

DASS GUPTA & ASSOCIATES
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To,
The Members of,
M/s Prayagraj Power Generation Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **M/s Prayagraj Power Generation Company Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Changes in Equity, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

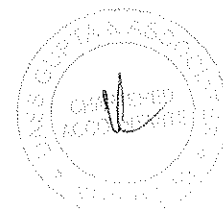
We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 state of affairs of the Company as at 31st March, 2018, its changes in Equity, its loss and its Cash flows for the year ended on that date.



Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

Note 22 to the financial statements which provide that the Company has overdue interest accrued and due on term loans of Rs. 1802.02 crores (Previous year: Rs 431.53 crores) and overdue Principal installments on term loans of Rs. 606.17 crores (Previous year: Rs Nil). Further company has incurred accumulated loss amounting to Rs. 1408.89 crore during the current period and previous years and the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 41 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 Company have been prepared on a going concern basis for the reasons stated in the Note 32.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order, as may be applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Changes in Equity, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
- (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Dass Gupta & Associates
Chartered Accountants
Firm Reg. No: 000112N

Place: Delhi
Date: 03.05.2018


(CA Pankaj Mangal)
(Partner)
(Membership No. 097890)

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph - 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date.)

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:-

- (i) (a) Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) Company has a phased program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The management during the year has physically verified major fixed assets and no material discrepancy were noticed on such verification.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, Inventory has been physically verified by the management during the year, according to information and explanation given to us, no material discrepancies were noticed on physical verification of inventory as compared to book records.
- (iii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, Company has not granted any loan, secured or unsecured, to companies, firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
(b) Since there are no such loans, the comments regarding terms and conditions, repayment of the principal amount & interest thereon and overdue amount are not required.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not made any loans and investments during the year, Accordingly, paragraph 3(iv) of the Order is not applicable.



(v) According to the information and explanations given to us and on the basis of our examination of the records of the Company, company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the company pursuant to The Companies (Cost Accounting Records) Rules, 2014 made by Central Government for the maintenance of cost records u/s 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of these records.

(vii) a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, service tax, duty of customs, value added tax, Goods & Service Tax and any other material statutory dues applicable to it. There were no arrears of such dues at the yearend which have remain outstanding for a period of more than six months from the date they became payable *except an amount of Rs. 15,364 pertaining to employee's state insurance and due from 30.09.2017.*

b) According to the information and explanations given to us and as per the books and records examined by us, the particulars of dues in respect of Income Tax, Sales Tax, Service Tax, Excise Duty, Custom Duty and value added tax, which has not been deposited on account of any dispute is as under:

Name of the Statute	Nature of Dues	Period for which the amount relates	Disputed demand amount	Amount deposited under protest	Forum where dispute is pending
			(In Rs.)	(In Rs.)	
Uttar Pradesh Tax on Entry of Goods into local areas (Amendment Act, 2008)	Entry Tax	2011-18	40,00,26,269	39,61,40,723 (and Bank Guarantee given for Rs. 38,85,546/-)	Hon'ble Supreme Court
Income Tax Act, 1961	Income Tax	A.Y. 10-11	3,643,631	1,919,930	Appeal before High Court, Lucknow
		A.Y. 11-12	21,523,150	12,771,510	
		A.Y. 12-13	24,870,455	24,273,486	Appeal before The Commissioner of Income Tax (Appeals), Lucknow
		A.Y. 13-14	50,001,239	48,950,580	
		A.Y. 14-15	28,072,446	27,413,099	
		A.Y. 15-16	35,922,989	35,238,750	



(viii) Based on the audit procedures and on the information and explanations given to us and as per the books and records examined by us, we are of the opinion that the company has defaulted in repayment of dues of bank and financial institution as per following details:-

S.No.	Particulars	Amount of default as on Balance Sheet Date (Rs.)	Period of Default	Remarks
	Interest Payable on Term Loans			
	From Banks:			
1	Andhra Bank	612,265,974	28.02.2017 to 31.03.2018	--
2	Bank of Baroda	548,438,108	31.01.2017 to 31.03.2018	--
3	Bank of India	915,251,109	28.02.2017 to 31.03.2018	--
4	Canara Bank	566,342,082	28.02.2017 to 31.03.2018	--
5	Corporation Bank	560,120,018	28.02.2017 to 31.03.2018	--
6	Indian Overseas Bank	1,058,655,765	28.02.2017 to 31.03.2018	--
7	Indian Bank	407,686,289	28.02.2017 to 31.03.2018	--
8	IDBI Bank	755,660,181	28.02.2017 to 31.03.2018	--
9	Punjab National Bank	1,078,569,341	28.02.2017 to 31.03.2018	Comprising of OCSTL loan whose interest was paid until August 2017
10	Oriental Bank of Commerce	517,254,044	28.02.2017 to 31.03.2018	--
11	State Bank of Bikaner & Jaipur	404,223,744	28.02.2017 to 31.03.2018	--
12	State Bank of Hyderabad	443,156,753	28.02.2017 to 31.03.2018	--
13	State Bank of India	4,911,388,828	28.02.2017 to 31.03.2018	Comprising of OCSTL loan whose interest was paid until August 2017
14	Union Bank of India	807,975,170	28.02.2017 to 31.03.2018	--
15	United Bank of India	301,285,757	28.02.2017 to 31.03.2018	--
16	UCO Bank	577,298,260	28.02.2017 to 31.03.2018	--
	From Financial Institution			
1	L&T Infrastructure Finance Co. Ltd.	533,274,844	28.02.2017 to 31.03.2018	--
2	India Infrastructure Finance Co. (UK) Ltd.	525,590,920	28.02.2017 to 31.03.2018	--
3	PTC India Financial Services Co. Ltd.	472,506,403	28.02.2017 to 31.03.2018	--



	<u>From Others</u>			
1	LIC OF India	1,838,645,684	31.01.2016 to 31.03.2018	--
	Subtotal (A)	17,835,589,274		
	Interest Payable on Cash Credit			
	<u>From Banks:</u>			
1	Bank of Baroda	12,335,070	01.10.2017 to 31.03.2018	--
2	Bank of India	15,092,924	01.10.2017 to 31.03.2018	--
3	Corporation Bank	10,216,581	01.10.2017 to 31.03.2018	--
4	Oriental Bank of Commerce	12,335,425	01.10.2017 to 31.03.2018	--
5	Punjab National Bank	23,327,929	01.10.2017 to 31.03.2018	--
6	State Bank of India	100,170,849	03.11.2017 to 31.03.2018	--
7	Union Bank of India	11,249,145	01.10.2017 to 31.03.2018	--
	Subtotal (B)	184,727,923		
	Grand Total (A+B)	18,020,317,196		

- (ix) According to the information and explanations give to us and based on our examination of the records of the Company, Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (x) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided managerial remuneration during the year under concern, Accordingly paragraph 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, Company is not a Nidhi Company. Accordingly paragraph 3(xii) of the Order is not applicable.



- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) Based on the examination of the books of account and related records and according to the information and explanations given to us, company has not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.



Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Prayagraj Power Generation Company Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and

efficient conduct of its business, including adherence to company's policies, the

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting

assessing the risk that a material weakness exists, and testing and evaluating the design

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

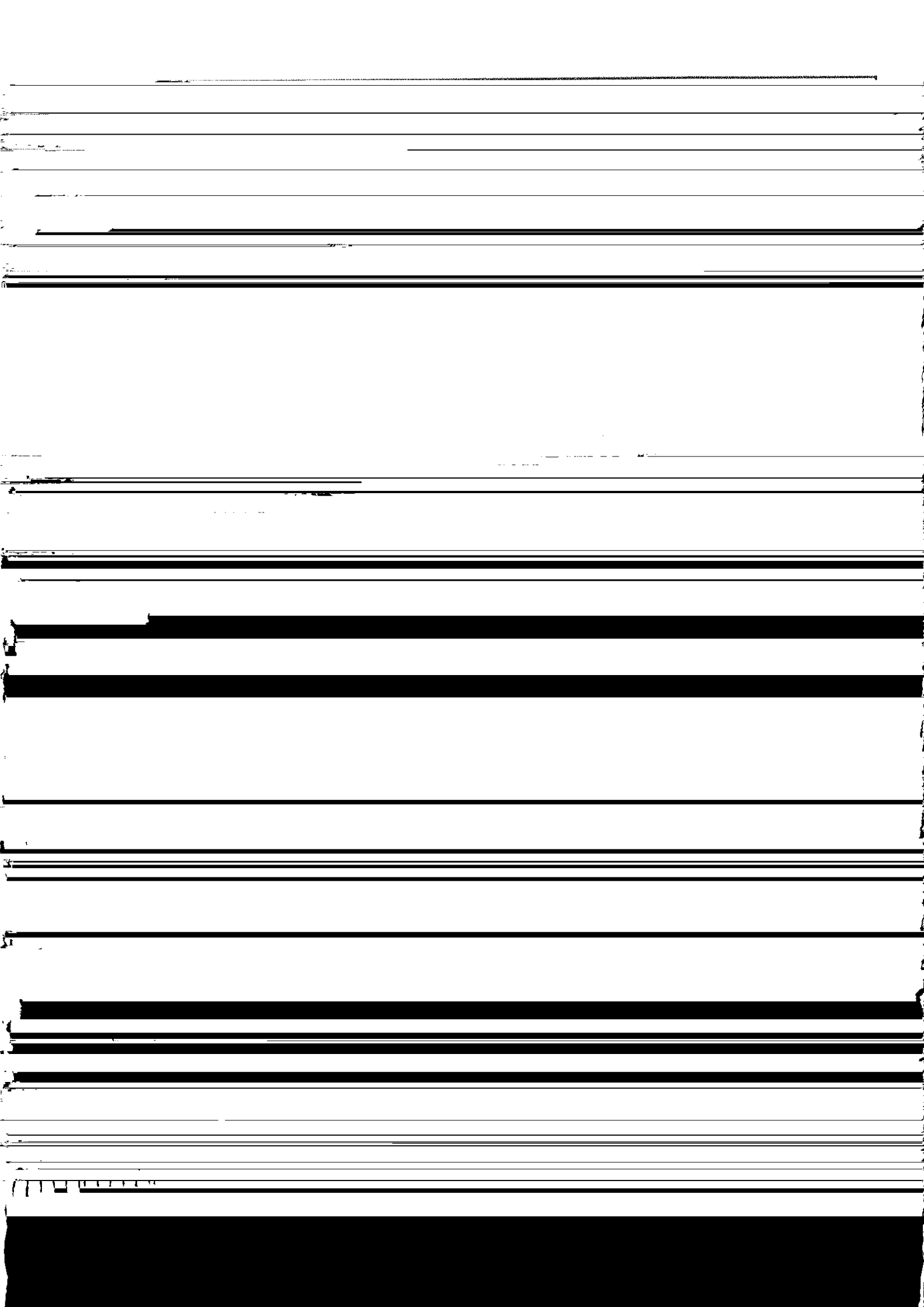
For Dass Gupta & Associates
Chartered Accountants
Firm Reg. No: 000112N

