# CHATURVEDI & PARTNERS
## Chartered Accountants

410, Shakuntla Building, 59, Nehru Place, New Delhi-110019
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### INDEPENDENT AUDITORS' REPORT

To The Members of
**SANGAM POWER GENERATION COMPANY LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **SANGAM POWER GENERATION COMPANY LIMITED ("the Company")**which comprise the Balance sheet as at March 31, 2018, the Statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "financial statements").

**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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

**Auditors' Responsibility**

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

While conducting the 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 thereunder.

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 qualified audit opinion on the financial statements.

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

**Basis for Qualified Opinion**

We refer to note 27 to the financial statements wherein expenditure incurred and incidental to setting up of the project, Capital advances and other financial assets in respect of project (project assets) have been carried forward as 'Capital Work-in-Progress', Capital Advances and other financial assets. In view of abnormal delay in handing over the possession of land, the promoters of the company had requested Uttar Pradesh Power Corporation Ltd. (UPPCL) to take over the project/company and refund of investment made by it. Pending such settlement, no adjustment in the carrying value of project assets under non-current assets, for impairment, has been made. Further, the ultimate outcome of the settlement is at present not ascertainable. This indicates the existence of a material uncertainty that cast significant doubt on the Company's ability to continue as going concern and accordingly we are unable to comment on the consequential impact, if any, on the carrying value of such project assets under non-current assets and accompanying financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph mentioned above, 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 including the , of the financial position of the Company as at March 31, 2018 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Emphasis of Matter:**

The company is yet to appoint key managerial person except Company Secreatry as per the requirement of Section 203 of the Companies Act, 2013. Our Opinion is not qualified 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" statement on the matters specified in the paragraph 3 and 4 of the Order to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

   a. we have sought and except for the effect of the matters described in the "Basis for Qualified Opinion" paragraph, have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. except for the effect of the matters described in the "Basis for Qualified Opinion" paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow and the statement of changes in equity dealt with by this report are in agreement with the books of account;

   d. except for the effect of the matters described in the "Basis for Qualified Opinion" paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant rule issued thereunder;

   e. The matters described in the "Basis for Qualified Opinion" paragraph, in our opinion, may have an adverse effect on the functioning of the Company;

   f. On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the "Basis for Qualified Opinion" paragraph;

h. 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"; and

i. In our opinion and to the best of our information and according to the explanation given to us, we report as under 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:

   i. The company has disclosed the claim towards expenditure incurred by it for the project the transfer of which is under consideration of Government of Uttar Pradesh (Refer Note 27). However, the possible impact whereof is not presently ascertainable on financial position of the company. Further, the company has disclosed the impact of other pending litigations on its financial position in its financial statements -Refer Note 27 to the financial statements.

   ii. Except for the possible effect of matter described in the basis of qualified opinion paragraph and Note 27 to the financial statements, the effect whereof is not presently ascertainable, the company has made provision under the applicable law or accounting standards, for material foreseeable losses on long-term contracts. The company did not have any other long-term contract including derivative contract.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No. 307068E

CHATURVEDI & PARTNERS
CHARTERED ACCOUNTANTS

**ANUJ MAHANSARIA**
Partner
Membership No. 500819

New Delhi
April 20, 2018

## ANNEXURE "A" REFERRED IN INDEPENDENT AUDITORS' REPORT OF EVEN DATE

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2018, we report that:

i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b. These Fixed assets have been physically verified by the management at reasonable interval during the year pursuant to a programme for physical verification. No material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c. The title deed of immovable properties are held in the name of the company.

ii. The Company did not hold any inventory during the year. Accordingly, clauses ii of Paragraph 3 of the Order are not applicable.

iii. According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the clause iii (a), (b) and (c) of paragraph 3 of the Order are not applicable to the Company.

iv. According to the information and explanation given to us, the company has not directly or indirectly, advance any loan, including any loan represented by a book debt, to any of its directors or to any other person in whom the director is interested or given any guarantee or provide any security in connection with any loan taken by him or such other person. Being infrastructure company, Section 186 of the Companies Act, 2013 is not applicable to the company.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. Accordingly, the clause v of paragraph 3 of the Order is not applicable to the Company.

vi. As the Company is in the construction stage, requirement of cost records to be maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Sub Section (1) of Section 148 of the Companies Act, 2013 is not applicable for the year.

vii. a. The Company is generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, sales tax, service tax, goods and service tax, value added tax, cess and other statutory dues, as applicable with the appropriate authorities and no outstanding statutory dues as on the last day of the financial year concerned for more than six months from the date they became payable.

b. According to the information and explanation given to us, there were no disputed amounts payable in respect of income tax, sales tax, service tax, goods and service tax, value added tax or cess as at March 31, 2018 except;

| Name of the statue | Name of Dues | Amount in Rs. (Gross) | Period to which it pertains | Forum where dispute is pending | Amount Paid |
|---|---|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax | 46,512,700 | AY 2011-12 | Appeal Yet To be Filled | 70,030 |
| | | 36,000,000 | AY 2011-12 | ITAT, Lucknow | - |
| | | 4,796,170 | AY 2012-13 | Appeal Yet To be Filled | 555,750 |
| | | 4,000,000 | AY 2012-13 | ITAT, Lucknow | |
| | | 4,327,695 | AY 2013-14 | CIT (Appeal) | 3,878,785 |
| | | 3,657,481 | AY 2014-15 | CIT (Appeal) | 1,989,549 |

viii. In our opinion and according to the information and explanations given to us, the Company has not taken any loan from financial institution or bank and has not issued any debentures during the year. Accordingly, the clause viii of paragraph 3 of the Order are not applicable to the Company.

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the clause ix of paragraph 3 of the order are not applicable to the company.

x. According to the information and explanation given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.

xi According to the information and explanation given to us, no managerial remuneration has been paid during the year. Accordingly, the clause xi of paragraph 3 of the order is not applicable to the company.

xii The Company is not a Nidhi Company. Accordingly, the clause xii of paragraph 3 of the order are not applicable to the company.

xiii The company has complied with the provisions of the section 177 and 188 of the Companies Act, 2013 and have disclosed as required by the applicable accounting standards with respect to the transactions with the related parties in the Financial Statements.

xiv According to the information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the clause xiv of paragraph 3 of the order is not applicable to the company.

xv According to the information and explanation given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the clause xv of paragraph 3 of the order is not applicable to the company.

xvi The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause xvi of paragraph 3 of the order is not applicable to the company.

