ESSAR
POWER

August 27, 2021

Essar Power Limited
Essar House
11, K. K. Marg, Mahalaxmi,
Mumbai – 400 034
India

Corporate Identity Number
U40100GJ1991PLC064824

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To

The Department of Corporate
Services
Bombay Stock Exchange Ltd. (BSE)
P.J. Towers, Dalal Street,
Mumbai - 400 001

Ref: Script Code: 946734/946808/949336/949474

Sub : Submission of Audited Financial Results and other matters under Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

Pursuant to Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the following documents with respect to the Audited Financial Results of the Company for the half year and financial year ended March 31, 2021, which have been approved by the Board of Directors at its Meeting held on Friday, August 27, 2021.

1. Audited Financial Results of the Company for the half year and financial year ended March 31, 2021;
2. Auditor's Report on the Financial Results of the Company for the half year and financial year ended March 31, 2021 from the Statutory Auditors of the Company;
3. Disclosures pursuant to Regulation 52(4) and 54(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4. A statement showing impact of audit qualifications pursuant to Regulation 52(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the same on record.

Thanking you.

Yours faithfully,
For Essar Power Limited

PKhedekar

Prakash Khedekar
Company Secretary

ESSAR POWER LIMITED

M.M.Chaturvedi & Co.

Chartered Accountants

24, Atlanta, Nariman Point, Mumbai - 400 021. Fax : 022-2287 2329
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Independent Auditor's Report on the Half Yearly and Year Ended Audited Standalone Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Essar Power Limited

Report on the Audit of the Standalone Financial Results

Qualified Opinion

We have audited the accompanying statement of half yearly and yearly standalone financial results of Essar Power Limited ('the Company') for the half year ended March 31, 2021, and for the year ended March 31, 2021 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Listing Regulations).

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

i. Is presented in accordance with the requirements of the Listing Regulations in this regard; and
ii. Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph below, gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information of the Company for the half year ended March 31, 2021, and for the year ended March 31, 2021.

Basis for Qualified Opinion

1. As explained in Note 7 to the Statement, the Company has received a recall notice from one of the lenders for repayment of total outstanding and the lender has initiated legal proceedings in DRT-1, Mumbai for recovering the same. The Company's current liabilities exceeds its current assets by Rs. 4,230 crore for FY 2020-21 and the Company has a negative net worth of Rs. 1,222.06 Crore. Further, as mentioned in our qualification No. 2 below, the Company has a substantially material liability on account of corporate guarantees invoked by the lenders of the subsidiaries for which the Company has not made provisions in the Statement. The plant is in a state of shutdown and the Company has substantially impaired its plant to the extent of its realizable value based on prevailing conditions. Further, two major subsidiaries of the Company are in process of insolvency and liquidation under the Insolvency and Bankruptcy Code, 2016, and two subsidiaries have lost control of majority of their assets in terms of settlement of their outstanding dues to their lenders. These situations indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and the financial statements do not disclose this fact. The impact of the same on the standalone financial statements of the Company is unascertainable.

2. As disclosed in Note 8, the corporate guarantees issued by the Company have been invoked by the lenders of the subsidiaries. Based on the developments explained in the note, the Company has substantially lowered the probability of its liability from Rs. 24,090 crore to Rs. 4,801.79 crore. This amount does not include corporate guarantees invoked by the lenders of Essar Power MP Limited (PY Rs. 10,678 crore) which is under IBC process, on the ground that the lenders of EPMPL have approved the resolution plan under which all corporate guarantees of the Company will be released. However, the resolution plan is still to be approved by the

Hon'ble NCLT. The Company has not made any provision for corporate guarantees as it believes the possibility of economic outflow is remote. Since these developments are based on on-going discussions between the subsidiaries and their lenders, we are unable to ascertain the impact through any alternative means or confirmations.

3. As disclosed in Note 5, the Company and its related entities have made payments amounting to Rs. 569.73 crore towards discharge of loan liabilities of a subsidiary. While the liability belongs to a subsidiary, they have been treated directly as expenses towards corporate guarantee in the Statement and are without recourse to the subsidiary.