Place: Delhi
Date : 03.05.2018


(CA Pankaj Mangal)
(Partner)

(Membershin No. 097890)





PRAYAGRAJ POWER GENERATION COMPANY LIMITED

Balance Sheet as at 31st March 2018

(Amount in Rs)

Particulars	Note No	As on 31 March 2018	As on 31 March 2017
(I) Assets			
(1) Non Current assets			
(a) Property, Plant and Equipment	2	148,567,701,631	107,744,897,483
(b) Capital Work in Progress	3	693,032,334	43,525,890,718
(c) Other Financial Assets	4	101,353,491	87,403,558
(d) Deferred Tax Assets (Net)	5	4,681,351,580	-
(e) Other Non Current Assets	6	254,903,522	557,156,293
		154,298,342,558	151,915,348,052
(2) Current Assets			
(a) Inventories	7	457,413,858	781,817,445
(b) Financial Assets			
(i) Trade receivable	8	6,645,367,239	5,499,955,081
(ii) Cash and Cash Equivalent	9	254,176,693	236,672,272
(iii) Other Bank Balances	10	12,269,326	44,730,800
(iv) Other Financial Assets	11	415,185,550	835,015,934
(c) Current Tax Assets (Net)	12	205,436,451	52,637,027
(d) Other Current Assets	13	1,802,331,531	1,000,653,739
		9,792,180,648	8,451,482,298
Total Assets:-		164,090,523,206	160,366,830,349
(II) EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	14	29,591,898,000	26,091,898,000

PRAYAGRAJ POWER GENERATION COMPANY LIMITED
Cash Flow Statement for the year ended 31st March 2018

(Amounts in Rs)

Cash Flow statement	Year ended March, 31 2018	Year ended March, 31 2017
A Cash Flows From Operating Activities		
Profit For The Year	(9,820,897,558)	(5,460,640,532)
Adjustments for:		
- Depreciation	3,759,244,871	2,338,494,988
- Interest And Finance Charges	16,339,485,965	9,489,724,943
- Guarantee Expenses	19,143,829	8,484,561
- Other Income - Reduction In Financial Assets	(1,114,642,093)	(657,998,433)
- Remeasurement Of Actuarial Gain/Loss	76,669	(20,022)
- Deferred Tax Impact On Retirement Benefits Through OCI	(26,534)	-
- Prepaid Expenses	283,108,942	296,078,432
Operating Profit Before Working Capital Changes	9,465,494,091	6,014,123,936
Adjustments For :		
- (Increase) / Decrease In Inventories	324,403,587	(491,187,852)
- (Increase) / Decrease In Deferred Tax (Net)	(4,681,351,580)	-
- (Increase) / Decrease In Trade Receivables	(1,145,412,158)	(4,489,804,651)
- (Increase) / Decrease In Other Financial Assets (Excluding Advance Tax)	427,988,241	775,758,398
- (Increase) / Decrease In Other Current Assets	(801,677,793)	(649,667,885)
- Increase / (Decrease) In Payble For Capital Expenditure	155,787,009	(600,712,522)
- Increase / (Decrease) In Trade Payables	92,238,242	224,545,377
- Increase / (Decrease) In Other Current Liabilities	(57,956,142)	54,662,665
- Increase / (Decrease) In Other Financial Liabilities And Provision	21,394,582,776	8,431,808,527
Change In Non Current Assets		
Cash Generated From Operations	25,174,096,274	9,269,525,995

PRAYAGRAJ POWER GENERATION COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Assets	Useful Lives
Building	30 & 60 Years
Plant and Machinery	10-40 years
Vehicle	8 & 10 years
Office equipment	5-10 years
Furniture and fittings	10-15 years
Computer	3 & 6 Year

Fixed assets are stated at cost less accumulated depreciation. Cost includes all costs relating to acquisition and installation of fixed assets including any incidental costs of

(ii) Interest / surcharge on late payment / overdue for sale of energy is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Sale of scrap is accounted for as and when sold.

e. Foreign Currency Transaction

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period

i) Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

ii) Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

~~iii) Non-monetary items that are measured in terms of historical cost in functional currency~~

not retranslated

~~Exchange differences arising on the settlement of monetary items or on translating monetary~~

ii) Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. These benefits include bonus/incentives and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date.

iii) Compensated Absences

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence.

The Company recognizes an obligation for compensated absences in the period in which the employee renders the services. The Company provides for the expected cost of compensated absence in the Statement of Profit and Loss as the additional amount of the Company expects to pay as a result of the unused entitlement that has accumulated based on actuarial valuations

carried out by an independent actuary at the balance sheet date

g. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying

i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates.

ii) Deferred tax

Deferred Tax charge or credit reflects the tax differences of timing differences between accounting income and taxation income for the year. The deferred tax charge or credit and corresponding deferred tax liability or asset are recognized using the tax rates that has been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent of presence of reasonable certainty that the assets can be realized in future.

k. Impairment of tangible and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication based on internal/ external factors that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset

- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

All financial liabilities are subsequently measured at amortized cost using the effective interest method or fair value through profit or loss.

(4) Recognition

Financial assets and financial liabilities are recognized when and only when the company becomes party to the contractual provisions of the instrument.

(5) Initial Measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(6) Financial assets

(i) Financial Assets subsequent measurement

Financial assets as subsequent measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) as the case may be.

Financial liabilities as subsequent measured at amortized cost or fair value through profit or loss.

(ii) Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial a classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

(iii) Trade Receivables

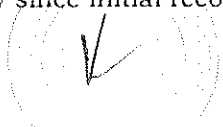
Trade receivables are recognized initially at fair value and all are considered as current subsequently measured at amortized cost using the effective interest method, less provision for impairment.

(iv) Impairment of financial assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased



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significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that transactions that are within the scope of Ind AS 18, the company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the company has used a practical expedient as permitted under Ind AS 109. This expected allowance is computed based on a provision matrix which takes into account historical experience and adjusted for forward-looking information.

(v) De-recognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks rewards of ownership and continues to control the transferred asset, the company recognizes its interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognize the financial asset and also recognizes a collateralized borrowing for proceeds received.

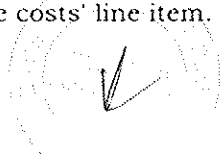
On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had recognized in other comprehensive income and accumulated in equity is recognized in profit or loss such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and sum of the consideration received for the part no longer recognized and any cumulative gain or allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(7) Financial Liabilities

(i) Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.



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The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(ii) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Gains or losses on financial guarantee contracts and loan commitments issued by the company that are designated by the company as at fair value through profit or loss are recognized in profit or loss.

(iii) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(iv) Trade payables

Trade payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period or not paid/payable within operating cycle. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(v) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of company after deducting all of its liabilities. Equity instruments are recognized at the proceeds received, net of direct issue costs.

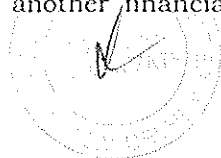
(vi) Preference share capital

At initial recognition, Preference share capital is classified as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Preference share capital is classified as a financial liability or an equity instrument based on the substance of a financial instrument, rather than its legal form.

Preference share is classified as an equity instrument if, and only if, both conditions (i) and (ii) below are met

- (i) The instrument includes no contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.
- (ii) If the instrument will or may be settled in the issuer's own equity instruments, it is:
 - a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
 - a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. For this



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purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

Preference share capital is classified as a financial liability if it provides for mandatory redemption for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount.

(vii) Compound Financial Instruments

The component parts of compound financial instruments (convertible instrument) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

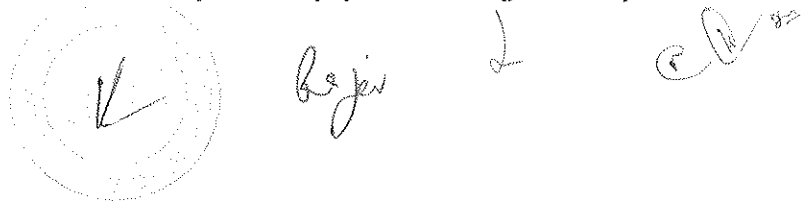
At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognized as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained earnings. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible instrument are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible instrument using the effective interest method.