**For CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No. 307068E

CHATURVEDI & PARTNERS
CHARTERED ACCOUNTANTS

**ANUJ MAHANSARIA**
Partner
Membership No. 500819

New Delhi
April 20, 2018

## ANNEXURE "B" REFERRED IN INDEPENDENT AUDITORS' REPORT OF EVEN DATE

**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 "SANGAM POWER GENERATION COMPANY LIMITED ("the Company") as of March 31, 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 safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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 and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**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 March 31, 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 CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No. 307068E

**ANUJ MAHANSARIA**
Partner
Membership No. 500819

New Delhi
April 20, 2018

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

# SANGAM POWER GENERATION COMPANY LIMITED

CIN- U40102UP2007PLC032843

## BALANCE SHEET AS AT 31.03.2018

## AND

## PROFIT & LOSS ACCOUNT

**For the period**

**01.04.2017 to 31.03.2018**

Registered Office : Sector - 128, Noida - 201304, Uttar Pradesh (India)

**SANGAM POWER GENERATION COMPANY LIMITED**
**CIN- U40102UP2007PLC032843**
**BALANCE SHEET AT MARCH 31, 2018**

**Amount in Rs**

| Particulars | Note | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **Assets** | | | |
| **Non Current assets** | | | |
| (i) Property ,plant and equipment | 3 | 675,055,422 | 675,097,917 |
| (ii) Capital work in progress | 4 | 1,080,361,990 | 1,080,361,990 |
| **Financial Assets** | | | |
| (i) Other Financial Assets | 5 | 300,250,000 | 300,250,000 |
| Non-Current Tax assets (Net) | 6 | 6,789,748 | 24,334,826 |
| Other non current assets | 7 | 224,789,296 | 3,357,288,924 |
| | | 2,287,246,456 | 5,437,333,657 |
| **Current Assets** | | | |
| **Financial Assets** | | | |
| (i)Cash and cash equivalents | 8 | 493,112 | 16,608,897 |
| (ii) Bank balance other than (i) above | 9 | 39,393,411 | 37,369,596 |
| (iii) Other financial assets | 10 | 27,579,062 | 6,200,296 |
| Other Current assets | 11 | 3,506 | 2,605,892 |
| | | 67,469,091 | 62,784,681 |
| **Total Assets** | | 2,354,715,547 | 5,500,118,338 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (i) Equity Share Capital | 12 | 5,519,772,000 | 5,519,772,000 |
| (ii) Other Equity | 13 | (3,165,242,108) | (19,810,538) |
| **Total Equity** | | 2,354,529,892 | 5,499,961,462 |
| **Liabilities** | | | |
| **Non Current Liabilities** | | | |
| **Financial Liabilities** | | - | - |
| **Provisions** | 14 | 2,887 | - |
| **Total Non-Current Liabilities** | | 2,887 | - |
| **Current Liabilities** | | | |
| **Financial Liabilities** | | | |
| (i) Other financial liabilities | 15 | 182,763 | 136,500 |
| **Other current liabilities** | 16 | - | 20,376 |
| **Provisions** | 17 | 5 | - |
| **Total Current Liabilities** | | 182,768 | 156,876 |
| **Total Equity and Liabilites** | | 2,354,715,547 | 5,500,118,338 |

Summary of significant accounting policies 2
The note nos. 1 to 32 are integral part of the financial statements

**As per our report of even date attached**

**For Chaturvedi & Partners**
**Chartered Accountants**
**F.R.N. 307068E**

**Anuj Mahansaria**
**Partner**
**Membership No. 500819**

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

**For and on behalf of the Board**

**Rakesh Sharma**
**Director**
**DIN 00009952**

**Pankaj Gaur**
**Director**
**DIN 00008419**

**Manju Kaushal**
**Company Secretary**
**M.No.- A48313**

Ravi

Place: New Delhi
Date : 20th April 2018

SANGAM POWER GENERATION COMPANY LIMITED
CIN- U40102UP2007PLC032843
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

| Particulars | Note | For the Year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| **Revenue from Operations** | | - | - |
| **Other income** | 18 | 2,962,830 | 4,578,889 |
| **Total income** | | 2,962,830 | 4,578,889 |
| | | | |
| **Expenses:** | | | |
| Employee benefits expense | 19 | 579,244 | 476,609 |
| Finance costs | 20 | 13,068,769 | 11,581,302 |
| Depreciation and amortization expense | 21 | 42,495 | 384,858 |
| Other expenses | 22 | 1,681,991 | 1,368,141 |
| **Total expenses** | | 15,372,499 | 13,810,910 |
| **Profit before exceptional Item and Tax** | | (12,409,669) | (9,232,021) |
| **Exceptional items** | 23 & 28 | 3,132,499,628 | |
| **Profit before Tax** | | (3,144,909,297) | |
| **Tax expense:** | | | - |
| (1) Current tax (including Rs 522273/- related to earlier year) | | 522,273.00 | - |
| (2) Deferred tax | | - | - |
| **Profit/(loss) from continuing operations** | | (3,145,431,570) | (9,232,021) |
| **Other comprehensive income** | | | |
| (a)Items that will be reclassified to profit or loss | | - | - |
| (b)Tax on above | | - | - |
| (a)Items that will not be reclassified to profit or loss | | - | - |
| (b)Tax on above | | - | - |
| | | | |
| **Total comprehensive income for the period ( Comprising Profit/(Losss) and Other Comprehensive Income** | | (3,145,431,570) | (9,232,021) |
| | | | |
| **Earnings per equity share** | | (5.70) | (0.02) |

Summary of significant accounting policies — 2

The note nos. 1 to 32 are integral part of the financial statements

**As per our report of even date attached**

**For Chaturvedi & Partners**
**Chartered Accountants**
**F.R.N. 307068E**

**Anuj Mahansaria**
**Partner**
**Membership No. 500819**

CHATURVEDI & PARTNERS
CHARTERED ACCOUNTANTS

**For and on behalf of the Board**

**Rakesh Sharma**
**Director**
**DIN 00009952**

**Pankaj Gaur**
**Director**
**DIN 00008419**

**Manju Kaushal**
**Company Secretary**
**M.No. - A48313**

Place: New Delhi
Date : 20th April 2018

SAMGAM POWER GENERATION COMPANY LIMITED
CIN- U40102UP2007PLC032843
Statement of changes In equity for the year ended as on March 31, 2018

**A. Equity Share Capital** (Amount in Rs.)

Equity Shares of Rs 10/- each issued, subscribed and fully paid up.

| As at March 31, 2016 | Changes during the year | As at March 31, 2017 | Changes during the year | As at March 31, 2018 |
|---|---|---|---|---|
| 5,519,772,000 | - | 5,519,772,000 | - | **5,519,772,000** |
| **Number of Shares** | | **Number of Shares** | | **Number of Shares** |
| 551,977,200 | - | 551,977,200 | - | **551,977,200** |

**B. Other Equity**

| Particulars | Reserves & Surplus | Other Comprehensive Income | Total |
|---|---|---|---|
| | Retained earnings | | |
| **Balance as at March 31, 2017** | **(20,279,283)** | **468,746** | **(19,810,537)** |
| Profit/(loss) during the year | (3,145,431,570) | - | (3,145,431,570) |
| Remeasurement of defined benefit plan | - | - | - |
| Total comprehensive income for the year | (3,145,431,570) | - | (3,145,431,570) |
| Dividend paid, including tax | - | - | |
| **Balance as at March 31, 2018** | **(3,165,710,854)** | **468,746** | **(3,165,242,108)** |

The accompanying notes form an integral part of the financial statements

Summary of Significant Accounting Policies 2
Note Nos. 1 to 32 are integral part of Financial Statements.
As per our report of even date attached to Financial Statements.