4. As disclosed in Note 9, the Company has availed a loan of Rs. 175 crore from a related entity by hypothecating certain assets. The Company is yet to obtain an approval from the financial lenders who currently hold the charge on the same aforementioned assets.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ('the Act'). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

1. As disclosed in Note 5 the Company has recognized exceptional gains of Rs. 343.80 crore which are majorly on account of gains arising from fair valuation of investments, reversal of impairment of PPE, settlement gains and balances written back as reduced by provisions and write off of doubtful debts and corporate guarantee expenses.

2. As mentioned in Note 3 read with Note 4, the Company has changed its accounting policy for recording investments in its subsidiary from cost basis to fair value. For reasons given in the said note, the impact of change in policy has been given in current period and not retrospectively. The Company has not obtained fair valuation reports for two subsidiaries mentioned in Note 4(ii)/(iii) over which it has lost control under IBC process, and for two subsidiaries mentioned in Note 4(iv) where majority of the assets have been transferred under the SARFAESI Act, 2002, by the lenders of those subsidiaries in order to settle their outstanding dues.

3. As mentioned in Note 4(i), a lender of Essar Power Gujarat Limited ('EPGL') has filed an application under Section 7 of Insolvency and Bankruptcy code, 2016. However, for reason given in the said note, the Company believes that the application will be withdrawn. As explained in the note, EPGL has proposed a debt restructuring to its lenders, pursuant to which the Company will hold 74% equity of EPGL in diluted basis. Fair value of investments in EPGL have accordingly been adjusted to reflect the post-restructuring holding. The Company has continued to show 100% investment in EPGL even though 51% of the shares of those subsidiary were invoked by the lenders of the subsidiary.

4. There has been substantial change in the shareholding pattern of the Company as disclosed in Note 6. Cumulative redeemable preference shares and optionally convertible cumulative redeemable preference shares have been entirely converted into equity of the Company and some portion of compulsorily convertible cumulative preference shares have been converted into equity of the Company.

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5. Note 10 to the standalone financial statements regarding status of litigation with the customer (GUVNL). Trade receivables of Rs. 1,066.86 Crore (including delayed interest and overdue interest thereon aggregating to Rs. 582.25 Crore) as at 31st March, 2021 from the said customer are unconfirmed and represent amounts withheld by GUVNL substantially on account of the disputed matters described in the note. Based on earlier favourble decision of GERC which is contested by GUVNL, no provision is considered necessary against the claim or towards the disputed receivables recorded in the books of account in accordance with the Power Purchase Agreement with GUVNL.

6. Note 11 to the standalone financial statements regarding the Company's Non-Banking Finance Company ("NBFC") status. The Company has applied to the Reserve Bank of India seeking waiver from registration as NBFC for FY 2020-21 on 4th January 2021, and is awaiting reply on the same. The Company had filed a similar application for FY 2019-20, FY 2018-19, 2017-18 and FY 2016-17 as well, for which it is yet to receive any response.

Our opinion is not modified in respect of the above matter.

Management's Responsibility for the Standalone Financial Statements

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net loss and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence

M.M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The Statement includes the results for the half year ended March 31, 2021, being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2021, and the unaudited half year figures up to September, 30, 2020, which were subjected to limited review by us, as required under the Listing Regulations. The results for the half year ended March 31, 2020, are the balancing figures between the audited figures in respect of the full financial year ended March 31, 2020, and the half year figures up to September, 30, 2019, which were neither subject to audit or limited review.

For **M.M.Chaturvedi & Co.,**
Chartered Accountants
(Firm Reg. No. 112941W)

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Rishabh Chaturvedi
Partner
Membership No. 124465

Mumbai
27 August, 2021

UDIN: 21124465AAAAAF7404

ESSAR POWER LIMITED
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Rs. in Crore