(viii) De-recognition of Financial Liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations discharged, cancelled or have expired. An exchange between with a lender of debt instruments substantially different terms is accounted for as an extinguishment of the original financial liability the recognition of a new financial liability. Similarly, a substantial modification of the terms of existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.



PRAYAGRAJ POWER GENERATION COMPANY LIMITED

Notes to balance sheet

Note No-2 : Property Plant & Equipment

[Amount in Rs]

Particulars	Land	Building	Plant and Equipment	Furniture and Fixtures	Vehicle	Office Equipment	Computer	Total
Gross Block								
As at 31 March 2017	778,169,306	3,331,115,061	106,162,829,718	37,435,955	5,838,255	22,194,321	7,575,411	110,345,158,027
Adjustments (Reinstatement)	-	-	3,253,772	(3,782,739)	-	8,104,378	(7,575,411)	-
As at 31 March 2017 (Reinstated)	778,169,306	3,331,115,061	106,166,083,491	33,653,216	5,838,255	30,298,700	-	110,345,158,027
Adjusted as at 31 March 2017								
Additions	25,870,187	126,006,178	44,423,612,874	2,697,683	-	228,203	-	44,578,415,124
Disposals								
As at 31 March 2018	804,039,493	3,457,121,238	150,589,696,365	36,350,899	5,838,255	30,526,902	-	154,923,573,151
Accumulated Depreciation								
As at 31 March 2017	-	121,263,581	2,447,540,538	18,915,456	2,652,280	4,325,253	5,563,437	2,600,260,545
Adjustments (Reinstatement)			417,268	(6,511,445)	-	11,657,614	(5,563,437)	-
As at 31 March 2017 (Reinstated)	-	121,263,581	2,447,957,806	12,404,011	2,652,280	15,982,868	-	2,600,260,545
Charge for the year		74,398,536	3,675,134,995	2,849,446	650,937	2,577,061	-	3,755,610,975
Disposals								
As at 31 March 2018	-	195,662,117	6,123,092,800	15,253,457	3,303,217	18,559,929	-	6,355,871,520
Net Block (As at 31 March 2018)	804,039,493	3,261,459,122	144,466,603,565	21,097,442	2,535,038	11,966,974	-	148,567,701,631
Net Block (As at 31 March 2017)	778,169,306	3,209,851,480	103,715,289,181	18,520,499	3,185,975	17,869,068	2,011,974	107,744,897,483

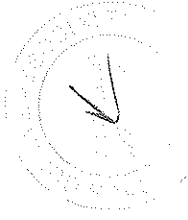
Note:

i In the view of Management there is no impairment in the value of Assets.

ii In accordance with requirement prescribed under schedule-II of Companies Act, 2013, the Company has adopted the useful lives as prescribed in Schedule-II

iii Previous year comparative figures have been regrouped and recast to the extent practicable, wherever necessary.

iv During the current financial year company has migrated from Marsman Accounting System to SAP and at the time of transition fixed assets groupings were reclassified however depreciation was calculated on the basis of expected useful life of those assets



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PRAYAGRAJ POWER GENERATION COMPANY LIMITED

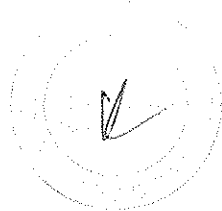
Notes to Financial Statements

Note No. 3

NON CURRENT ASSETS

Capital Work in Progress

S.No.	Particulars	AS ON 31.03.2018	AS ON 31.03.2017
		(Amount in Rs.)	(Amount in Rs.)
A.	Direct Cost Of Project Under Construction :		
	Opening Balance of Capital Work in Progress	29,040,046,755	53,126,810,929
	Add: Transfer From Pre Operative Expenses	14,522,890,379	13,396,361,760
	Add: Addition During The Year	2,091,236,620	8,625,866,888
	Total	45,654,173,755	75,149,039,577
	Less : Transfer to Fixed Assets	44,322,131,446	46,108,992,822
	Less : Transfer of Bara Cement Grinding Unit (BCGU) Assets under Construction to Jaiprakash Associates Limited (JAL) in consonance with relevant agreement	662,679,041	-
	Closing Balance (A)	669,363,268	29,040,046,755
B	Incidental Expenditure During Construction Pending Allocation		
	Opening Balance	13,842,016,276	21,530,616,706
	Add: Addition During The Year		
	Employee Benefit Expenses	7,258,406	70,217,486
	Finance Cost	649,809,981	5,703,741,300
	Depreciation And Amortisation Expense	-	28,156,222
	Other Expenses	28,097,778	190,203,167
	Less:- Other Income	4,292,062	247,191,385
	Total	14,522,890,379	27,275,743,495
	Less: Transfer To Direct Cost Of Project Under Construction	14,522,890,379	13,396,361,760
	Less: Transfer To Bara Cement Grinding Unit Under Construction	-	37,365,459
	Closing Balance (B)	-	13,842,016,276
C	<u>BARA CEMENT GRINDING UNIT</u>		
	Opening Balance	469,895,932	432,321,907
	Add: Addition During The Year	-	208,566
	Add: Transfer From Pre Operative Expenses	-	37,365,459
	Less : Transfer To JAL	469,895,932	-
	Closing Balance (C)	-	469,895,932.00
D	CONSTRUCTION STORES	Closing Balance (D)	
		23,669,066	173,931,755
	Total Capital work in Progress and Construction Stores (A+B+C+D)	693,032,334	43,525,890,718



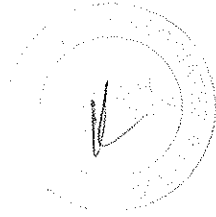
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PRAYAGRAJ POWER GENERATION COMPANY LIMITED
Notes to Financial Statements

(Amount in Rs)

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
4	Other Financial Assets (a) Deposits with more than 12 Months Maturity* *(Including FDR's amounting to Rs 101,348,000/- (Previous Year Rs 85,544,606/-) Pledged with the Bank as Margin Money against Bank Guarantees	101,353,491	87,403,558
	Total:-	101,353,491	87,403,558



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5. Income Taxes

(i) The major components of Income Tax Expenses are:

(Amount in Rs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Amount (In Rs.)	Amount (In Rs.)
Current Tax	-	-
Deferred Tax:		
- Relating to origination & reversal of temporary differences	(4,681,351,580)	-
- Relating to change in tax rate	-	-
Tax expense attributable to current year's profit	(4,681,351,580)	-
Adjustments in respect of previous year:-		
- Current tax	-	-
- Deferred tax	-	-
Tax expense attributable to Previous year's profit	-	-
Income tax expense recorded in the income statement	(4,681,351,580)	-

(ii) The major components that gave rise to deferred tax assets and liabilities are as follows:

Amount (In Rs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Deferred tax assets		
Disallowances U/s 43B	6,238,081,694	-
Fair value adjustment through Statement of Profit & Loss	1,024,714,346	-
Losses available for offsetting against future taxable income	3,899,810,162	-
Retirement benefits	1,927,635	-
Others	88,088,659	-
Total deferred tax assets	11,252,622,496	-
Deferred tax liabilities		
Difference between book and tax depreciation	(5,735,042,195)	-
Fair value adjustment through Statement of Profit & Loss	(836,202,187)	-
Retirement benefits through OCI	(26,534)	-
Total deferred tax liabilities	(6,571,270,916)	-
Net deferred tax Assets*	4,681,351,580	-

* The company is having accumulated business losses of Rs. 11,26,85,22,196 (Previous year Rs. 233,73,28,994) [including accumulated unabsorbed depreciation of Rs. 10,78,99,47,132 (Previous Year Rs. 233,73,28,994)] as on 31 March 2018 as per the provisions of the Income Tax Act, 1961.

The unabsorbed business losses amounting to Rs. 47,85,75,064 (Previous Year Rs. Nil) are available for offset for maximum period of eight years from the time of incurrence of loss.

In view of the various available measures being robust 25 years Power purchase agreement (PPA) with UPPCL and Fuel supply agreement (FSA) with NCL, ongoing Company's debt restructuring & revival process coupled with several steps being taken by the company to improve the efficiency/productivity, there is a certainty that company would be able to improve its physical and financial performance in future. Consequently, the company has probable certainty that it will be able to earn sufficient future taxable profits to adjust the accumulated business losses/unabsorbed depreciation.

Accordingly, net deferred tax asset of Rs.4,681,351,580/- has been recognized as on 31st March, 2018.