**For Chaturvedi & Partners**
**Chartered Accountants**
**F.R.N. 307068E**

**Anuj Mahansaria**
**Partner**
**Membership No. 500819**

CHATURVEDI & PARTNERS
CHARTERED ACCOUNTANTS

**FOR SANGAM POWER GENERATION COMPANY LTD.**

**Rakesh Sharma**
**Director**
**DIN 00009952**

**Pankaj Gaur**
**Director**
**DIN No. 00008419**

**Manju Kaushal**
**Company Secretary**
**M.No. - A48313**

Place: New Delhi
Date : 20th April 2018

Ravi

SANGAM POWER GENERATION COMPANY LIMITED
CIN- U40102UP2007PLC032843
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018

(All amounts in Rupees, unless otherwise stated)

| | Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|
| A | **Cash flows from operating activities** | | |
| | Profit for the year | (3,145,431,570) | (9,232,021) |
| | Adjustments for: | | |
| | Depreciation | 42,495 | 384,858 |
| | Interest Inocme | (2,956,338) | (2,951,068) |
| | Legal & Profession | - | 593,000 |
| | Exception items (Advances written off) | 3,132,499,628 | - |
| | Remeasurement of acturial gain/loss | - | - |
| | Operating profit before working capital changes | (15,845,785) | (11,205,231) |
| | Adjustments for : | | |
| | (Increase) / decrease in other financial assets (excluding advance tax) | (21,716,816) | 15,672,457 |
| | (Increase) / decrease in other current assets | 2,602,386 | (2,850) |
| | Increase / (decrease) in other current liabilities | (20,376) | 5,876 |
| | Increase / (decrease) in other financial liabilities and provision | 49,155 | (255,643) |
| | **Cash generated from operations** | **(34,931,436)** | 4,214,609 |
| | Income tax refund / (paid) | 17,545,078 | 11,670,956 |
| | **Net Cash flow generated from operating activities** | **(17,386,358)** | 15,885,565 |
| B | **Cash flow from investing activities** | | |
| | Sale of Property, Plant and Equipments | | |
| | Interest Inocme | 3,294,388 | 2,550,979 |
| | Movement in Other Bank Balances | (2,023,815) | (2,171,654) |
| | **Net cash flows (used in) investing activities** | **1,270,573** | 379,325 |
| C | **Cash flow from financing activities** | | |
| | Loan from Related party | - | - |
| | Changes in security deposit | - | - |
| | **Net cash flows (used in)/ generated from financing activities** | - | - |
| | **Net change in cash and cash equivalents (A+B+C)** | **(16,115,785)** | 16,264,890 |
| | Cash and cash equivalents at the beginning of the year | **16,608,897** | 344,007 |
| | Cash and cash equivalents at the end of the year | **493,112** | 16,608,897 |
| | **Notes to cash flow statement:** | | |
| | Cash and cash equivalents include : | | |
| | Cash on hand | 376,417 | 92,790 |
| | Balances with banks: | 116,695 | 1,516,107 |
| | Fixed deposit with maturity upto 3 months | - | 15,000,000 |
| | **Cash and cash equivalents at the end of the year [refer note no 9]** | **493,112** | 16,608,897 |

**For Chaturvedi & Partners**
**Chartered Accountants**
**F.R.N. 307068E**

**Anuj Mahansaria**
**Partner**
**Membership No. 500819**

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

Place: New Delhi
Date : 20th April 2018

**For and on behalf of the board**

**Rakesh Sharma**
**Director**
**DIN 00009952**

**Pankaj Gaur**
**Director**
**DIN 00008419**

**Manju Kaushal**
**Company Secretary**
**M.No. - A48313**

Ravi

**Note 1**

**General Information of the Company**

The Company is setting up a 1980 MW domestic based thermal power project at Tehsil Karchhana, Distt. Allahabad, Uttar Pradesh and Company is 100% subsidiary of Jaiprakash Power Ventures Ltd.

**Note 2**

**1 Recent accounting pronouncement**

**Standards issued but not yet effective**

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition: Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

**2 Significant Accounting Policies**

**2.1 Basis of preparation of financial statements:-**

The Company has adopted accounting policies that comply with Indian Accounting standards (Ind AS) notified by Ministry of Corporate Affairs vide notification dated 16 February 2015 under section 133 of the Companies Act 2013, as required by the relevant applicability provisions prescribed in the same notification. Accounting policies have been applied consistently to all periods presented in these financial statements. The financial statements referred hereinafter have been prepared in accordance with the requirements and instructions of Schedule III to the Companies Act 2013, amended from time to time applicable to companies to whom Ind AS applies.

The Company's financial statements have been prepared in accordance with the Ind AS prescribed. The preparation of the Company's financial statements in conformity with Indian Accounting Standard requires the Company to exercise its judgment in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported

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amounts of assets and liabilities at the date of the financial statements. These estimates and assumptions are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances and presented under the historical cost convention on accrual basis of accounting.

**2.2 Historical cost convention**:-

The financial statements have been prepared on accrual basis and under the historical cost convention except following which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value,
- Defined benefit plans – plan assets measured at fair value
- Assets held for sale – measurement at lower of caerying amount or fair value less cost of sell.

**2.3 Critical accounting judgments and key sources of estimation uncertainty**

The preparation of the financial statements in conformity with the Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical Judgments** In the process of applying the Company's accounting policies, management has made the following judgments, which the most significant effect on the amounts recognized in the financial statements:

**Discount rate used to determine the carrying amount of the Comapany's defined benefit obligation**:

In determining the appropriate discount rate of plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

**Contingences and commitments:**

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficulty to quantify reliably, company treat them as contingent liabilities. Such liabilities are disclosed in the note but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, company do not expect them to have materially adverse impact on the financial position of profitability.

**2.4 Operating cycle and Current versus non current classification**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification in accordance with Part-I of Division – II of Schedule II of the Companies Act, 2013.

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An asset is treated as current when it (a) Expected to be realized or intended to be sold or consumed in normal operating cycle; (b) Held primarily for the purpose of trading; or (c) Expected to be realized within twelve months after the reporting period, or (d0 The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when (a) It is expected to be settled in normal operating cycle; or (b) It is held primarily for the purpose of trading; or (c) It is due to be settled with twelve months after the reporting period, or (d) There is no unconditional right to defe the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has indentified twelve months as its normal operating cycle.

**2.5 Use of Estimates:**

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of asset and liabilities on the date of the financial statements and the reported amount of the revenue and the expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**2.6 Revenue:**

Revenue is measured at the value of the consideration received or receivable. However, there is no revenue from operation as the commercial production has not yet stated.

Interest Income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**2.7 Tax Expenses:-**

Income Tax expense comprises of current tax and deferred tax charge or credit. Provision for current tax is made with reference to taxable income computed for the financial year for which the financial statements are prepared by applying the tax rates as applicable.

**Current Tax**-Current Income tax relating to items recognized outside the profit and loss is recognized outside the profit and loss (either in other comprehensive income or in other component of equity)

**2.8 Deferred tax:** Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

**2.9 Foreign Currencies:**

**Functional currency:** The functional currency of the Company is the Indian Rupees.

**Transactions and translations:** Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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## 2.10 Property, Plant and Equipment (PPE):

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The initial cost of PPE is cost of acquisition or construction inclusive of freight, erection & commissioning charges and any directly attributable costs of bringing an asset to working condition and location for its intended use, including borrowing costs relating to the qualified asset over the period up to the date the asset are put to use is included in cost of relevant assets. are put to use is included in cost of relevant assets.

All other expenditure related to existing assets including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the period during which such expenditure is incurred.

The carrying amount of a property, plant and equipment is de-recognised when no future economic benefits are expected from its use or on disposal.

Depreciation on property, plant and equipment is provided on straight line method based on estimated useful life of assets as prescribed in part C of schedule II to the Companies Act, 2013.

| Assets | Useful Lives |
|---|---|
| Building | 5 - 60 Years |
| Plant and Machinery | 15 - 40 years |
| Furniture and fittings | 10 years |
| Office equipments | 5 - 10 years |
| Vehicles | 8 - 10 years |
| Computers | 3 years |

The property, plant and equipment acquired under finance leases, if any, is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Depreciation on the assets purchased during the year is provided on pro-rata basis from the date of purchase of the assets.

