of the debt to the lenders. The Board of Directors and Shareholders have already approved for conversion of loans upto of Rs. 4,00,000 lakhs (approx) in to CCPSs in line with the proposed resolution plan and expected revenue generation from sale of energy under long term PPAs/ Merchant sales etc as may be required to sustain its operations on a going concern basis. Hence these standalone financial statement are prepared on going concerned basis.

(f) Statutory clearance are pending to take off the projects (JAPL & JMPL) and Management is in the process to initiative the project therefore at this stage financial statements are prepared on going concern basis and in respect of BPSL management is in process to take off the project therefore financial statement of BPSL are prepared on going concern basis.

(g) The Company would like to say that since SPGCL JAPL and JMPL were not having substantial operations and source of income, they could not



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appoint necessary Key Managerial Personnel to meet the requirements of Companies Act, 2013.

- b. Type of Audit Qualification: ~~Qualified Opinion/ Disclaimer of Opinion/ Adverse Opinion:~~
Modified opinion by Auditors
- c. Frequency qualification: Whether appeared first time/ repetitive / since how long continuing:
repetitive Time
- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
As Stated above under respective reply on the Audit Qualifications.
- e. For Audit Qualification(s) where the impact is not quantified by the auditor:
As Stated above under respective reply on the Audit Qualifications.
- (i) If management is unable to estimate the impact, reasons for the same:
- (ii) Auditors' Comments on (i) or (ii) above:

VI. Signatories

- Sunil Kumar Sharma (Vice Chairman & CEO)
- Suren Jain (Managing Director & CFO)
- B.B.Tandon (Chairman Audit Committee)
- Statutory Auditors: N.K. Lodha, Partner, Lodha & Co., Chartered Accountants

(M.No. 85155) (FRN 301051E)

Place: New Delhi

Date : 11th May 2019

S.K. Sharma

S. Jain

B.B. Tandon

N.K. Lodha