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PRAYAGRAJ POWER GENERATION COMPANY LIMITED
Notes to Financial Statements

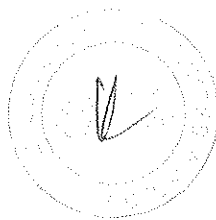
(Amount in Rs)

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
6	Other Non Current Assets		
	- Prepaid Exp	109,159,458	130,641,302
	- Capital Advances Receivable in Cash or in Kind	59,625,570	285,447,052
	- Capital Advances(Against Bank Guarantee)	86,118,494	141,067,939
	Total:-	254,903,522	557,156,293

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
7	Inventories		
	(a) Coal, Oil & Other Fuels	239,318,254	704,881,259
	(b) Stores and Spares	218,095,604	76,936,186
	Total:-	457,413,858	781,817,445

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
8	Trade receivable		
	Unsecured		
	Other Trade Receivables	6,899,899,887	5,499,955,081
	Less: Provision for Doubtful Debts	(254,532,648)	-
	Total:-	6,645,367,239	5,499,955,081

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
9	Cash & Cash Equivalents		
	(a) Balances with Banks		
	- In Current Account	209,174,906	226,738,554
	(b) Cash in Hand	497,969	2,195,802
	(c) Deposits with less than 3 Months Maturity	44,503,818	7,737,917
	Total:-	254,176,693	236,672,272
	*Including FDR's amounting to Rs. 4,35,03,818/- (Previous year Rs. 77,37,917/-) Pledged with the Bank as Margin Money against Bank Guarantees		



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PRAYAGRAJ POWER GENERATION COMPANY LIMITED
Notes to Financial Statements

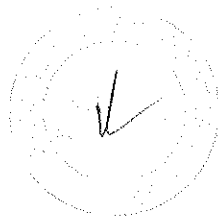
(Amount in Rs)

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
10	Other Bank Balances		
	Deposits with original maturity from 3 months to 12 months*	12,269,326	44,730,800
	Total:-	12,269,326	44,730,800
*Including FDR's amounting to Rs. 11,769,326/- (Previous year Rs. 44,612,651/-) Pledged with the Bank as Margin Money against Bank Guarantees			

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
11	Other Financial Assets		
	(a) Interest accrued on Fixed Deposit with Banks	15,159,281	7,001,424
	(b) Entry Tax Paid Under Protest	400,026,269	282,984,830
	(c) Others (Interest Recoverable on Term Loan)	-	545,029,680
	Total:-	415,185,550	835,015,934

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
12	Current Tax Assets		
	Income Tax Receivables with Govt Departments	204,655,785	52,098,201
	TDS Receivables	780,666	538,826
	Total:-	205,436,451	52,637,027

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
13	Other Current Assets		
	(a) Balances with Statutory/Govt Authorities	-	19,843,960
	(b) Advances to Contractors or Suppliers	1,652,146,223	840,648,466
	(c) Prepaid expenses	150,043,878	140,013,416
	(d) Advance others	141,430	147,897
	Total:-	1,802,331,531	1,000,653,739



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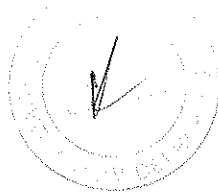
PRAYAGRAJ POWER GENERATION COMPANY LIMITED
Notes to the Financial Statements

Note-14 Equity Share Capital		(Amount in Rs)	
Particulars	As on 31 March 2018	As on 31 March 2017	
Equity Share capital			
Authorised Share Capital			
Equity Share Capital			
9,00,00,00,000 Equity Shares (Previous year 4,00,00,00,000 Equity Shares) of Rs 10/- each	90,000,000,000	40,000,000,000	
Preference Share Capital			
1,00,00,00,000 Preference Shares (Previous year 2,00,00,00,000 Preference Shares) of Rs 10/- each	10,000,000,000	20,000,000,000	
Total:-	100,000,000,000	60,000,000,000	
Issued, Subscribed and Paid up capital			
Equity Share Capital			
295,91,89,800 (Previous period 260,91,89,800) Shares of Rs. 10/- each fully paid up	29,591,898,000	26,091,898,000	
Total:-	29,591,898,000	26,091,898,000	

Reconciliation of no. of shares Outstanding	As on 31 March 2018	As on 31 March 2017
Equity Share Capital		
Equity Shares Outstanding at the beginning of the Year	2,609,189,800	2,573,189,800
Issued during the year	350,000,000	36,000,000
Outstanding at the End of the Year	2,959,189,800	2,609,189,800

(a) All the Equity Shares is having a par value of Rs. 10 per shares. The holders of the equity shares are entitled to receive dividend as declared from time to time and are entitled to voting rights proportionate to their share holding at the meeting of share holders.

(b) SBICAPS Trustees Company Limited (Securities Trustee) on behalf of Consortium of Lenders hold 261,91,89,200 equity shares (88.51%) (Previous year NIL) and Jaiprakash Power Ventures Ltd. being the erstwhile Holding Company through its nominees hold 600 equity shares. (Previous year 226,91,89,800 Equity shares (86.97%) and Jaiprakash Associates Ltd. holds 34,00,00,000 Equity shares (11.49%) (Previous year 34,00,00,000 Equity Shares(13.03%)).



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PRAYAGRAJ POWER GENERATION COMPANY LIMITED
Notes to Financial Statements

(Amount in Rs)

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
16	Borrowings		
	(1) Secured		
	(a) Term Loans (Indian Currency)*		
	(i) From Banks	72,131,517,967	80,682,646,660
	(ii) From Financial Institutions	11,648,788,066	11,894,735,568
	(b) ECB From Financial Institutions *	6,849,330,973	7,114,085,956
	(c) Optionally Convertible Sub Debt	4,949,416,799	4,948,522,641
	(d) Optionally Convertible Short Term Loan (Priority Loan)	4,182,225,166	2,944,718,314
	Total:-	99,761,278,971	107,584,709,139
	(2) Unsecured		
	IND AS Loan - Preference Share Capital	1,623,975,661	3,128,193,858
	Total:-	101,385,254,632	110,712,902,997

*The securities and terms & conditions of the term loans are given below:-

Purpose:

To part finance the capital expenditure of the Project

Tenure:

Original Rupee Term Loan (RTL) & ECB Loan : Original tenor is 14.5 years door to door and revised to 17 year 3 months door to door.

Additional Term Loan-I (ATL-I): Tenor is 14 years 10 months door to door and revised to 16 year 2 months door to door.

Additional Term Loan-II (ATL-II): Tenor is 13 years 11 months door to door and revised to 15 years 2 months door to door.

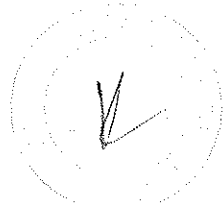
Optionally Convertible Sub Debt (OCSD) : Tenor 8 years 5 month door to door and revised to 9 years 8 months door to door.

Optionally Convertible Short Term Loan (OCSTL) : Tenor 3 years 0 month door to door

Security:

Security for RTL, ECB Loan, ATL-I, ATL-II and OCSTL

- i) First charge on immovable & movable, present and future, assets of the Company.
- ii) First charge on all book debts, operating cash flow, receivables, commissions, revenues of whatsoever nature and wherever arising, of the company, present and future, intangibles, goodwill and uncalled capital, present and future;
- iii) First charge on the Trust and Retention Account, Debt Service Reserve Account, and other reserves and any other bank accounts of the company wherever maintained, present and future;
- iv) First charge or creation of Security interest of;
 - All the rights title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, duly acknowledged and consented by the relevant counter parties to such Project Documents;
 - All the rights, title interest, benefits, claims and demands whatsoever of the Company in the Clearances;
 - All the rights, title, interest, benefits, claims and demands whatsoever, of the Company in letter(s) of credit, guarantees, performance bonds, corporate guarantees, bank guarantees provided by any party to the Project Documents; and
 - All Insurance Contracts/ proceeds under Insurance Contracts;



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PRAYAGRAJ POWER GENERATION COMPANY LIMITED
Notes to Financial Statements

v) A pledge of shares by the Sponsor (JPVL) representing 100% of their holding in the company. The shares of the Company to be pledged shall be free from any restrictive covenants/lien or other encumbrance other than an encumbrance permitted under this Agreement under any contract/ arrangement including shareholder agreement/ joint venture agreement/ financing arrangement with regard to pledge/ transfer of the shares including transfer upon enforcement of the pledge and shall have voting rights. Consequent upon the invocation of Pledged Shares on 18th Dec 2017 Lenders have transferred all those pledged shares in the favour of SBI CAPS Trustee Ltd on behalf of all the Lenders.

vi) A first charge on the Project Land and A pari passu charge along with Karchana Project Lenders on the right of way for the land, for the railway siding and the water pipeline, to the extent such right of way is shared with the Karchana Project.

Additional Security for Additional Loan-I and II

An amount of Rs. 636.38 Crs part of Additional Loan-I and II is secured by personal Guarantee of Sh. Manoj Gaur Director of the Company.

Additional Security for Optionally Convertible Short Term Loan

Corporate Gaurantee of Jaiprakash Power Ventures Ltd. (Holding Company).

Personal Guarantee of Sh. Manoj Gaur Director of the Company.

Security for Optionally Convertible Sub Debt :

Second charge on the assets secured for RTL, ECB, ATL-I & II and OCSTL as per above and Additionally secured by Coporate Gaurantee of Jaiprakash Power Ventures Ltd.(Holding Company).

Rate of Interest:

RTL: At the time the loan was sanctioned Interest Rate was pegged at Base Rate + 3.25% payable at monthly rests with effective rate not exceeding 12.55%. With effect from 01.04.2016 it was decided by majority of the lenders to link the interest rate with MCLR instead of Base Rate with total effective rate of interest not exceeding 12.55% and any fluctuation in MCLR will be absorbed across the spread with effective rate of interest remaining unaltered. However some of the lenders have yet to agree to the aforesaid proposal but PPGCL has been accounting for the interest on all its loans in the books of account uniformly in accordance with the revised arrangement only.

ECB Loan :On USD 30 Million 6 month USD Libor plus 4.05% and on USD 85 Million 6 month USD Libor plus 3.80% with monthly rests. Interest to be paid at monthly interval on last day of the month at London U.K. USD Libor of 1.71445% (applicable from 10/12/2017 till 09/06/2018)

ATL I: At the time the loan was sanctioned Interest Rate was pegged at Base Rate + 3.25% payable at monthly rests . With effect from 01.04.2016 it was decided by majority of the lenders to link the interest rate with MCLR instead of Base Rate with total effective rate of interest not exceeding 12.55% and any fluctuation in MCLR will be absorbed across the spread with effective rate of interest remaining unaltered. However some of the lenders have yet to agree to the aforesaid proposal but PPGCL has been accounting for the interest on all its loans in the books of account uniformly in accordance with the revised arrangement only.