Gains and losses on de-recognition/disposals are determined as the difference between the net disposal proceeds and the carrying amount of those assets. Gains and Losses if any, are recognised in the statement of profit or loss on de-recognition or disposal as the case may be.

Freehold land is not depreciated.

## 2.11 Expenditure during construction period:-

Assets in the course of construction are capitalized in the assets and treated as capital work in progress and upon commissioning of project the assets are capitalized and transferred to appropriate category of PPE. At the point when an asset is operating at management's intended use, the cost of construction is transferred to appropriate category of PPE.

## 2.12 Inventories:-

Inventories are valued at the lower of cost or net realizable value. Cost of Inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on the following basis:-

- Raw material, construction materials, stores &spares, packing materials, operating stores and supplies is determined on weighted average basis.
- Material-in-transit is valued at cost.

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**2.13 Employee Benefits:-**

Employee benefits consist of contribution to employees state insurance, provident fund, gratuity fund and compensated absences.

**Defined Contribution plans**

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

**Defined benefit plans:**

The Company operates defined benefit plan in the form of gratuity. The liability or asset recognized in the balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the said obligation is determined by discounting the estimated future cash out flows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest expense is calculated by applying the discount rate to the net defined benefit liability or asset. The net interest expense on the net defined benefit liability or asset is recognised in the Statement of Profit and loss.

Re measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**2.14 Fair Value Measurement**:-

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

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The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. (May not consider above para)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets &liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 2.15 Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### a) Recognition

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument

### b) Measurement

i) Financial assets

A financial asset is measured at
- amortised cost or
- fair value either through other compressive income or through profit or loss

ii) Financial liability

A financial liabilities is measured at
- amortised cost using the effective interest method or
- fair value through profit or loss.

iii) Initial recognition and measurement:-

All financial assets and liabilities are recognized at fair value at initial recognition, plus or minus, any transaction cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss.

iv) Subsequent measurement

Financial assets as subsequent measured at amortised cost or 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 amortised cost or fair value through profit or loss.

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

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**c) Financial assets:**

**i) Trade Receivables**

Trade receivables are the contractual right to receive cash or other financial assets and recognized initially at fair value. Subsequently measured at amortised cost (Initial fair value less expected credit loss). Expected credit loss is the difference between all contractual cash flows that are due to the company and all that the company expects to receive (i.e. all cash shortfall), discounted at the effective interest rate.

**ii) Other equity Investment**

All other equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at Fair value to other comprehensive income (FVTOCI), then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**d) Cash and cash Equivalents:-**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**e) Impairment of Financial Assets:-**

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

## 2.16 Financial liabilities

### i) Trade payables :-

Trade payables represent liabilities for goods and services provided to the Company prior to the end of financial year and 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 recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### ii) Borrowings:-

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

### iii) 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 recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

## 2.17 Derecognition of financial instrument

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

## 2.18 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

## 2.19 Financial guarantee

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of IND AS 109 and the amount recognised less cumulative amortization.

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## 2.20 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 recognised as a liability on an amortised 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 recognised directly 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 recognised in equity will be transferred to retained earnings. No gain or loss is recognised 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 recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible instrument using the effective interest method.

## 2.21 Provision and Contingent Liability

**i.** A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liabilities, if material, are disclosed by way of notes and contingent assets, if any, are disclosed in the notes to financial statements.

**ii.** A provision is recognized, when company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made for the amount of obligation. The expense relating to the provision is presented in the profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**iii.** A contingent asset is neither recognised nor disclosed in the Financial Statements

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**2.22 Earnings Per Share**

Basic Earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. For the purpose of calculating Diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**2.23 Segment Reporting:**

The Company has presently one segment i.e. Generation of Thermal-Power, hence, separate segment reporting is not applicable.

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SANGAM POWER GENERATION COMPANY LIMITED
CIN- U40102UP2007PLC032843
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

**Note 3: Property ,plant and equipment**

| Particulars | Land Free Hold | Furniture & Fittings | Office Equipments | Vehicles | Computer | Total |
|---|---|---|---|---|---|---|
| **Cost or deemed cost** | | | | | | |
| **Gross Block** | | | | | | |
| As at March 31,2017 | 674,917,240 | 272,576 | 371,606 | 1,304,541 | 303,477 | 677,169,440 |
| As at March 31,2018 | 674,917,240 | 272,576 | 371,606 | 1,304,541 | 303,477 | 677,169,440 |
| | | | | | | - |
| **Accumulated Depreciation** | | | | | | - |
| As at March 31,2017 | - | 204,890 | 356,772 | 1,221,554 | 288,307 | 2,071,523 |
| Charge for the year | | 24,736 | - | 17,759 | - | 42,495 |
| **As at March 31,2018** | - | 229,626 | 356,772 | 1,239,313 | 288,307 | 2,114,018 |
| | | | | | | |
| **Net Block(As at March 31,2017)** | 674,917,240 | 67,686 | 14,834 | 82,987 | 15,170 | **675,097,917** |
| **Net Block(As at March 31,2018)** | 674,917,240 | 42,950 | 14,834 | 65,228 | 15,170 | **675,055,422** |

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SANGAM POWER GENERATION COMPANY LIMITED
CIN- U40102UP2007PLC032843
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Note 4** | | |
| **Capital work in progress** | | |
| Capital work in progress | **1,080,361,990** | 1,080,361,990 |
| | **1,080,361,990** | 1,080,361,990 |
| **Note 5** | | |
| **Other financial assets** | | |
| Security Deposits | **300,250,000** | 300,250,000 |
| | **300,250,000** | 300,250,000 |
| **Note 6** | | |
| **Non Current tax Assest (Net)** | | |
| Advance income tax | **6,789,748** | 24,334,826 |
| | **6,789,748** | 24,334,826 |
| **Note 7** | | |
| **Other non-current assets** | | |
| Capital advances | **188,228,037** | 3,320,727,665 |
| Advances for land | **36,561,259** | 36,561,259 |
| | **224,789,296** | 3,357,288,924 |
| **Note 8** | | |
| **Cash bank balances** | | |
| Balance with banks current accounts | **116,695** | 1,516,107 |
| Fixed deposit with maturity upto 3 months | **-** | 15,000,000 |
| Cash on hand | **376,417** | 92,790 |
| | **493,112** | 16,608,897 |
| **Note 9** | | |
| **Bank balances** | | |
| Deposits pledged with govt. banks | | |
| Margin money | **39,393,411** | 37,369,596 |
| | **39,393,411** | 37,369,596 |
| **Note 10** | | |
| **Other financial assets** | | |
| Interest accrued on fixed deposit with banks | **170,770** | 508,820 |
| Advance to related party* | **27,408,292** | 5,691,476 |
| | **27,579,062** | 6,200,296 |
| *Receivable from Jaiprakash Associates Ltd. and Jaypee Meghalaya Power Ltd. - a related party | | |
| **Note 11** | | |
| **Other current assets** | | |
| Prepaid Insurance | **3,506** | 2,850 |
| Advance to vendor | **-** | 2,603,042 |
| | **3,506** | 2,605,892 |

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

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Note 12** | | |
| **SHARE CAPITAL** | | |
| **Authorised** | | |
| 4,00,00,00,000 Equity Shares of Rs. 10 each | | |
| (Previous year 4,00,00,00,000 Equity Shares of Rs. 10 each) | **40,000,000,000** | 40,000,000,000 |
| **Issued, Subscribed and Fully Paid up** | | |
| 55,19,77,200 Equity Shares of Rs. 10 each | **5,519,772,000** | 5,519,772,000 |
| (Previous year 55,19,77,200 Equity Shares of Rs.10 each) | | |
| **Total** | **5,519,772,000** | 5,519,772,000 |

| 12.1 Reconciliation of Number of Equity Shares outstanding | Number of Shares | Number of Shares |
|---|---|---|
| Number of Shares outstanding at the beginning of the Period | **5,519,772,000** | 551,977,200 |
| Add: Issued during the Period | - | - |
| Number of Shares outstanding at the end of the Period | **5,519,772,000** | 551,977,200 |

12.2 The Company being wholly owned subsidiary, subscribed share capital 55,19,77,2000 (55,19,77,200 equity shares), being more than 5 percent are held by Jaiprakash Power Ventures Limited the Holding Company.

