

Ref: JPVL:SEC:2016

18th July, 2016

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

BSE Limited,
25th Floor, New Trading Ring,
Rotunda Building,
P J Towers, Dalal Street, Fort,
Mumbai - 400 001

Scrip Code: 532627

Scrip Code: JPPOWER

Sub :- Statement on Impact of Audit Qualifications under Regulation 33/52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations")

Dear Sirs,

In terms of SEBI Circular No. CIR/CFD/CMD/56/2016 dated 27.05.2016 and NSE Circular No. NSE/CML/2016/09 dated 01.06.2016 to all Listed Companies regarding disclosure of the Impact of Audit Qualifications by the Listed Entities under Regulation 33/52 of SEBI (LODR), (Amendment) Regulations, 2016, kindly find enclosed herewith **"Statement on Impact of Audit Qualifications" for the financial year ended 31st March, 2016.**

Thanking you,

Yours faithfully,
FOR **JAIPRAKASH POWER VENTURES LIMITED**


(M.M.SIBBAL)
VICE PRESIDENT &
COMPANY SECRETARY

Encl: As above

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, 2016
(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 | 3,97,067 | 3,97,067 |
| | 2. | Total Expenditure | 4,49,287 | 4,49,287 |
| | 3. | Exceptional and Extraordinary items (Net) | 4,719 | 4,719 |
| | 4. | Net Profit/(Loss) (1-2-3) | (56,939) | (56,939) |
| | 5. | Earnings Per Share (after Extraordinary items) | (1.00) | (1.00) |
| | 6. | Total Assets | 24,01,353 | 24,01,353 |
| | 7. | Total Liabilities | 16,44,455 | 16,44,455 |
| | 8. | Net Worth | 7,56,898 | 7,56,898 |
| | 9. | Any other financial item(s) (as felt appropriate by the management) | - | - |
| | | | - | - |

II. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

- Based on records produced before us and according to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues applicable to it like, Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Sales Tax/ Value Added Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities, except the following dues which are outstanding for a period exceeding six months as on the Balance Sheet date

| Name of Statute (Nature of dues) | Department | Amount in Rs. Lacs (Including Interest) |
|-----------------------------------|---|---|
| VAT | MPVAT | 319.11 |
| Development Cess/Electricity Duty | Chief Electrical Inspector, Govt of MP. | 3,321.61 |

- Based on our audit procedures and on the Information and explanation given by the management, we are of the opinion that during the year, the company has defaulted in repayment of Principal and interest to Banks and Financial institution/debenture holders, wherein the period of delay ranges from 1 day

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to 89 days, which have, however been subsequently made good during the year.

Detail of Overdue Interest on borrowings amounting to Rs.15,218.32 Lacs is reflected in Note No. 12 to the financial statements "Other Current Liabilities" which was outstanding as on 31st March 2016, wherein the period of delay ranges from 1 day to 91 days.

Details of Overdue Principal Repayment of borrowings amounting to Rs.68,848.30 Lacs reflected in Note No. 12 to the financial statements "Other Current Liabilities" under 'Current Maturities of Long Term Debts' which was outstanding as on 31st March 2016, wherein the period of delay ranges from 1 day to 60 days.

As at 31st March 2016, there was no outstanding to Debenture Holders.

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

It is stated that the opinion of the Statutory Auditors in Para (1) referred to above pertains to outstanding dues for a period exceeding 6 (six) months as on the Balance Sheet date and pertains to non-deposit of Statutory Dues i.e. VAT, Development Cess/ Electricity Duty in respect of Company's 1320 MW Jaypee Nigrie Super Thermal Power Plant & Jaypee Nigrie Cement Grinding Unit and Para (2) pertains to non-repayment of principal amount of loan and interest on loans to banks and financial institutions as referred above.

It is further stated that the delays in payment of outstanding dues of the appropriate authorities, banks and financial institutions are primarily because of following reasons:-

- Current Revenue of 1320 MW Jaypee Nigrie Super Thermal Power Plant is based on provisional tariff (pending final tariff determination), restricted operation as long term PPA is yet to be tied up and non-availability of coal in March, 2016, as the entire capacity i.e. 2.80 MTPA coal from Amelia Coal Mine for the year 2015-16 was already utilized upto February, 2016.
- Generation of 500 MW Jaypee Bina Thermal Power Plant was adversely affected due to backdown instructions received from SLDC from time to time because of lower demand of power.
- The general depressed economic conditions affecting the power plants in the country.