ATL II: At the time the loan was sanctioned Interest Rate was pegged at Base Rate + 3.50% payable at monthly rests . With effect from 01.04.2016 it was decided by majority of the lenders to link the interest rate with MCLR instead of Base Rate with total effective rate of interest not exceeding 12.80% and any fluctuation in MCLR will be absorbed across the spread with effective rate of interest remaining unaltered. However some of the lenders have yet to agree to the aforesaid proposal but PPGCL has been accounting for the interest on all its loans in the books of account uniformly in accordance with the revised arrangement only.

OCSD: At the time the loan was sanctioned Interest Rate was pegged at Base Rate + 3.25% payable at monthly rests . With effect from 01.04.2016 it was decided by majority of the lenders to link the interest rate with MCLR instead of Base Rate with total effective rate of interest not exceeding 12.55% and any fluctuation in MCLR will be absorbed across the spread with effective rate of interest remaining unaltered. However some of the lenders have yet to agree to the aforesaid proposal but PPGCL has been accounting for the interest on all its loans in the books of account uniformly in accordance with the revised arrangement only.



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PRAYAGRAJ POWER GENERATION COMPANY LIMITED
Notes to Financial Statements

OCSTL: At the time the loan was sanctioned Interest Rate was pegged at 15.75%. Subsequently with effect from 01.04.2016 it was decided by majority of the lenders to link the interest rate with MCLR instead of Base Rate with total effective remaining fixed at 15.75% and fluctuation, if any, in MCLR was subsumed across the spread thus making effective rate of interest unaltered. However some of the lenders have yet to agree to the aforesaid proposal but PPGCL has been accounting for the interest on all its loans in the books of accounts uniformly in accordance with the revised arrangement only.

Repayment:

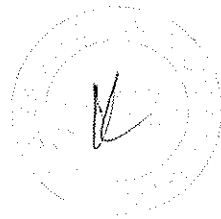
RTL & ECB Loan :- Principal is to be repaid 75% (Seventy Five percent) of the Rupee loan in 40 equal quarterly installments will start after a Mortatorium Period of 3 months from Scheduled Commercial Operation Date and is scheduled from 31.12.2017 till Sept 30, 2027 the entire balance of 25% (twenty five percent) shall be payable by a single bullet installment.

ATL-I:- Principal is to be repaid 75% (Seventy Five percent) of the Additional Term loan in 50 structured quarterly installments will start after a Mortatorium Period of 12 months from Scheduled Commercial Operation Date and is scheduled from 30.09.2018 till Dec 31, 2030 the entire balance of 25% (twenty five percent) shall be payable by a single bullet installment.

ATL-II:- Principal is to be repaid 75% (Seventy Five percent) of the Additional Term loan in 50 structured quarterly installments will start after a Mortatorium Period of 12 months from Scheduled Commercial Operation Date and is scheduled from 30.09.2018 till Dec 31, 2030 the entire balance of 25% (twenty five percent) shall be payable by a single bullet installment.

OCSD:- Principal is to be repaid 24 Structured quarterly installment aggregating to 100% of the loan, Installments will start from 30.09.2019 (after a Mortatorium Period of 24 months from Scheduled Commercial Operation Date) till 30.06.2024.

OCSTL:- Principal is to be repaid 8 Structured quarterly installment aggregating to 100% of the loan, Installments will start from 31.12.2017 (after a Mortatorium Period of 3 months from Scheduled Commercial Operation Date) till 30.06.2019.



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PRAYAGRAJ POWER GENERATION COMPANY LIMITED
Notes to Financial Statements

(Amount in Rs)

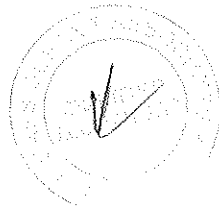
Note No	Particulars	As on 31 March 2018	As on 31 March 2017
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PRAYAGRAJ POWER GENERATION COMPANY LIMITED
Notes to Financial Statements

(Amount in Rs)

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
23	Other Current Liabilities		
	(a) Statutory Dues	22,488,768	82,926,296
	(b) Advance from Customer	4,565,196	2,083,810
	Total:-	27,053,964	85,010,106

Note No	Particulars	As on 31 March 2018	As on 31 March 2017
24	Short Term Provisions		
	Provision for Employee benefit		
	(i) Gratuity	498,825	73,840
	(ii) Leave Encashment	808,771	603,393
	(Disclosure required by IND AS 19 on 'Employees Benefits' has been made in Note No 35)		
	Total:-	1,307,596	677,233



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PRAYAGRAJ POWER GENERATION COMPANY LIMITED

Notes to Financial Statements

(Amount in Rs)

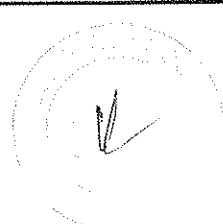
Note no	Particulars	For the period ended 31st March 2018	For the period ended 31st March 2017
25	Revenue from Operation		
	Sale of Products		
	(a) Sale of Electricity	19,030,660,211	16,867,826,452
	(b) Sale of Fly ash	180,597,301	55,032,581
	Total:-	19,211,257,512	16,922,859,033

Note no	Particulars	For the period ended 31st March 2018	For the period ended 31st March 2017
26	Other Income		
	a) Interest Income		
	- On Fixed Deposits with Bank	15,448,268	13,777,835
	- From Others	340,640,791	
	(b) Other Income (Fair Value Adjustment)	1,114,642,093	657,998,433
	(c) Liabilities/Provisions no longer required written back	-	2,722,135
	(d) Miscellaneous Income	48,129,044	37,601,655
	Total:-	1,518,860,196	712,100,058

Note no	Particulars	For the period ended 31st March 2018	For the period ended 31st March 2017
27	Cost of material Consumed		
	(a) Coal	13,077,657,786	10,303,788,674
	(b) Oil & Other Fuels	842,123,737	342,201,381
	Total:-	13,919,781,523	10,645,990,055

Note no	Particulars	For the period ended 31st March 2018	For the period ended 31st March 2017
28	Employee Benefit Expense		
	(a) Salaries and wages	150,272,732	61,046,599
	(b) Contribution to Provident and other funds	5,267,111	2,145,468
	(c) Gratuity	1,939,402	750,644
	(d) Staff Welfare	9,986,497	2,312,006
	Total:-	167,465,742	66,254,717

Note no	Particulars	For the period ended 31st March 2018	For the period ended 31st March 2017
29	Finance Cost		
	(a) Interest expenses on:		
	- Term Loans	14,904,422,926	8,186,792,375
	- Cash Credits	414,094,038	188,207,373
	- Others	2,413,818	128,756
	- Fair Value Adjustments	913,995,023	962,026,481
	(b) Other Financing Charges	104,560,160	152,569,958
	Total:-	16,339,485,965	9,489,724,943


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PRAYAGRAJ POWER GENERATION COMPANY LIMITED
Notes to Financial Statements

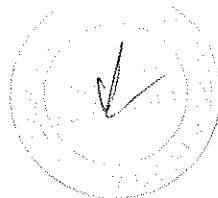
(Amount in Rs)

Note no	Particulars	For the period ended 31st March 2018	For the period ended 31st March 2017
30	Depreciation and Amortization expense		
	Depreciation on Tangible Assets	3,759,244,871	2,338,494,988
	Total:-	3,759,244,871	2,338,494,988

Note no	Particulars	For the period ended 31st March 2018	For the period ended 31st March 2017
31	Other expenses		
	(a) Power & Fuel	10,629,400	15,065,075
	(b) Repairs & Maintenance - Others	23,579,496	4,868,932
	(c) Insurance	107,078,656	35,558,400
	(d) Rent Rates & Taxes	4,791,036	4,436,996
	(e) Advertisement Expenses	12,346	-
	(f) Charity & Donation	3,638,108	2,187,194
	(g) Travelling & Conveyance Expenses	24,762,231	11,610,825
	(h) Printing & Stationary	775,065	539,862
	(i) Telephone Expenses	1,721,689	1,099,754
	(j) Plantation Expenses	581,872	199,034
	(k) Security & Medical Expenses	51,840,143	32,540,838
	(l) Other Administrative & general Expenses	4,091,178	4,233,995
	(m) Power supply Expenses-Net	-	57,708,030
	(n) Outsourced Manpower Services	456,119,486	349,545,700
	(o) Testing Fee	2,831,235	321,938
	(p) Foreign Exchange Loss	3,114,979	-
	(q) Vehicle Running & Hiring Charges	2,206,314	691,513
	(r) Audit Fees		
	- Statutory Audit Fee	1,003,000	385,000
	- Tax Audit fee	177,000	115,000
	(s) Cost Audit Fees	177,000	115,000
	(t) Internal Audit Fees	826,000	568,474
	(u) Secretarial Audit Fees	70,000	53,667
	(v) Freight & octroi Expenses	3,168,727	-
	(w) Corporate Guarantee expenses	19,143,829	8,484,561
	(x) Legal & Professional	68,839,743	24,498,133
	(y) Director's Sitting fee	704,098	307,000
	(z) Provision for Doubtful Debts	254,532,648	-
	Total:-	1,046,415,279	555,134,921

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32. Going Concern

The first unit of the project was commissioned in February, 2016, second unit in September, 2016 and third unit in May, 2017. During the year the plant was unable to operate at optimum level and could not achieve the desired PLF mainly on account of paucity of working capital facilities leading to loss of capacity charges.