12.3 The Company has only one class of Equity Shares having par value of Rs. 10 per share. Each holder of Equity Shares is entitled to one vote per share and entitled for dividend, if declared. In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assests of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders.

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SANGAM POWER GENERATION COMPANY LIMITED
CIN- U40102UP2007PLC032843
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

**Note 13**

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Other Equity** | | |
| **(i) Reserve & Surplus** | | |
| **(A) Retained Earning** | | |
| Opening balance | **(20,279,284)** | (11,047,263) |
| Profit/(Loss) for the year | **(3,145,431,570)** | (9,232,021) |
| **Closing Balance** | **(3,165,710,854)** | (20,279,284) |
| **Total** | **(3,165,710,854)** | (20,279,284) |
| **(ii) Other comprehensive Income** | | |
| **(A) Remeasurement of Defined benefit plan** | | |
| Opening balance | **468,746** | 468,746 |
| Addition/Deduction during the year | - | - |
| **Closing balance** | **468,746** | 468,746 |
| **Total** | **468,746** | 468,746 |
| | **(3,165,242,108)** | (19,810,538) |

**Nature and purpose of eserves**

1. Retained earnings comprises of the profits of the Company earned till date net of disbtributions and other adjustments.

2. Other Comprehensive Income: The Company has recognized remeasurement gains/ (loss) on defined benefit plans in OCI. These changes are accumulated within the OCI reserve within other equity.

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

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SANGAM POWER GENERATION COMPANY LIMITED
CIN- U40102UP2007PLC032843

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Note 14** | | |
| **Long term provisions** | | |
| Provision for employee benefit | | |
| Gratuity | **2,887** | - |
| | **2,887** | - |
| **Note 15** | | |
| **Other financial liabilities** | | |
| Salary Payable | **47,763** | - |
| Processing fees payable | - | - |
| Provision / Payable for Expenses | **135,000** | 136,500 |
| | **182,763** | 136,500 |
| **Note 16** | | |
| **Other current liabilities** | | |
| Statutory Dues Payable | - | 20,376 |
| | - | 20,376 |
| **Note 17** | | |
| **Short term provisions** | | |
| **Provision for employee benefit** | | |
| Gratuity | **5** | - |
| | **5** | - |

CHATURVEDI & PARTNERS
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SANGAM POWER GENERATION COMPANY LIMITED
CIN- U40102UP2007PLC032843
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **Note 18** | | |
| **Other income** | | |
| **Interest from** | | |
| Bank deposits | **2,956,338** | 2,951,068 |
| Refund of Income Tax | **1,992** | 1,620,177 |
| Excess provision written back | **4,500** | 7,644 |
| | **2,962,830** | 4,578,889 |
| **Note 19** | | |
| **Employee benefit expense** | | |
| Salaries and wages (including gratuity Rs 2892/-) | **579,244** | 476,609 |
| | **579,244** | 476,609 |
| **Note 20** | | |
| **Finance cost** | | |
| Interest on Income Tax | **23,025** | - |
| Other borrowing cost. | **13,045,744** | 11,581,302 |
| | **13,068,769** | 11,581,302 |
| **Note 21** | | |
| **Depreciation and amortization expense** | | |
| Depreciation on tangible assets | **42,495** | 384,858 |
| Amortization of intangible assets | | |
| | **42,495** | 384,858 |
| **Note 22** | | |
| **Other expenses** | | |
| Consultancy, legal & professional fee | **1,499,536** | 1,049,913 |
| Miscellaneous expenses | **2,884** | 813 |
| Printing & stationery | **-** | 410 |
| Rent , Taxes & fees | **14** | - |
| Travelling & conveyance | **3,080** | 7,030 |
| Vehicle running & maintenance | **4,090** | 186,004 |
| Indirect Tax | **37,500** | - |
| Insurance | **13,887** | 8,971 |
| Audit Fee | **121,000** | 115,000 |
| | **1,681,991** | 1,368,141 |
| **Note 23** | | |
| **Loss on Advance** | | |
| Loss on Advance paid to L&T | 1,360,505,516 | - |
| Loss on Advance paid to L&T MHI | 1,771,994,112 | - |
| | **3,132,499,628** | **-** |

CHATURVEDI & PARTNERS
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## Note 24 : Fair Value Measurement

**Categories of financial instruments**

| **Financial assets** | **As at March 31, 2018** | As at March 31, 2017 |
|---|---|---|
| **Measured at amortised cost** | | |
| (i) Cash and Bank balance | **39,886,523** | 53,978,493 |
| (ii) Other financial assets | **327,829,062** | 306,450,296 |
| **Total** | **367,715,585** | 360,428,789 |
| | | |
| **Financial liabilities** | | |
| **Measured at amortised cost** | | |
| (i) Other financial liabilities | **182,763** | 136,500 |
| **Total** | **182,763** | 136,500 |

The fair values of cash & bank balances,loan to related party, security deposit to goverment deparment,other financial liability are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities

| | **Carrying value** | |
|---|---|---|
| **Particulars** | **As at March 31, 2018** | As at March 31, 2017 |
| **i) Financial assets - Current** | | |
| Cash and cash equivalents | **39,886,523** | 53,978,493 |
| Other Financial assets | **327,829,062** | 306,450,296 |
| | | |
| **ii) Financial liabilities - Current** | | |
| Other financial liabilities | **182,763** | 136,500 |

**(ii) Valuation techniques used to determine Fair value**

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

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**Notes to Financial Statements as at March 31, 2018**

**Note 25 : FINANCIAL RISK MANAGEMENT**

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company principal financial asset includes loan , trade and other receivables, and cash and short-term deposits that arise directly from its operations.

The Company's activities are exposed to market risk, credit risk and liquidity risk.

**I. Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks.

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of the fixed rate and floating rate financial instruments in its total portfolio .

The Company does not have any borrowing and the Company has not obtained any loan therefore, the company is not exposed to Interest rate risk

**(b) 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 does not operates internationally and as the Company has not obtained any foreign currency loans and also doesn't have any foreign currency trade payables and foreign receivables outstanding therefore, the company is not exposed to any foreign exchange risk.

**(c) Price Risk**

The company exposure to equity securities price risk arises from the investments held by company and classified in the balance sheet at fair value through profit and loss. The company does not have any investments at the current year end and previous year which are held for trading. Therefore no sensitivity is provided.