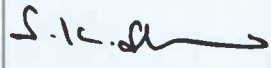

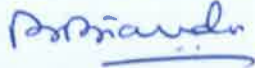
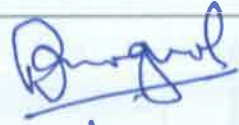
The Company is generally depositing undisputed statutory dues applicable to it, like, PF, ESI, Income-tax, Service Tax, Sales-tax, VAT, Wealth tax, Custom Duty, etc. The above outstanding dues would also be cleared shortly.

As regards outstanding overdues of banks and financial institutions, overdue principal repayment borrowings except FCCBs have been fully cleared and interest dues stand reduced to Rs.1,532.17 Lacs.

It is stated that the Company has already redeemed part of outstanding FCCBs including premium on principal outstanding and the outstanding as on 31st March, 2016 was US\$ 101.42 million. The Company is in discussion with the bondholders for redemption of outstanding FCCBs either from fresh FCCBs/ extending redemption period on mutually agreed terms and conditions or from financial assistance through Indian Banks.

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| | 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: Second time | |
| | d. | For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Impact of audit qualification not quantified by Auditors. | |
| | e. | For Audit Qualification(s) where the impact is not quantified by the auditor: | |
| | (i) | Management's estimation on the impact of audit qualification: There is no impact on the financials of the Company due to Modified opinion of the Auditors, as the interest on the overdue payments of Statutory dues and interest payable to Banks & Financial Institutions as reported by Auditors have been provided in the accounts. | |
| | (ii) | If management is unable to estimate the impact, reasons for the same: NA | |
| | (iii) | Auditors' Comments on (i) or (ii) above: | |
| III. | Signatories | | |
| | • | Sunil Kumar Sharma (Vice Chairman & CEO) |  |
| | • | Suren Jain (Managing Director & CFO) |  |
| | • | B.B.Tandon (Chairman-Audit Committee) |  |
| | • | Statutory Auditors: R.Nagpal, Partner, R. Nagpal Associates, Chartered Accountants |  |
| | Place: | New Delhi | |
| | Date : | 18-07-2016 | |



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ANNEXURE-I

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

| <u>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016</u> <u>(See Regulation 33/52 of the SEBI (LODR)(Amendment) Regulations, 2016)</u> | | | | | | | | | | | | | |
|---|---|---|--|--|----------------------------------|------------|---|-----|-------|--------|-----------------------------------|---|----------|
| I. | S. No. | | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) | | | | | | | | | |
| | 1. | Turnover/ Total Income | 4,19,075 | 4,19,075 | | | | | | | | | |
| | 2. | Total Expenditure | 4,69,629 | 4,69,629 | | | | | | | | | |
| | 3. | Exceptional and Extraordinary items (Net) | 4,719 | 4,719 | | | | | | | | | |
| | 4. | Net Profit/(Loss) | (55,273) | (55,273) | | | | | | | | | |
| | 5. | Earnings Per Share (after Extraordinary items) | (0.99) | (0.99) | | | | | | | | | |
| | 6. | Total Assets | 36,30,469 | 36,30,469 | | | | | | | | | |
| | 7. | Total Liabilities | 28,28,979 | 28,28,979 | | | | | | | | | |
| | 8. | Net Worth | 8,01,490 | 8,01,490 | | | | | | | | | |
| | 9. | Any other financial item(s) (as felt appropriate by the management) | - | - | | | | | | | | | |
| | | | | - | | | | | | | | | |
| II. | <u>Audit Qualification (each audit qualification separately):</u> | | | | | | | | | | | | |
| a. | <p>Details of Audit Qualification:</p> <p>1. Based on records produced before us and according to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues applicable to it like, Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Sales Tax/ Value Added Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities, except the following dues which are outstanding for a period exceeding six months as on the Balance Sheet date</p> <table border="1" data-bbox="427 1704 1469 1917"> <thead> <tr> <th>Name of Statute (Nature of dues)</th> <th>Department</th> <th>Amount in Rs. Lacs (Including Interest)</th> </tr> </thead> <tbody> <tr> <td>VAT</td> <td>MPVAT</td> <td align="right">319.11</td> </tr> <tr> <td>Development Cess/Electricity Duty</td> <td>Chief Electrical Inspector, Govt of MP.</td> <td align="right">3,321.61</td> </tr> </tbody> </table> <p>2. Based on our audit procedures and on the Information and explanation given</p> | | | | Name of Statute (Nature of dues) | Department | Amount in Rs. Lacs (Including Interest) | VAT | MPVAT | 319.11 | Development Cess/Electricity Duty | Chief Electrical Inspector, Govt of MP. | 3,321.61 |
| Name of Statute (Nature of dues) | Department | Amount in Rs. Lacs (Including Interest) | | | | | | | | | | | |
| VAT | MPVAT | 319.11 | | | | | | | | | | | |
| Development Cess/Electricity Duty | Chief Electrical Inspector, Govt of MP. | 3,321.61 | | | | | | | | | | | |