Company has Power Purchase Agreement (PPA) with five procurers of UP Power Corporation Ltd. for supply of 90% power for a period of 25 years and Fuel Supply Agreement (FSA) with Northern Coalfield Ltd. for meeting 90% of coal requirement. Company has installed state of the art plant with supply of BTG from BHEL who has collaboration with Siemens Germany and Alstom Germany and all Balance of Plant (BOP) has also been sourced from reputed supplier. The expected useful life of plant is 40 years (Approx).

As per the terms of PPA the billing to UPPCL is on monthly basis and realisation of the same is within 60 to 90 days.

In view of the aforementioned i.e. existence of FSA, PPA and sufficient plant life operations of the company will continue for a longer run and the company will be functioning on a Going Concern basis.

33. Contingent Liability and commitments

i) Contingent Liability		(Amount in Rs)	
S No.	Particulars	31.03.2018	31.03.2017
1	Outstanding amount of Letter of credit	3,79,26,000	92,16,492
	(Margin money against the above)	(3,79,26,000)	(92,16,492)
2	Outstanding amount of Bank Guarantee (Margin money against the above) (Rupee Term loan earmarked against above)	97,51,14,924 (11,86,95,144) (49,95,750)	107,50,18,826 (12,10,80,972) (49,95,750)
3	Residual Charge on the assets of the company in favour of the JPVL Banks for financial assistance (Outstanding Rs. 36,00,00,000/- [previous year : Rs. 40,00,00,000/-])	1500,00,00,000	1500,00,00,000
4	Mining Royalty -Mining Department Allahabad raised a demand for mining royalty for civil excavation at Project site (Company filed appeal along with stay application before the Hon'ble Supreme Court against the Judgment of Hon'ble High Court on this demand).	4,45,47,830	4,45,47,830
5	Entry Tax – As per Interim Order passed by Hon'ble Supreme Court dated 23.01.2012, appeal against the Judgment of Allahabad High Court questioning the validity of the U.P. Tax on entry of goods into Local Areas Act, 2007. (Against the total liability of Rs. 40,39,11,815/- (previous year Rs. 28,68,70,376/-) Rs. 40,00,26,269/- paid (previous year Rs. 28,29,84,830/-) and bank guarantee given Rs. 38,85,546/- (previous year Rs. 38,85,546/-))	40,39,11,815	28,68,70,376
6	Income tax matters under appeal Against the total liability of Rs. 16,40,33,910/- (previous year Rs. 11,64,76,810/-) Rs. 15,05,67,355/- paid (previous year Rs. NIL)	16,40,33,910	11,64,76,810

ii) Claims not acknowledged as Debts

- a) Post reconciliation of UPPCL account as on 31st Dec 2017 it was found that UPPCL has levied and deducted a penalty of Rs.30.99 Crore in the previous financial year 2016-17 on account of low plant availability. This matter being to be referred to respective authorities on the grounds attributable to non availability of coal.
- b) In respect of period commencing from 01st April 2017 until 31st March 2018 the expected penalty that could be levied by UPPCL on account of low plant availability in accordance with the terms & conditions of PPA is to the tune of Rs.132.70 Crore.
- c) Presently the company has accounted for the Interest on various types of Loans i.e. RTL / ATL I / ATL II in its books of accounts at sanctioned rate of interest which is at variance with the rate charged by some lenders at higher rate. The rate so charged in the accounts on various loans has already been accepted and approved by majority of Lenders including the SBI (Lead Bank) in their JLF held on 28/03/2017. Variation in Interest Rate in respect of those Banks who have yet to agree to revised Interest Rates may create an additional interest obligation to the tune of Rs.135 Crore (approx)

iii) Capital Commitments:

(Amount in Rs)

Particulars	31.03.2018	31.03.2017
Estimated amount of contracts remaining to be executed on Capital Account and not provided for:		
INR	1,05,52,80,020	2,41,73,51,169
EURO	92,383	92,383

34. The borrowing cost capitalized during the year is Rs. 64,61,119,02/- (Previous year: Rs. 5,58,85,98,768/-). The company capitalized the borrowing costs in the capital work in progress (CWIP). Exchange differences capitalized are disclosed in the addition during the year of CWIP. Exchange differences in respect of assets already capitalized are disclosed in deductions / adjustment columns of fixed assets.

35. Expenditure in Foreign Currency (Amount in Rs)

S No.	Particulars	2017-18	2016-17
(i)	Professional Consultancy	-	-
(ii)	Travelling Expenses	-	-
(iii)	Interest & Finance Charges	46,44,37,515	42,38,32,982

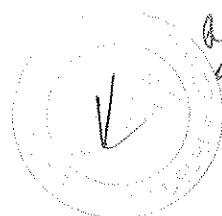
36. Related party disclosure

36.1 Name of related party and relationship

I. Holding Company

Jaiprakash Power Ventures Limited (JPVL) (till 17th December 2017)

* **Note:** SBICAP Trustee on 18th December, 2017 invoked the pledged shares and transferred all shares in their favour (261,91,89,200 Equity Shares of Rs.10/- each and 27,00,00,000 Preference Shares of Rs.10/- each) held by JPVL in the Company. Consequent upon invocation of entire pledged shares of the Company (held by JPVL) by SBICAP Trustee on behalf of banks/financial institutions and subsequent to transfer of the same in favour of SBICAP Trustee Company Limited on 18th December, 2017, the Company ceased subsidiary of JPVL.



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II. Key Management Personnel

1. Shri Jaiprakash Gaur (Director)
2. Shri Manoj Gaur (Director)
3. Shri Sunil Kumar Sharma (Director)
4. Shri Suren Jain (Director)
5. Shri Sunny Gaur(Director)
6. Smt. Urvashi Gaur(Director)
7. Dr. Jagannath Gupta (Director)
8. Shri Kuldip Chand Ganjwal (Director)
9. Shri Rakesh Sharma (Managing Director & CEO)
10. Shri Gajendra Pal Singh (Director)
11. Shri Raj Kumar Narang (Director)
12. Shri Ravindra Kumar Singh (Director)
13. Shri R. N. Bhardwaj (KMP of JPVL till 17th Dec 2017)
14. Shri B. B. Tandon (KMP of JPVL till 17th Dec 2017)
15. Shri A. K. Goswami (KMP of JPVL till 17th Dec 2017)
16. Shri S. S. Gupta (KMP of JPVL till 17th Dec 2017)
17. Shri Praveen Kumar Singh(KMP of JPVL till 17th Dec 2017)
18. Lt. Gen. (Retd.) Shri Ravindra Mohan Chadha (KMP of JPVL till 17th Dec 2017)
19. Shri K. N. Bhandari (KMP of JPVL till 17th Dec 2017)
20. Shri S. L. Mohan (KMP of JPVL till 17th Dec 2017)
21. Shri Umesh Jain (KMP of JPVL till 17th Dec 2017)
22. Ms. Sunita Joshi (KMP of JPVL till 17th Dec 2017)
23. Shri K. P. Rau (KMP of JPVL till 17th Dec 2017)
24. Shri M. K. V. Rama Rao (KMP of JPVL till 17th Dec 2017)

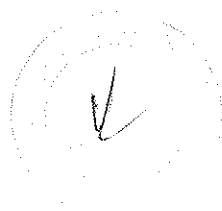
III. Fellow Subsidiary Companies

1. Jaypee Powergrid Limited (JV subsidiary of JPVL till 17th Dec 2017)
2. Jaypee Arunachal Power Limited (Subsidiary of JPVL till 17th Dec 2017)
3. Sangam Power Generation Company Limited (Subsidiary of JPVL till 17th Dec 2017)
4. Jaypee Meghalaya Power Limited (subsidiary of JPVL till 17th Dec 2017)
5. Bina Power Supply Limited (subsidiary of JPVL till 17th Dec 2017)

IV. Entity to whom the Company is an Associate

Jaiprakash Associates Limited (JAL)* (till 17th Dec 2017)

***Note:** JPVL ceased to be subsidiary of JAL on account of conversion of part of loan/ interest by the lender(s) in to Equity. The Lender(s) now hold 51% Equity in JPVL w.e.f. 18.02.2017. Consequently, JAL's holding in JPVL reduced to 29.74%. Accordingly, Company (PPGCL) became the Associate of JAL from that date till 17th Dec 2017.



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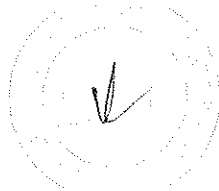
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V. **Subsidiaries of the Entity (JAL) to whom the Company is an Associate Company till 17th Dec 2017**

1. Jaypee Infratech Limited (JIL) (subsidiary of JAL)
2. Bhilai Jaypee Cement Limited (JV subsidiary of JAL)
3. Himalyan Expressway Limited (subsidiary of JAL)
4. Gujarat Jaypee Cement & Infrastructure Limited (JV subsidiary of JAL)
5. Jaypee Ganga Infrastructure Corporation Limited (subsidiary of JAL)
6. Jaypee Agra Vikas Limited (subsidiary of JAL)
7. Jaypee Fertilizers & Industries Limited (subsidiary of JAL)
8. Jaypee Cement Corporation Limited (subsidiary of JAL)
9. Himalyaputra Aviation Limited (subsidiary of JAL)
10. Jaypee Assam Cement Limited (subsidiary of JAL)
11. Jaypee Infrastructure Development Limited (new name of Jaypee Cement Cricket (India) Limited) (subsidiary of JAL)
12. Jaypee Healthcare Limited (subsidiary of JIL)
13. Jaypee Cement Hockey (India) Limited (subsidiary of JAL)
14. Jaiprakash Agri Initiatives Company Limited (subsidiary of JCCL)
15. Yamuna Expressway Tolling Limited (new name of Yamuna Expressway Tolling Private Limited w.e.f. 05.04.2017, which again is the new name of Jaypee Mining Ventures Private Limited w.e.f. 24.03.2017) (subsidiary of JAL w.e.f. 25.03.2017 & wholly owned subsidiary of JAL w.e.f. 20.04.2017)
16. Jaypee Uttar Bharat Vikas Private Limited (JUBVPL) (JV Associate Co. till 25.07.17. It became wholly owned subsidiary of JFIL [hence of JAL also] w.e.f. 26.07.17)
17. Kanpur Fertilizers & Cement Limited (JV Associate Co. till 25.07.17. It became subsidiary of JUBVPL [hence of JFIL & JAL also] w.e.f. 26.07.17)