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

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II. **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the company uses other publicly available financial information and its own trading records to rate its major customers. The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

III. **Liquidity Risk**

Liquidity risk is defined as the risk that company will not be able to settle or meet its obligation on time or at a reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company's management is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. Management monitors the company's net liquidity position through rolling, forecast on the basis of expected cash flows.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

| Particulars | Within 1 year | 1-3 years | More than 3 years | Total | Carrying amount |
|---|---|---|---|---|---|
| **As at March 31, 2018** | | | | | |
| Other financial liabilities | 182,763 | | | 182,763 | 182,763 |
| **Total** | | | | | |
| | | | | | |
| **Particulars** | **Within 1 year** | **1-3 years** | **More than 3 years** | **Total** | **Carrying amount** |
| **As at March 31, 2017** | | | | | |
| Other financial liabilities | 136,500 | | | 136,500 | 136,500 |
| **Total** | | | | | |
| | | | | | |

CHATURVEDI & PARTNERS
CHARTERED ACCOUNTANTS

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**26 Contingent Liabilities & Capital Commitments:**

| Particulars | | As at March 31, 2018 Amount (Rs.) | As at March 31, 2017 Amount (Rs.) |
|---|---|---|---|
| (i) | Outstanding amount of Bank Guarantees | 3,37,45,000 | 3,37,45,000 |
| | Margin Money against above | 3,93,93,940 | 3,73,69,596 |
| (ii) | Estimated amounts of Contracts remaining to be executed on Capital Account (Net of advances) Refer Note : 27 & 28 | - | 67,18,76,56,280 |
| (iii) | Income Tax matter under appeal (Rs 64,94,114 (previous year – 2,36,72,704) paid against the demand.) | 9,92,94,047 | 9,92,94,047 |

**27** The Company was incorporated by U.P. Power Corporation Ltd. (UPPCL) as a Special Purpose Vehicle (SPV) for implementing 1320 MW (2 X 660MW) Thermal Power Project namely Karchhana TPP at Tehsil-Karchhana, Dist. Allahabad, Uttar Pradesh. UPPCL invited bids for implementation of Karchhana Project under Case-II bidding guidelines. The Project was awarded to JAL. In the year 2009, JPVL, subsidiary of JAL, executed the Share Purchase Agreement with UPPCL and assumed the responsibility of implementing the Project as per guidelines on Build, Own, Operate and Maintain (BOOM) basis and acquired 100% Shareholding of the Company from UPPCL against consideration under Case-II bidding guidelines. As part of agreement 583 Ha. land was to be handed over to SPGCL (the Company) for development of the Karchhana TPP. UPPCL is yet to hand over physical possession of land to SPGCL.

The farmers of Tehsil Karchhna had filed Writ Petition before the Hon'ble High Court of Allahabad challenging the acquisition of their Land. The Hon'ble High Court vide order dated 13th April 2012 allowed the Writ Petition of the farmers with the following verdict:-

*"Writ Petition No. 3689 of 2010 (Anand Prakash and another vs. State of U. P. and others) and five other writ petitions relating to Tehsil Karchhana, Dist. Allahabad are allowed. The notification dated 23rd November, 2007 issued under Section 4 read with Section 17 (1) and 17 (4) of the Act as well as the declaration under Section 6 of the Act dated 3rd March, 2008 are quashed* ***subject to deposit of compensation, if any, received by the petitioners before The Chairman, U. P. Electricity Regulatory Commission. It shall be opened for the State Govt. to proceed afresh for acquisition of land relating to relevant villages of Tehsil Karchhana, district Allahabad in accordance with law."***

Due to abnormal delay in handing over the possession of land and steps to be taken by Govt. of U. P. as per the Orders of Hon'ble High Court, SPGCL has requested UPPCL for takeover of the Project and refund of investment made. The matter is under consideration of UPPCL and a Committee has been constituted under the Chairmanship of Managing Director, Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited for amicably closing the Power Purchase Agreement (PPA). Draft of Share Purchase Agreement (SPA), as prepared by Company's Legal Counsel, has been sent to UPPCL/ UPRVUNL for approval. The response from U.P. Government is awaited. There was abnormal delay in resolving the matter by UPPCL, therefore SPGCL has withdrawn all its undertakings given to UPPCL and lodged a claim of Rs. 115722 Laksh (inclusive of Rs 31324.99 Lakh paid to L&T towards BTG advance) on them vide its letter no. SPGCL/NOIDA/2018/01 dated 13.03.2018.

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**28 Exceptional Item**

During the year, certain disputes have arisen with L&T and L&T-MHPS with respect to the works carried out by L&T and L&T-MHPS for Karchana Project and the advance paid by SPGCL to L&T and L&T-MHPS for Karchana Project. A settlement agreement has reached on 14.12.2017 and agreed to settle all their disputes and claims. In terms of Settlement Agreement dated 14.12.2017 entered and executed between Larsen & Toubro Limited (L&T), L&T-MHPS Boilers Pvt. Ltd. (L&T-MHPS), Jaiprakash Power Ventures Limited and Sangam Power Generation Company Limited it has been agreed that the amount of Rs.3,13,24,99,628/- (Rupees Three Hundred Crore Twenty Four Lacs Ninety Nine Thousand Six Hundred Twenty Eight only) paid by SPGCL as an advance to L&T, L&T-MHPS in terms of letter of Award dated 23.10.2010 accepting Bid of Larsen & Toubro Limited (L&T), L&T-MHPS Boilers Pvt. Ltd. (L&T-MHPS) for providing Steam Turbine Generator package and Steam Generator Package respectively for Karchhana Thermal Power Project (Karchhana Project) of SPGCL has fully been utilized for various expenses towards Karchhana Thermal Power Project by L&T, L&T-MHPS and accordingly the entire advance amount has charged off in the Books of SPGCL as exceptional items. Any recovery from UPPCL, as and when recovered, would be accounted for.

**29** Disclosure as required under Notification No. G.S.R. 719 (E) dated 16th November, 2007 issued by the Ministry of Corporate Affairs (As certified by the Management):

| S. No. | Particulars | For the year ended March 31, 2018 Amount (Rs.) | For the year ended March 31, 2017 Amount (Rs.) |
|---|---|---|---|
| a) | The principal amount and interest due thereon remaining unpaid to any supplier | | |
| | -Principal Amount | Nil | Nil |
| | -Interest Amount | Nil | Nil |
| b) | The amount of interest paid by the buyer in terms of Section16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of payment made to the supplies beyond the appointed day. | Nil | Nil |
| c) | The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed during year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | Nil | Nil |
| d) | The amount of interest accrued and remaining unpaid | Nil | Nil |
| e) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006 | Nil | Nil |

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**30 Related Party Disclosures, as required in terms of 'IND-AS-24' are given below:**

List of Related Parties and Relationship

**I. Holding Company**

Jaiprakash Power Ventures Limited (JPVL)

**II. Ultimate Holding Company**

Jaiprakash Associates Limited (JAL) (till 17.02.2017 as JPVL was subsidiary of JAL till that date)