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by the management , we are of the opinion that during the year ,the company has defaulted in repayment of Principal and interest to Banks and Financial institution/debenture holders, wherein the period of delay ranges from 1 day to 89 days, which have, however been subsequently made good during the year.

Detail of Overdue Interest on borrowings amounting to Rs.46,084.01 Lacs is reflected in Note No. 12 to the financial statements "Other Current Liabilities' which was outstanding as on 31st March 2016, wherein the period of delay ranges from 1 day to 91 days.

Details of Overdue Principal Repayment of borrowings amounting to Rs.68,848.30 Lacs reflected in Note No. 12 to the financial statements "Other Current Liabilities' under 'Current Maturities of Long Term Debts' which was outstanding as on 31st March 2016 , wherein the period of delay ranges from 1 day to 60 days.

As at 31st March 2016, there was no outstanding to Debenture Holders.

3.a) In Consolidated Financial statements wherein expenditure incurred during the construction and incidental to setting up of the project by Sangam Power Generation Company Limited (SPGCL) a subsidiary of the Company for development of 1320 MW Power Project at Tehsil Karchana, Distt. Allahabad, Uttar Pradesh, have been carried forward as 'Capital Work in progress'. In view of abnormal delay in handling over the possession of land, the company has requested Uttar Pradesh Power Corporation Ltd. (UPPCL) to take over the project and refund of investment made by it. The matter is under consideration of UPPCL. The management does not expect any material adjustment in the carrying value of assets including Capital Work in Progress. We are therefore, unable to comment whether any adjustment is required in the carrying value of assets and liabilities.

3. b) In Consolidated Financial Statement, except for the possible effects of the matters described in the paragraph mentioned above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

3. c) Sangam Power Generation Company Limited (SPGCL) a subsidiary of the Company is yet to appoint management person except as the Company Secretary as per the requirement of Section 203 of the Companies Act, 2013. Our Opinion is not qualified in respect of this matter.

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

It is stated that the opinion of the Statutory Auditors in Para (1) referred to above pertains to outstanding dues for a period exceeding 6 (six) months as on the Balance Sheet date and pertains to non-deposit of Statutory Dues i.e. VAT, Development Cess/ Electricity Duty in respect of Company's 1320 MW Jaypee Nigrie Super Thermal Power Plant & Jaypee Nigrie Cement Grinding Unit and Para (2) pertains to non-repayment of principal amount of loan and interest on loans to banks and financial institutions as per the details given hereinabove.