VI. **KMP based Associate Companies**

1. Jaiprakash Kashmir Energy Limited
2. Yamuna Expressway Tolling Private Limited (new name of Jaypee Mining Ventures Private Limited w.e.f. 24.03.2017 (KMP based Associate Co till 24th Mar 2017)
3. Ceekay Estates Private Limited.
4. Jaiprakash Exports Private Limited.
5. Bhumi Estate Developers Private Limited.
6. Jaypee Jan Sewa Sansthan ('Not For Profit' Private Limited Company)
7. Think Different Enterprises Private Limited.
8. JC World Hospitality Private Limited.
9. JC Wealth & Investments Private Limited.
10. CK World Hospitality Private Limited.
11. First Light Estates Private Limited.
12. Gandharv Buildcon Private Limited.
13. Akassva Associates Private Limited.



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14. Viaan Technologies Private Limited.
15. Akasva Infrastructure Private Limited.
16. Renaissance Lifestyle Private Limited.
17. Ohm Products Private Limited.
18. Kram Infracon Private Limited (subsidiary of Bhumi Estate Developers Private Limited).
19. Lucky Strike Financers Private Limited (till 17th Dec 2017)
20. Samvridhi Advisors LLP (KMP based partnership firm till 17th Dec 2017)
21. Saindhar Hospitality (KMP based partnership firm till 17th Dec 2017)
22. Saindhar Infosystems Private Limited (till 17th Dec 2017).

a. Transactions carried out with related parties referred to above:

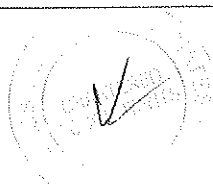
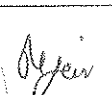


(Amount in Rs)

S No	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
1.)	With Holding Company (till 17th Dec 2017)		
	- Short Term Borrowings Received	3,00,00,000	-
	- Short Term Borrowings Repaid	3,00,00,000	-
2.)	Associate Company (till 17th Dec 2017)		
	(i) Jaiprakash Associates Limited		
	- Transactions during the period till 17th Dec 2017		
	(a) Purchases	3,33,59,491	3,99,55,118
	(b) Work Contract	336,621,734	185,58,57,619
	(c) Sale of Fly Ash	60,94,731	97,97,215
	(d) Transfer of BCGU (Assets under Construction) under joint agreement with Ultra Tech Cement Ltd	136,21,00,000	-
3.)	Subsidiaries of the Associates Co JAL		
	Himalyaputra Aviation Ltd. (till 17th Dec 2017)		
	- Transactions during the period till 17 th Dec 2017	18,27,1613	63,42,581
4.)	Transactions with Key Management Personnel		
	Salary, Perquisite and other benefits	1,91,48,710	-
	Directors Sitting Fee	7,50,000	5,70,000

37. Employee Benefits: Gratuity and Leave encashment – Defined Benefit Plan – Provision made as per Actuarial Valuation for the current year.

37.1 Summary of Actuarial assumptions

Particulars	2017-18	2016-17
Discount Rate	7.71%	7.5%
Mortality	IALM (2006-2008)	IALM (2006-2008)
Turnover Rate	Up to 30 years 2%, from 31-44 years 5%, Above 44 years 3%.	Up to 30 years 2%, from 31-44 years 5%, Above 44 years 3%.

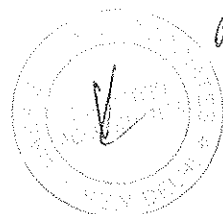





PRAYAGRAJ POWER GENERATION COMPANY LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

37.2 Movement in defined benefit obligations and amount recognised in the statement of Profit and loss:-

(Amount in Rs)

S No.	Particulars	Gratuity		Leave Encashment	
		2017-18	2016-17	2017-18	2016-17
1	Expenses recognized in the statements of Profit and Loss Account for the year ended 31st March, 2017				
	(i) Current Service Cost	17,46,835	999,413	17,59,892	1,288,341
	(ii) Interest Cost	2,72,288	197,837	3,04,806	222,650
	(iii) Benefits Paid	(79,721)	(60,755)	(2,11,157)	(229,008)
	(iv) Actuarial (Gains)/ Losses	(76,669)	21,057	(12,64,592)	(1,035)
	Total Expenses Recognized	1,862,733	1,157,552	5,88,949	1,280,948
2	Net Assets/(Liability) recognized in the Balance Sheet as at 31st March, 2018				
	(i) Present Value of Defined Benefit Obligation	54,93,242	3,630,509	46,53,025	4,064,076
	(ii) Fair Value of Plan Assets	3,07,952	361,992	-	-
	(iii) Unfunded Liability/Provision in balance sheet	(51,85,290)	(3,268,517)	(46,53,025)	(4,064,076)
	(iv) Unfunded Liability recognised in balance sheet	(51,85,290)	(3,268,517)	(46,53,025)	(4,064,076)
3	Change in obligation during the year ended 31st March, 2018				
	(i) Present Value of Defined Benefit Obligation at the beginning of the year	3,630,509	2,472,957	4,064,076	2,783,128
	(ii) Current Service Cost	17,46,835	999,413	17,59,892	1,288,341
	(iii) Interest Cost	2,72,288	197,837	3,04,806	222,650
	(iv) Actuarial (Gains)/ Losses	(76,669)	21,057	(12,64,592)	(1,035)
	(v) Benefit Payments	(79,721)	(60,755)	(2,11,157)	(229,008)
	(vi) Present Value of Defined Benefit Obligation at the end of the year	54,93,242	3,630,509	46,53,025	4,064,076
4	Change in Assets during the year ended 31st March, 2018				
	(i) Fair value of plan assets at the beginning of the period	361,992	394,545	-	-
	(ii) Actual return on plan assets	25,681	28,202	-	-
	(iii) Employer contribution	--	--	-	-
	(iv) Benefits paid	(79,721)	(60,755)	-	-
	(v) Fair value of plan assets at the end of the period	307,952	361,992	-	-



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37.3 Estimated Payments :-

The Expected cash flows over the next few years are as Follows:-

(Amount in Rs)		
Year	Gratuity	Leave Encashment
0-1 Year	4,98,825	8,08,771
1-4 Year	20,68,925	14,69,426
4-6 Year	5,07,961	3,54,769
Beyond 6 years	24,17,801	20,20,059

37.4 Sensitivity analysis for the year ended 31.03.2018

(Amount in Rs)			
a) Impact of the change in discount rate		Gratuity	Leave Encashment
	Present Value of Obligation at the end of the period	54,93,242	46,53,025
a)	Impact due to increase of 0.50 %	(1,91,140)	(1,55,711)
b)	Impact due to decrease of 0.50 %	2,07,748	1,68,434
b) Impact of the change in salary increase			
	Present Value of Obligation at the end of the period	54,93,242	46,53,025
a)	Impact due to increase of 0.50 %	2,11,250	1,71,264
b)	Impact due to decrease of 0.50 %	(1,95,876)	(1,59,582)

Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated

38. Financial instrument

(i) Capital management

The gearing ratio at the end of reporting period is as follows.

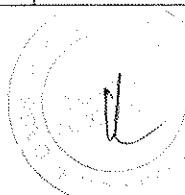
(Amount in Rs)			
Particulars		As at March 31, 2018	As at March 31, 2017
Debt*	1	114,191,701,492	115,492,236,548
Cash and bank balances	2	266,446,019	281,403,072
Net debt	3= (1-2)	113,925,255,473	115,210,833,475
Total Equity**	4	15,771,080,033	31,887,709,495
Total Debt & Equity	5= (3+4)	129,696,335,506	147,098,542,971
Net debt to equity ratio	6= (3/5)	87.84%	78.32%

* Debt is defined as long-term and short-term borrowings excluding the balance of Optionally Convertible Sub Debt (OCSD) borrowing of Rs. 500 Crore which was considered as equity.