**III. Fellow Subsidiary Companies**

1. Jaypee Powergrid Limited (**JV subsidiary** of JPVL)
2. Jaypee Meghalaya Power Limited (JV subsidiary of JMPL)
3. Prayagraj Power Generation Company Limited (subsidiary of JPVL) (till 17.12.2017 as PPGCL was subsidiary of JPVL till that date)
4. Bina Power Supply Limited (subsidiary of JPVL)
5. Sangam Power Generation Company Limited (subsidiary of JPVL)
6. Jaypee Infratech Limited (JIL) (subsidiary of JAL) (till 17.02.2017)
7. Bhilai Jaypee Cement Limited (JV subsidiary of JAL) (till 17.02.2017)
8. Himalyan Expressway Limited (subsidiary of JAL) (till 17.02.2017)
9. Gujarat Jaypee Cement & Infrastructure Limited (JV subsidiary of JAL) (till 17.02.2017)
10. Jaypee Ganga Infrastructure Corporation Limited (subsidiary of JAL) (till 17.02.2017)
11. Jaypee Agra Vikas Limited (subsidiary of JAL) (till 17.02.2017)
12. Jaypee Fertilizers & Industries Limited (subsidiary of JAL) (till 17.02.2017)
13. Jaypee Cement Corporation Limited (subsidiary of JAL) (till 17.02.2017)
14. Himalyaputra Aviation Limited (subsidiary of JAL) (till 17.02.2017)
15. Jaypee Assam Cement Limited (subsidiary of JAL) (till 17.02.2017)
16. Jaypee Infrastructure Development Limited (new name of Jaypee Cement Cricket (India) Limited) (subsidiary of JAL) (till 17.02.2017)
17. Jaypee Healthcare Limited (subsidiary of JIL) (till 17.02.2017)
18. Jaypee Cement Hockey (India) Limited (subsidiary of JAL) (till 17.02.2017)
19. Jaiprakash Agri Initiatives Company Limited (subsidiary of JCCL) (till 17.02.2017)

Note 1: **Jaiprakash Power Ventures Limited** (JPVL) ceased to be a subsidiary of JAL as it allotted 51% of its share capital to its various lenders on 18.02.2017 and consequently, JAL's holding in JPVL reduced to 29.74%. Accordingly, Company (PPGCL) also ceased to be subsidiary of JAL and Accordingly, Fourteen subsidiaries of JAL (mentioned at S. No. 6 to 19 above) also ceased to be fellow subsidiaries of the Company from that date.

Note 2: SBICAP Trustee on 18th December, 2017 enforced the pledge of shares and transferred all shares (261,91,89,200 Equity Shares of Rs.10/- each and 27,00,00,000 Preference Shares of Rs.10/- each) held by the Company in PPGCL. Consequent upon invocation of entire pledged shares of JPVL in PPGCL held by SBICAP Trustee on behalf of banks/financial institutions, in favour of SBICAP Trustee Company Limited on 18th December, 2017, PPGCL ceased to be subsidiary of JPVL.

20. **Entity to whom the Company is an Associate Company:**

Jaiprakash Associates Limited (JAL) (w.e.f. 18.02.2017, it became Associate in place of Holding Company)

21. **Subsidiaries of the Entity (JAL) to whom the Company is an Associate Company:**

1. Companies at S.No.III (6 to 19) above were Fellow Subsidiary companies till 17.02.2017 and thereafter become associate companies.

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2. **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)**

3. 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**)

4. 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. Associate Companies:**

1. MP Jaypee Coal Limited (**JV Associate** of JAL) (till 17.02.2017)
2. MP Jaypee Coal Fields Limited (**JV Associate** of JAL) (till 17.02.2017)
3. Madhya Pradesh Jaypee Minerals Limited (**JV Associate** of JAL) (till 17.02.2017)
4. Jaypee Uttar Bharat Vikas Private Limited (**JV Associate** of JAL) (till 17.02.2017)
5. Kanpur Fertilizers & Cement Limited (**JV Associate** of JAL) (till 17.02.2017)
6. Jaypee Infra Ventures (A Private Company With Unlimited Liability) (JIV) (Associate of JAL) (till 17.02.2017)
7. Jaypee Development Corporation Limited (JDCL) (Subsidiary of JIV) (till 17.02.2017)
8. Andhra Cements Limited (subsidiary of JDCL) (till 17.02.2017)
9. JIL Information Technology Limited (JILIT) (Subsidiary of JIV) (till 17.02.2017)
10. Gaur & Nagi Limited (Subsidiary of JILIT) (till 17.02.2017)
11. Jaypee International Logistics Company Private Limited (subsidiary of JIV) (till 17.02.2017)
12. Tiger Hills Holiday Resort Private Limited (subsidiary of JDCL) (till 17.02.2017)
13. Indesign Enterprises Private Limited (IEPL) (subsidiary of JIV) (till 17.02.2017)
14. Ibonshourne Limited (subsidiary of IEPL w.e.f. 11.01.16) (till 17.02.2017)
15. RPJ Minerals Private Limited (RPJMPL) (Associate of JAL) (till 17.02.2017)
16. Sarveshwari Stone Products Private Limited (subsidiary of RPJMPL) (till 17.02.2017)
17. Rock Solid Cement Limited (subsidiary of RPJMPL) (till 17.02.2017)
18. Sonebhadra Minerals Private Limited (Associate of JAL) (till 17.02.2017)
19. Yamuna Expressway Tolling Private Limited (new name of Jaypee Mining Ventures Private Limited w.e.f. 24.03.2017) (w.e.f. 25.03.2017, it became a subsidiary of JAL, hence Associate of Company w.e.f. that date) (new name Yamuna Expressway Tolling Limited w.e.f. 05.04.2017)

**KMP based Associate Cos.**

1. Jaiprakash Kashmir Energy Limited (KMP based Associate Co.) (controlled by Shri Manoj Gaur & his relatives)
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 24.03.2017) (controlled by Shri Sunil Kumar Sharma and Shri Suren Jain). (w.e.f. 25.03.2017, it became a subsidiary of JAL) (new name Yamuna Expressway Tolling Limited w.e.f. 05.04.2017)
3. Ceekay Estates Private Limited (KMP based Associate Co.) (controlled by relative of Shri Manoj Gaur)
4. Jaiprakash Exports Private Limited (KMP based Associate Co.) (controlled by relatives of Shri Manoj Gaur)
5. Bhumi Estate Developers Private Limited (KMP based Associate Co) (controlled by relatives of Shri Manoj Gaur)
6. Jaypee Jan Sewa Sansthan ('Not For Profit' Private Limited Company) (KMP based Associate Co.) (controlled by relatives of Shri Manoj Gaur)
7. Think Different Enterprises Private Limited (KMP based Associate Co.) (contolled by relative of Shri Manoj Gaur)
8. J C World Hospitality Private Limited (KMP based Associate Co.) (controlled by relatives of Shri Manoj Gaur)
9. J C Wealth & Investments Private Limited (KMP based Associate Co.) (controlled by relatives of Shri Manoj Gaur)

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10. C K World Hospitality Private Limited (KMP based Associate Co.) (controlled by relatives of Shri Manoj Gaur)
11. First Light Estates Private Limited (KMP based Associate Co.) (controlled by relatives of Shri Manoj Gaur)
12. Akasva Associates Private Limited (KMP based Associate Co.) (controlled by Shri Suren Jain and his relative)
13. Akasva Infrastructure Private Limited (KMP based Associate Co.) (controlled by relatives of Shri Suren Jain)
14. Gandharv Buildcon Private Limited (KMP based Associate Co.) (controlled by relative of Shri Suren Jain)
15. Viaan Technologies (P) Limited (KMP based Associate Co.) (controlled by relative of Shri Suren Jain)
16. Renaissance Lifestyle Private Limited (KMP based Associate Co.) (controlled by relative of Shri Suren Jain)
17. Lucky Strike Financers Private Limited (KMP based Associate Co.) (controlled by Ms. Sunita Joshi and her relative)
18. Samvridhi Advisors LLP (KMP based partnership firm) (Controlled by Shri R.N. Bhardwaj and his relatives)
19. Sandhar Hospitality (KMP based partnership firm) (Controlled by Ms. Sunita Joshi and her relative)
20. Kram Infracon Private Limited (KIPL) (subsidiary of Bhumi Estate Developers Private Limited) (KMP based Associate Co.)
    (Bhumi Estate holds 67% in Kram Infracon.)