Audited financial Results for the half year and year ended 31st March 2021

Particulars	Half Year Ended 31.03.2021	Half Year Ended 31.03.2020	Year Ended 31.03.2021	Year Ended 31.03.2020
	Audited	Unaudited	Audited	Audited
1. (a) Net Sales/Income from Operations	1.83	21.03	4.52	44.29
(b) Other Operating Income	2.00	5.35	2.77	21.47
1 Total for income from operation	**3.83**	**26.38**	**7.29**	**65.76**
2. Expenditure (a). Increase/decrease in stock in trade and work in progress	-	-	-	-
(b). Consumption of raw materials	-	-	-	-
(c). Purchase of traded goods	-	-	-	-
(d). Employees cost	1.70	0.67	2.19	1.14
(f). Depreciation	4.80	0.03	4.83	0.05
(g). Other expenditure	4.10	28.86	5.80	32.43
2 Total Expenses	**10.60**	**29.56**	**12.82**	**33.62**
3. Profit from Operations before Other Income, Interest and Exceptional Items (1–2)	**(6.77)**	**(3.18)**	**(5.53)**	**32.14**
4. Other Income	-	-	-	-
5. Profit before Interest & Exceptional Items (3+4)	**(6.77)**	**(3.18)**	**(5.53)**	**32.14**
6. Interest	633.52	348.19	717.81	630.19
7. Exceptional items	2,895.00	1,613.19	(343.80)	1,613.19
8. Profit (+)/ Loss (-) from Ordinary Activities before tax (5) - (6+7)	**(3,535.29)**	**(1,964.56)**	**(379.53)**	**(2,211.24)**
9. Tax expense	-	0.05	-	0.08
10. Net Profit (+)/ Loss (-) from Ordinary Activities after tax (8-9)	**(3,535.29)**	**(1,964.62)**	**(379.53)**	**(2,211.32)**
11. Extraordinary Items (net of tax expense Rs. _)			-	-
12. Net Profit(+)/ Loss(-) for the period (8-9)	**(3,535.29)**	**(1,964.62)**	**(379.53)**	**(2,211.32)**
Other Comprehensive Income (i) Items that will not be reclassified to profit or loss	-	-	(0.31)	-
13. Total comprehensive income for the year, net of tax	**(3,535.29)**	**(1,964.62)**	**(379.84)**	**(2,211.32)**
14. Paid-up equity share capital & Preference share capital	7,671.14	5,901.12	7,671.14	5,901.12
15. Paid up Debt Capital	5,390.08	6,024.09	5,390.08	6,024.09
16. Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	(8,893.20)	(8,513.35)	(8,893.20)	(8,513.35)
17. Debenture Redemption Reserve	49.65	49.65	49.65	49.65
18. Earnings Per Share (EPS)	(2.90)	(12.20)	(0.31)	(19.20)
19. Debt Equity Ratio	(4.41)	(2.31)	(4.41)	(2.31)
20. Debt Service Coverage Ratio	(0.60)	(0.11)	(0.18)	0.52
21. Interest Service Coverage Ratio	(0.01)	(0.01)	(0.01)	0.05

Place :- Mumbai
Date :- 27th Aug 2021

For and on behalf of the Board of Directors

Prateek Garg
Director
DIN :09107733

Vaibhav Angal
Director
DIN: 09098736

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

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ESSAR POWER

Statement of Asset & liabilities

Rs. in Crore

	As at 3/31/2021 (Audited)	As at 3/31/2020 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	245.64	52.96
Intangible assets	0.03	0.04
Capital work in progress	-	-
Right of use asset	1.15	1.21
Financial assets:		
Investments	2,772.52	2,145.72
Loans	2.01	9.66
Other financial assets	0.31	1.00
Other non-current assets	0.50	0.50
	3,022.16	**2,211.09**
Current assets		
Inventories	8.93	9.13
Financial assets:		
Investments	-	-
Trade receivables	1,067.15	1,067.17
Cash and cash equivalents	0.52	0.58
Bank balances other than cash and cash equivalents	10.97	9.16
Loans	11.72	178.16
Other financial assets	0.26	0.56
Current tax assets (net)	24.03	23.74
Other current assets	28.33	34.61
	1,151.91	**1,323.11**
	4,174.07	**3,534.20**
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	4,874.54	460.92
Other equity		
Equity component of convertible preference shares	2,796.60	5,440.20
Reserve and surplus	(8,893.20)	(8,513.35)
Other reserves	@1	@1
	(1,222.06)	**(2,612.23)**
LIABILITIES		
Non-current liabilities		
Financial liabilities:		
Borrowings	14.24	2,030.36
	14.24	**2,030.36**
Current Liabilities		
Financial Liabilities:		
Lease Liabilities	0.16	0.83
Borrowings	1,111.46	1,010.25
Trade payables		
Total outstanding of micro and small enterprises	0.21	0.06
Others	4.95	10.59
Other financial liabilities	4,264.38	2,983.48
Current tax liabilities (net)	-	108.53
Other current liabilities	0.73	2.33
	5,381.89	**4,116.07**
	4,174.07	**3,534.20**