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It is further stated that the delays in payment of outstanding dues of the appropriate authorities, banks and financial institutions are primarily because of following reasons:-

- Current Revenue of 1320 MW Jaypee Nigrie Super Thermal Power Plant is based on provisional tariff (pending final tariff determination), restricted operation as long term PPA is yet to be tied up and non-availability of coal in March, 2016, as the entire capacity i.e. 2.80 MTPA coal from Amelia Coal Mine for the year 2015-16 was already utilized upto February, 2016.
- Generation of 500 MW Jaypee Bina Thermal Power Plant was adversely affected due to backdown instructions received from SLDC from time to time because of lower demand of power.
- Prayagraj Power Generation Company Limited (PPGCL) has suffered both time and cost overrun mainly due to delay in allotment of land by UPPCL, exchange fluctuation, increase in duties/taxes, civil works and also delay in tie-up of financial assistance for cost overrun. We are in the process of tying up the balance financial assistance for cost overrun, which is expected shortly. It may be mentioned that Unit-I was commission on 28th February, 2016 and the Project COD is envisaged by August, 2016.
- The general depressed economic conditions affecting the power plants in the country.

The Company is generally depositing undisputed statutory dues applicable to it, like, PF, ESI, Income-tax, Service Tax, Sales-tax, VAT, Wealth tax, Custom Duty, etc. The above outstanding dues would also be cleared shortly.

As regards outstanding overdues of banks and financial institutions, overdue principal repayment borrowings except FCCBs have been fully cleared and interest dues stand reduced to Rs. 17,155 lacs.






It is stated that the Company has already redeemed part of outstanding FCCBs including premium on principal outstanding and the outstanding as on 31st March, 2016 was US\$ 101.42 million. The Company is in discussion with the bondholders for redemption of outstanding FCCBs either from fresh FCCBs/ extending redemption period on mutually agreed terms and conditions or from financial assistance through Indian Banks.

As regards para 3(a) and The Directors further wish to state that the "Opinion" of the Independent Auditors' in their Report on consolidated annual audited financial statements pertains to wholly owned subsidiary of the Company i.e. Sangam Power Generation Company Limited (SPGCL), incorporated for implementation of Thermal Power project at Karchana, Distt. Allahabad (U.P.) with 2 x 660 MW capacity in phase-I and 1 x 660 MW capacity in phase-II. SPGCL had executed conveyance deeds in respect of the land for the project but physical possession of the land could not be handed over by the District Administration due to continuous agitation by the local villagers. Despite various steps having been taken by SPGCL for implementation of the project, no physical activity could be started on the ground because of non-availability of the land for the reasons beyond the control of the SPGCL.

SPGCL is in correspondence with U.P. Power Corporation Limited and State Government to close Power Purchase Agreement/ other agreements and refund of amounts incurred by it and the matter is under examination of the authorities. However, the management of SPGCL does not expect any material adjustment in carrying value assets including Capital Work in Progress. The Auditors were unable to comment on

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| | <p>whether any adjustment in carrying value of assets and liabilities were to be made and its possible effects on SPGCL. However, the management of SPGCL expects that the claims filed by SPGCL would be amicably settled soon.</p> <p>In reply to para 3 (c) relating to Emphasis of matter of their Report on consolidated financial statements, it is stated here that since SPGCL is lying dormant without any source of income, it could not appoint any Key Managerial Personnel except Company Secretary to meet the requirements of Companies Act, 2013.</p> | |
| 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: Second time | |
| d. | For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Impact of audit qualification not quantified by Auditors. | |
| e. | For Audit Qualification(s) where the impact is not quantified by the auditor: | |
| | (iv) Management's estimation on the impact of audit qualification: There is no impact on the financials of the Company due to Modified opinion of the Auditors, as the interest on the overdue payments of Statutory dues and interest payable to Banks & Financial Institutions as reported by Auditors have been provided in the accounts. | |
| | (v) If management is unable to estimate the impact, reasons for the same: NA | |
| | (vi) Auditors' Comments on (i) or (ii) above: | |
| III. | Signatories | |
| | <ul style="list-style-type: none"> Sunil Kumar Sharma (Vice Chairman & CEO) |  |
| | <ul style="list-style-type: none"> Suren Jain (Managing Director & CFO) |  |
| | <ul style="list-style-type: none"> B.B.Tandon (Chairman-Audit Committee) |  |
| | <ul style="list-style-type: none"> Statutory Auditors: R.Nagpal, Partner, R. Nagpal Associates, Chartered Accountants |   |
| | Place: <i>New Delhi</i> | |
| | Date: <i>18-07-2016</i> | |