**Key Management Personnel**

1. Shri Pankaj Gaur
2. Shri Sunil Kumar Sharma
3. Shri S. D. Nailwal
4. Shri Naveen Kumar Singh
5. Shri B. N. Sharma
6. Shri Satish Charan Kumar Patne
7. Shri S. D. M. Nagpal
8. Smt. Neha Goyal
9. Shri Shri Suren Jain (KMP of JPVL)
10. Shri Manoj Gaur (KMP of JPVL)
11. Dr. Jagannath Gupta (KMP of JPVL)
12. Shri R. N. Bhardwaj (KMP of JPVL)
13. Shri B. B. Tandon (KMP of JPVL)
14. Shri A. K. Goswami (KMP of JPVL)
15. Shri S. S. Gupta (KMP of JPVL)
16. Lt. Gen. (Retd.) Shri Ravindra Mohan Chadha (KMP of JPVL)
17. Shri K. N. Bhandari (KMP of JPVL)
18. Shri S. L. Mohan (KMP of JPVL)
19. Shri Umesh Jain (KMP of JPVL)
20. Ms. Sunita Joshi (KMP of JPVL)
21. Shri K. P. Rau (KMP of JPVL)
22. Shri Praveen Kumar Singh (KMP of JPVL)
23. Shri M. K. V. Rama Rao (KMP of JPVL)

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The Following are the details of transactions with the related parties:

(Amount in Rs)

| Particulars | Year | Referred in (I) above | Referred in (II) above | Referred in (III) above |
|---|---|---|---|---|
| **Bank Guarantee Commission Paid** | 2018<br>2017 | - | 1,28,51,380<br>(115,81,301) | |
| **Advances Given (Jaypee Meghalaya Power Limited)** | 2018<br>2017 | | | 3,44,00,000<br>(-) |
| **Expenses incurred/Refund Given (Jaypee Meghalaya Power Limited)** | 2018<br>2017 | | | 1,80,10,846<br>(-) |
| **Outstanding Receivables with Related Parties:** | 2018<br>2017 | | 1,10,19,138<br>(82,94,518) | 1,63,89,154<br>(-) |
| **Guarantees provided outstanding:** | | | | |
| Performance Bank Guarantee Given on Behalf of the Company. | 2018<br>2017 | -<br>(-) | 99,00,00,000<br>(99,00,00,000) | |

**31.** **a.** Gratuity – the liability for Gratuity has been provided on the basis of Actuarial Valuation at the end of financial year.

**b.** Leave Encashment–Defined Benefit Plans–Provision has not been made as there is no leave as on 31.3.2018.

| **S. No.** | **Particulars** | **Non-Funded (Amount in Rs.)** | | | |
|---|---|---|---|---|---|
| | | Gratuity | | Leave Encashment | |
| | | FY 2017-18 | FY 2016-17 | FY 2017-18 | FY 2016-17 |
| I | Expenses Recognized in the Statement of Preoperative Expenditure During Project Implementation, Pending Allocation for the Year ended March 31, 2018 | | | | |
| 1 | Current Service Cost | 2892 | - | - | - |
| 2 | Interest Cost | - | - | - | - |
| 3 | Employee Contribution | - | - | - | - |
| 4 | Actuarial (Gains)/Loss | - | - | - | - |
| 5 | Expected Return on Plan Assets | - | - | - | - |
| 6 | Settlement Cost | - | - | - | - |
| 7 | Total Expenses | 2892 | - | - | - |
| | | | | | |
| II | Net Assets/(Liability) recognized in the Balance Sheet as at March 31, 2018 | - | - | - | - |
| 1 | Present Value of Defined Benefit Obligation | 2892 | - | - | - |
| 2 | Fair Value of Plan Assets | - | - | - | - |
| 3 | Funded Status (Surplus/Deficit) | - | - | - | - |

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

Ravi

SANGAM POWER GENERATION COMPANY LIMITED

CIN – U40102UP2007PLC032843

| | | | | | |
|---|---|---|---|---|---|
| 4 | Excess of actual over estimated | - | - | - | - |
| 5 | Net Assets / (Liability) as at March 31, 2018 | (2892) | - | - | - |
| | | | | | |
| III | Change in Obligation during the year ended March 31, 2018 | - | - | - | - |
| 1 | Present value of Defined Benefit Obligation at the beginning of the year | - | - | - | - |
| 2 | Current Service Cost | 2892 | - | - | - |
| 3 | Interest Cost | - | - | - | - |
| 4 | Settlement Cost | - | - | - | - |
| 5 | Past Service Cost | - | - | - | - |
| 6 | Employee Contribution | - | - | - | - |
| 7 | Actuarial (Gain)/Losses | - | - | - | - |
| 8 | Benefit Payments | - | - | - | - |
| 9 | Present Value of Defined Benefit at the end of the year | 2892 | - | - | - |
| | | | | | |
| IV | Change in Assets during the year ended March 31, 2018 | - | - | | - |
| 1 | Plan Assets at the beginning of the year | - | - | - | - |
| 2 | Assets acquired on amalgamation in the previous year | - | - | - | - |
| 3 | Settlements | - | - | - | - |
| 4 | Expected return on Plan Assets | - | - | - | - |
| 5 | Contribution by Employer | - | - | - | - |
| 6 | Short fall in opening liability | - | - | | |
| 7 | Actual Benefit Paid | | - | - | - |
| 8 | Actuarial (Gains)/Losses | - | - | - | - |
| 9 | Plan Assets at the end of the year | 2892 | - | - | - |

**Sensitivity Analysis of the defined benefit obligation**

| | | |
|---|---|---|
| **a) Impact of the change in discount rate** | | |
| | Present Value of Obligation at the end of the period | **2,892** |
| a) | Impact due to increase of 0.50% | (217) |
| b) | Impact due to decrease of 0.50 % | 243 |
| | | |
| **b) Impact of the change in salary increase** | | |
| | Present Value of Obligation at the end of the period | **2,892** |
| a) | Impact due to increase of 0.50% | 247 |
| b) | Impact due to decrease of 0.50 % | (222) |

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

Sensitivities as rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

Ravi

**Actuarial Assumptions**

| | | FY 2017-18 | FY 2016-17 |
|---|---|---|---|
| (i) | Discount Rate | 7.80% | - |
| (ii) | Mortality | - | - |
| (iii) | Future Salary Increase | 5.50% | - |

**32.** As Commercial operations have not yet commenced, therefore no deferred tax liability/assets has been provided as on March 31, 2018.

As per our report even date attached

**For CHATURVEDI & PARTNERS**
Chartered Accountants
Firm Registration No.307068E

**Anuj Mahansaria**
Partner
Membership No.500819

CHATURVEDI & PARTNERS CHARTERED ACCOUNTANTS

**For and on behalf of the Board**

**Rakesh Sharma**
Director
DIN No. 00009952

**Pankaj Gaur**
Director
DIN No. 00008419

**Manju Kaushal**
Company Secretary
M.N.- A 48313

Place: Noida
Date: 20th April 2018

Ravi.