Place :- Mumbai
Date :- 27th Aug 2021

For and on behalf of the Board of Directors

Prateek

Prateek Garg
Director
DIN :09107733

Vaibhav Angal
Director
DIN: 09098736

M. M. CHATURVEDI & CO. CHARTERED ACCOUNTANTS MUMBAI

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ESSAR POWER

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Rs. in Crore

		For the year ended March 31, 2021		For the year ended March 31, 2020	
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Loss before tax for the year		(379.84)		(2,211.24)
	Adjustment for :				
	Depreciation/amortisation	4.83		0.05	
	(Profit)/loss on sale of fixed assets	-		6.20	
	Finance cost and lease charges	717.81		630.19	
	Interest income on bank deposit and others	(0.52)		(0.62)	
	Interest income on financial assets at amortised costs	-		(0.88)	
	Bad debts / Sundry Balances written off	0.10		2.98	
	Exceptional item	(354.68)		1,613.19	
			367.53		2,251.11
	Operating loss before working capital changes		**(12.31)**		**39.87**
	Movement in working capital:				
	(Increase)/ Decrease in trade receivables	0.02		35.67	
	(Increase)/ Decrease in inventories	0.20		4.69	
	Decrease in loans, advances and deposits	7.92		(0.08)	
	Increase / (Decrease) in trade payable, other liabilities and provisions	1.95		(2.02)	
			10.09		**38.26**
	Cash generated from / (used in) operations		(2.22)		78.13
	Direct taxes paid		(0.29)		(4.55)
	Net cash from / (used in) operating activities		**(2.51)**		**73.58**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets, (increase) / decrease in capital work in progress	(0.62)		(0.61)	
	Sale of fixed assets, (increase) / decrease in capital work in progress	-		0.90	
	Fixed / margin deposits placed with banks	(1.12)		(1.47)	
	Inter corporate deposit placed	(22.80)		(90.32)	
	Refund of inter corporate deposit placed	70.29		128.98	
	Interest received	0.52		0.54	
	Net cash from investing activities		**46.27**		**38.02**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from issue of share capital (including	393.94		-	
	Proceeds from borrowings	175.00		-	
	Repayment of borrowings	(22.86)		(24.74)	
	Changes in short term borrowings (net)	-		(26.00)	
	Inter corporate deposits taken	94.93		93.40	
	Inter corporate deposits repaid	(147.63)		(117.55)	
	Finance and lease charges paid	(7.31)		(36.85)	
	Proceeds from issue of share capital	-			
	Debenture issue expenses				
	Gurantee expenses	(529.89)			
	Net cash used in financing activities		**(43.82)**		**(111.74)**
	Net increase in cash and cash equivalents (A+B+C)		**(0.06)**		**(0.14)**
	Cash and cash equivalents at the beginning of the year	0.58		0.72	
	Cash and cash equivalents at the end of the year	0.52		0.58	
			(0.06)		**(0.14)**

Place :- Mumbai
Date :- 27th Aug 2021

For and on behalf of the Board of Directors

Prateek Garg
Director
DIN :09107733

Vaibhav Angal
Director
DIN: 09098736

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

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Notes

1 The above financial results were reviewed and recommended by the Board of Directors at their meeting held on 27.08.2021.

2 The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] as amended from time to time and other relevant provision of the Act.

3 During the period, the Company has changed its accounting policy for Investments in Equity and Compulsory convertible preference shares in its Subsidiaries from Cost to Fair Value in accordance with IND-AS-109. The management believes that the change results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. Since the data have not been collected in the prior period(s) in a way that allows retrospective application of the change in accounting policy, the Company has applied the change in accounting policy to the carrying amounts of assets and liabilities as at 31st March 2021.