** Total Equity is a sum of Equity Share Capital, Other Equity and balance of OCSD borrowing of Rs. 500 Crore

(ii) Categories of financial instruments

(Amount in Rs)		
Financial assets	As at March 31, 2018	As at March 31, 2017
Measured at amortised cost		
a) cash and cash equivalent including other bank balances	266,446,019	281,403,072
b) Loan & Advances	-	-
c) Other financial assets	516,539,041	92,24,19,492
d) Trade receivable	6,645,367,239	5,49,99,55,081
Total	7,428,352,299	670,37,77,645



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Financial liabilities	As at March 31, 2018	As at March 31, 2017
Measured at amortised cost		
a) Long term borrowing	101,40,44,64,383	11,071,29,02,997
b) Short term borrowing	3,63,32,83,909	354,13,12,442
c) Trade payable	31,66,23,972	22,45,45,377
d) Other financial liability	42,044,536,180	19,974,403,103
Total	147,39,89,08,444	134,45,31,63,919

(iii) Fair value measurement (FVM)

The Following table provides the FVM hierarchy of the Financial Liabilities

Particulars	Fair value as at		(Amount in Rs)
	As at March 31, 2018	As at March 31, 2017	Fair value hierarchy Level 1,2,3*
Financial Liabilities (Non Current)			
Borrowing	101,404,464,383	110,71,29,02,997	Level 2
Payable for capital expenditure	596,38,10,036	526,65,98,903	Level 2

*Level-1 Quoted Prices in Active Markets

*Level-2 Significant Observable inputs

*Level-3 Significant Unobservable inputs

(iv) Financial risk management:

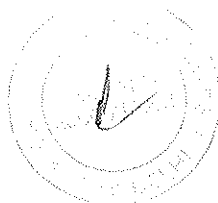
(a) Interest rate risk management

The company is exposed to interest rate risk because company borrows funds at floating interest rates. The company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If increase by 50 basis point	Interest Impact	
	As at March 31, 2018	As at March 31, 2017
Particulars		
Impact on profit for the year	(567,441,881)	(573,576,500)
Impact on total equity as at the end of the reporting period	(567,441,881)	(573,576,500)
If decrease by 50 basis point	Interest Impact	
Particulars	As at March 31, 2018	As at March 31, 2017
Impact on profit for the year	567,441,881	573,576,500
Impact on total equity as at the end of the reporting period	567,441,881	573,576,500



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(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(i) Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

The contractual maturity is based on the earliest date on which the company may be required to pay.

Liquidity Risk

(Amount in Rs.)

Particulars	Within 1 year	1-3 years	3+ years	Total
As at March 31, 2018				
Borrowing	14,103,370,000	13,384,365,000	87,232,165,000	114,719,900,000
Other financial liabilities	31,905,176,537	6,415,340,546	-	38,320,517,083
Total	46,008,546,537	19,799,705,546	87,232,165,000	153,040,417,083

Particulars	Within 1 year	1-3 years	3+ years	Total
As at March 31, 2017				
Borrowing	9,186,543,750	25,108,805,500	80,419,950,750	114,715,300,000
Other financial liabilities	12,423,004,030	6,259,553,539	-	18,682,557,569
Total	21,609,547,780	31,368,359,039	80,419,950,750	133,397,857,569

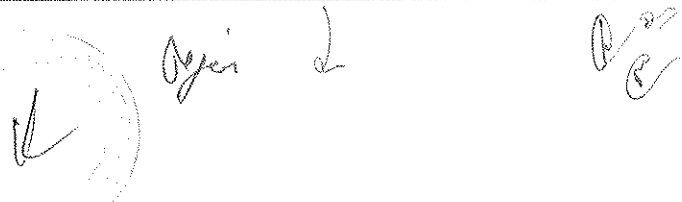
(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company has obtained foreign currency convertible bond, the company is exposed to foreign exchange risk

The following table details the company's sensitivity to a 2% increase and decrease in the Rs. against the USD 2% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the rupee strengthens 2% against the relevant currency. For a 2% weakening of the rupee against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

(Amount in Rs.)

Particulars	Increase/ Decrease in Basis Points		Impact on Profit before Tax	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
USD Currency Impact	+200	+200	1,04,97,922	3,00,00,000
	- 200	- 200	1,04,97,922	3,00,00,000



(v) The fair values of current debtors, bank balances, current creditors and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

Particulars	(Amount in Rs.)	
	Carrying Value	
	As at March 31, 2018	As at March 31, 2017
i) Financial assets - Current		
Trade receivables	6,64,53,67,239	549,99,55,081
Cash and cash equivalents	25,41,76,693	23,66,72,272
Other Bank Balances	1,22,69,326	447,30,800
Other Financial assets	41,51,85,550	83,50,15,934
ii) Financial liabilities - Current		
Borrowings	3,63,32,83,909	3,54,13,12,442
Trade Payables	31,66,23,972	22,45,45,377
Other Financial liabilities	36,08,07,26,144	14,70,78,04,800

(vi) Credit Risk :-

The average credit period on sales of goods is 30 days.

The following are the list which represents more than 5% of total balance of trade receivable.

Particulars	(Amount in Rs)	
	As at March 31, 2018	As at March 31, 2017
Uttar Pradesh Power Corporation Limited (UPPCL)	684,80,30,063	546,61,56,302

Ageing of receivables	(Amount in Rs)	
	As at March 31, 2018	As at March 31, 2017
Within the credit period	150,04,44,370	201,91,08,863
1-30 days past due	153,17,36,925	197,57,53,694
31-60 days past due	172,23,87,554	150,20,30,782
61-90 days past due	190,44,14,693	24,23,912
More than 90 days past due	18,90,46,521	637,830
Total	684,80,30,063	549,99,55,081

39. Assets Impairment :-

In terms of Ind-AS 36, the assets are not impaired because the recoverable amount of fixed assets collectively determined by the present value of estimated future cash flows is higher than its carrying value.

40. Contingent Assets

On account of inordinate delay on the part of UPPCL in providing the required material as envisaged under the provisions of RFQ, RFP and PPA in order to ensure the hassle free and successful commissioning / running of the plant there were significant Project Delays observed which considerably escalated the cost of Project over a period of time. As per the terms of PPA / RFQ / RFP any such failure on part of either of the parties would make the defaulting party liable to indemnify the counterpart for the damages caused. In light of the same company (PPGCL) has lodged a claim with UPREC of Rs.4,042/- Crore against UPPCL calculated in accordance with the relevant provisions of the PPA.



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41. Debt Restructuring :-

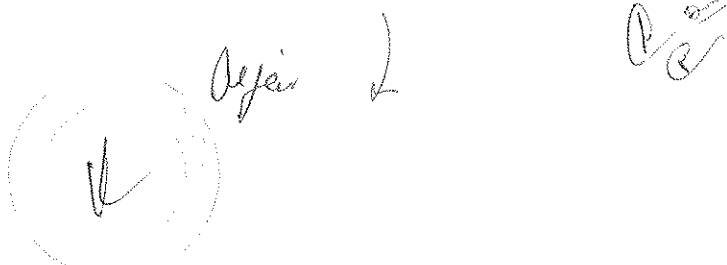
The operations of PPGCL had been unsatisfactory due to paucity of working capital / limited resource of the Company. As such the Company has not been able to operate all the three Units; thus resulting in losses, and not been able to pay interest regularly from February, 2017 onwards to lenders. Lenders evaluated the option for restructuring of debt (flexible structuring / SDR / S4A) and in JLF meeting held on 26th May, 2017 decided to proceed with RBI's "Scheme for Sustainable Structuring of Stressed Assets (S4A)" dated 13th June, 2016 as amended from time to time. The proposal was referred to Overseeing Committee (OC). OC in its meeting held on 15th November, 2017 advised to approach for the S4A Scheme of RBI after operations of PPGCL have stabilized atleast for two quarters. However, the Lenders in the JLF meeting held on 20th November, 2017 decided to invoke the entire pledged shares of JPVL's holding in PPGCL which were pledged as collateral security for financing of PPGCL.

The Company received a notice from SBI Cap Trustee Company Ltd vide its Letter No.294/STCL/DEL/VK/2017-18 and Letter No 300/STCL/DEL/MU/2017-18 dated 21st November, 2017 and 24th November, 2017 respectively wherein they advised the Company to pay outstanding interest as on 31st October, 2017 aggregating to Rs.1129,38,34,340.82 (Rupees One Thousand One Hundred Twenty Nine Crores Thirty Eight Lacs Thirty Four Thousand Three Hundred Forty and Paise Eighty Two Only) and Rs14,05,99,739/- (Rupees Fourteen Crore Five Lacs Ninety Nine Thousand Seven Hundred Thirty Nine Only) within a period of 5 days from the date of the issuance of the said Letter otherwise the shares pledged by JPVL as collateral security would be invoked. On 18.12.2017 SBI Cap Trustee transferred the entire shareholding held by JPVL in the Company (equivalent to 89.47% of total capital of the PPGCL) in its name on behalf of the Lender(s).

Consequent to invocation of pledged shares, Lenders have since commenced the process for sale of shares/change of Management by inviting Expression of Interest/definitive Bids from the prospective bidder(s). Reportedly, the Lender(s) have since received two bids, which are under examination. In the meantime the Company has also submitted its proposal for deep restructuring vide its letter dated 16th March 2018 for the consideration of Lender(s).

42. Amount Due to SSI unit:-

Trade payable does not include any amount due to Small Scale Industrial Undertaking; to the extent such parties have been identified from available information with the company.

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43. Amount Due to Micro and Small Enterprises

Trade Payable do not include any amount due to Micro and Small enterprises under "The Micro, Small and Medium Enterprises Development Act' 2006 ('MSMED Act)"; to the extent such parties have been identified from available information with the company.

44. Wherever the balance confirmation is not available from the parties, the balance as appearing in the books of accounts have been considered.

45. The previous year figures have been regrouped /reclassified wherever necessary to confirm to the current year's presentation.

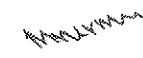
For Dass Gupta & Associates
Chartered Accountants
F.R.N. 000112N


(Pankaj Mangal)
Partner
M.No. 097890

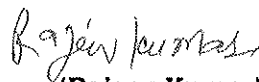
For and on behalf of the board

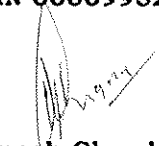

(Manoj Gaur)
Director
DIN 00008480


(Suren Jain)
Director
DIN 00011026


(Rakesh Sharma)
Managing Director & CEO
DIN 00009952

Place: Delhi
Dated: 03.05.2018


(Rajeev Kumar)
Company Secretary


(Ramesh Chand Sharma)
CFO