4 Investments:

(i) Essar Power Gujarat Limited (EPGL) the subsidiary , is working with is lenders to restructure the debt at a sustainable level. Meanwhile, one of the lenders has filed an application under Section 7 of the Insolvency and Bankreptcy Code, 2016. EPGL management has had various discussions with that lender for withdrawal of the NCLT application and expects the same to be withdrawn pursuant to meeting certain requirements of the lender. The Company has changed fair valuation of investments by Rs. 1599.72 crore. This is based on valuation report obtained from an investment valuer wherein, pursuant to a proposed restructuring, the fair value of investment in EPGL is Rs. 259.74 Cr, i.e. 74 % of EPGL equity value on diluted basis.

(ii) Essar Power MP Limited has received a successful bid under the IBC process, which has been approved by the CoC of EPMPL and is awaiting approval form NCLT. As the Company has lost control over EPMPL, 100% provision has been made for dimunition in value of investment.The company has not got the fair valuation done since company does not expect to recover anything , fair value is considered as Nil. Accordingly the diminution in the value of investments is now being renamed as change in fair value of investments due to change in accounting policy.

(iii) Essar Power Jharkhand Limited has been admitted for liquidation under the IBC process on 3rd January, 2020, and all the assets of the subsidiary vest with the liquidator. The Company has made 100% provision has been made for dimunition in value of investment.The company has not got the fair valuation done since company does not expect to recover anything , fair value is considered as Nil. Accordingly the diminution in the value of investments is now being renamed as change in fair value of investments due to change in accounting policy.

(iv) Power plants and substantial assets of Essar Power Orissa Limited and Bhander Power Limited have been transferred by the lenders of these subsidiaries under the SARFAESI Act, 2002, in order to settle their outstanding dues. The Company has made 100% provision for dimunition in value of investment. The company has not got the fair valuation done since company does not expect to recover anything , fair value is considered as Nil. Accordingly the diminution in the value of investments is now being renamed as change in fair value of investments due to change in accounting policy.

(v) Essar Power Hazira Limited and Essar Power Transmission Limited , both subsidiaries, have been fair valued by an independent valuer by DCF method of income approach. Fair valuation gains of Rs. 1844.42 crore has been recognized in the Statement.

5 Exceptional Item of Rs.(343.80) Cr includes Rs. (626.80 Cr) gain on account of change in Fair Value of investment, Rs (196.83 Cr) gain on account of reversal of impairment of property plant & equipment. Rs. (108.53 Cr) gain on account of reversal of provisions, Rs. (103.26) Cr gain on account of written back of inter deposit balances & Rs.(12.72 Cr) gain on one time settlement with lenders. Offset by Rs.569.73 Cr payment under corporate guarantee, Rs. 131.29 Cr Bad debts & Provision for doubtful deposit. The OTS Gain recognised in first half of the year has been reversed during the second half as certain payments are yet to be made to these lenders and a dialogue is on with the lenders for extension of timeline for payment

6 During the year under review, the Company has allotted 98,48,54,700 Equity Shares of Rs. 4/- each at an aggregate consideration of Rs. 393.94 Cr. on right basis to Essar Power Holding Ltd. 87,50,00,000 Equity Shares of Rs, 4/- each has been allotted upon conversion of 35,00,00,000, 8.00% Optionally Convertible Cumulative Redeemable Preference Shares (OCRPS) of Rs. 10/- each and 51,25,00,000 Convertible Cumulative Redeemable Preference Shares (CRPS) of Rs. 20/- each have been converted into Compulsorily Convertible Cumulative Preference Shares (CCPS) having face value of Rs. 20/- each.

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

ESSAR POWER LIMITED

Notes

7 12.50% debentures of Rs. 1000 crore have been recalled by the holders thereof and legal proceedings have been initiated in the DRT-I, Mumbai during May 2017 in respect of the claim. The Company is contesting the claim and is taking appropriate steps to defend the proceedings before the DRT –I, Mumbai. The matter is being heard by DRT from time to time.
In FY 2017-18 the debenture holder had filed two interim applications preventing the company from disposing off its certain assets. The DRT had passed an interim releif order directing the company not to dispose off its certain assets. The Company has submitted to the tribunal that it will comply with the interim relief order except for the assets that have been disposed prior to the date of the order. The matter is presently sub-judice.

8 The Conpany has issued corporate guarantees of Rs. 4801.79 crore (PY 24,090 crore) to lenders of various subsiduaries which have been invoked. However, on account of various developments at subsidiary level, such as restructuring of loans by the ledners of the subsidiaries, repayment of overdue liabilities by the subsidiary, settlement of liability under SARFAESI and IBC processes, and discharge of corporate guarantees by holding company of EPOL, the Company is of the view that possibility of an outflow of resources embodying economic benefits is remote.

9 The Company has taken a loan from a related entity of Rs. 175 crore for payment under guarantee obligations for one of its subsidiary. The loan is secured by a charge on the movable and immovable assets of the Company, current assets, book debts, bank account, inventory, pledge of 20% paid up capital of the Company and all amount owing to, and received and/or receivble by the company and / or any person(s) on its behalf in relation to sale, transfer, disposition of shares and / or invoation of shares (both equity & preference shares) held by the company in Essar Power Hazira Limited, both present and future. However, certain securities are yet to be created.

10 The Company has shown receivables of Rs. 1,066.86 crore (including delay payment charges of Rs. 582.25 crore) from GUVNL. There are two matters presently under litigation with GUVNL, as explained below, broadly termed as wrongful deduction and alleged diversion. Based on the favourable orders in these matters the management believes that the claims by GUVNL would not be tenable and hence is confident of realizing the total amount of Rs 1,066.86 crores (including delayed payment charges of 582.25 Crores).

Wrongful Deduction: GUVNL has deducted a large sum of principal amount aggregating to Rs.234 Crores from the monthly invoices of Essar Power Limited over a period of 2003 to 2013 for various reasons. GERC has, vide its Orders dated 22nd October 2014 and 21st November 2014, approved EPOL's claim of Rs.234 Crores towards principal amount along with interest of Rs.447 Crores from 2004 to 2014. Further interest shall be payable till the date of actual payment. GUVNL has filed an appeal before APTEL, while the Company has filed an affidavit stating that the order of GERC is correct. The Company has filed written submissions before APTEL with claim of Rs. 1171 crore. The matter is listed for urgent hearing.

Wrongful Allocation: The Company had signed separate Power Purchase Agreement with Gujarat Urja Vikas Nigam Limited (GUVNL) and Essar Steel India Limited (now known as ArcelorMittal Nippon Steel India Limited) (ESIL) for 300 MW and 215 MW capacity respectively. In the matter, Hon'ble Supreme Court, vide its order dated 9th August 2016, has set aside the APTEL order and restore the order dated 18th February 2009 of GERC. The Company had filed claim of Rs.437 Crores receivable from GUVNL while GUVNL has filed a revised claim of Rs. 789 Crores as receivable from the Company. GERC analysed the calculations and vide its order dated 27th December 2019 directed the Company to pay Rs.201.18 Crores (including interest amount of Rs.137.14 Crores). In view of some of the apparent errors in the order like arithmetic calculation, calculations on half-hourly basis instead of hourly basis, delayed payment charges etc, a review petition has been filed by the Company in GERC praying for rectification in the order and stay on its impugned order dated 27th December 2019. The Company has also been filed an appeal in APTEL against the impugned order of GERC. GUVNL has also filed execution petition in GERC and an appeal in APTEL in the matter. Next date of hearing is not scheduled in the petition and appeals.

11 As the company was unable to carry its main business activity of power generation due to higher gas prices rendering the operations unviable and the plant being un-operational throughout the year, it resulted in the interest income (before waiver) on amounts extended to its SPVs involved in power generation business becoming along with the gain generated from the sale of its investments, higher than the operational income, triggering the requirement for registration as Non Banking Financial Company (NBFC). Since the company never carried on on the business of NBFC, it applied for and and is awaiting the RBI exemption from registration as a NBFC for FY 2016-17, FY 2017-18 , FY 2018-19 , FY 2019-20 and FY 2020-21.The company had earlier received similiar exemption from RBI for the FY 2015-16.

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

POWER LIMITED ESSAR

ESSAR POWER LIMITED

Regd Office: 27th Km, Surat Hazira Road, Hazira, Dist Surat, Gujarat 394270, India
CIN: U40100GJ1991PLC064824

Tel: +91 261 668 2055/2400| Fax:+91 261 668 2747| E-mail: powersec@essarpower.co.in| Website: www.essar.com
Corporate Office:Essar House, 11, K. K. Marg, Mahalaxmi, Mumbai 400 034, Maharashtra, India

Notes

12 Covid-19 has impacted businesses globally and in India. The Company has considered the possible effect that may results from the pandemic relating to Covid-19 on the carrying amounts of receivable and other assets. The management believes that there is not much of impact likely on its operations and results due to this pandemic. The Company expects to fully recover the carrying amount of these assets. However, the management will continue to closely monitor the performance of the Company. As the situation is still continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these financial statements

13 Paid up equity share capital includes Equity component of convertible preference shares of Rs. 2796.60 Crore.

14 Formulae for computation of ratios are as follows:
(a) Debt Equity ratio: Debt represent borrowing, Equity includes share capital and other Equity excluding revaluation reserve.
(b) Debt service coverage ratio: Profit / (loss) before Interest and tax / Interest expenses + principal repayment borrowing of borrowing made during the period / year.
(c) Interest service coverage ratio: Profit / (loss) before Interest and tax / Interest expenses
(d) Net worth: Total equity excluding other comprehensive income, Revaluation reserve and reserve created out of amalgamation.

15 Figures for the previous periods/ years have been regrouped/reclassified, wherever necessary to correspond with the current period / years classification / disclosure. The figures of last six months are the balancing figure between audited figure in respect of full financial year and the year to date figured up to first six months of the respective financial year.

16 The operations of the Company are limited to one segment, namely power generation. All the assets and revenue earned by the Company are in India. The Company has earned more than 10% of its revenues from a single customer.

Place :- Mumbai
Date :- 27th Aug 2021

For and on behalf of the Board of Directors

Prateek Garg
Director
DIN :09107733

Vaibhav Angal
Director
DIN: 09098736

M. CHATURVEDI & CO. MUMBAI

ESSAR POWER LIMITED

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ESSAR POWER

Statement on Impact of Audit Qualifications for the Financial Year ended March 31,2021
[Regulation 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications:- No impact of qualifications)
	1.	Turnover / Total income	7.29	7.29
	2.	Total Expenditure	(387.13)	(387.13)
	3.	Net Profit/(Loss)	(379.84)	(379.84)
	4.	Earnings Per Share	(0.31)	(0.31)
	5.	Total Assets	4,174.07	4,174.07
	6.	Total Liabilities	(4,174.07)	(4,174.07)
	7.	Net Worth	(1,222.06)	(1,222.06)

II. Audit Qualification (each audit qualification separately):

Details of Audit Qualification:

1. Going Concern: There is significant doubt on the Company's ability to continue as a going concern and the financial statements do not disclose this fact. The financial impact of the same on the standalone financial statements of the Company is unascertainable.

2.Corporate guarantees issued by the Company have been invoked by the lenders of the certain subsidiaries:- As matters are in various stages of discussion between the management of the subsidiaries and the lenders, the financial impact of the invoked corporate guarantees is unascertainable through alternate means or confirmations.

3. The Company and its related entities have made payments amounting to Rs. 569.73 crore towards discharge of loan liabilities of a subsidiary. While the liability belongs to a subsidiary, they have been treated directly as expenses towards corporate guarantee in the Statement and are without recourse to the subsidiary. This is an accounting treatment based qualification. As the company has charged the payments to its profit and loss, the financial impact has already been considered.

4.Company has availed a loan of Rs. 175 crore from a related entity by hypothecating certain assets. The Company is yet to obtain an approval from the financial lenders who currently hold the charge on the same aforementioned assets. As this is compliance related qualification, there is no financial impact.

III.	Signatories:	
	CEO :- Kush	K
	CFO :- Vinod Jain	VJain
	Audit Committee Chairman :- Prateek Garg	Prateek
	Statutory Auditor :- Rishabh Chaturvedi	Chaturvedi
	Place: Mumbai	
	Date: 27th Aug,2021	

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

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Additional disclosure as per Clause 52(4) of SEBI (LODR) Regulations, 2015

Sr. No.	Particulars	Remarks				
1	**Credit rating and change in credit rating (if any)**	Credit Rating has been suspended vide CARE letter dated February 16, 2015.				
2	**Asset Cover available**	Yes. However, asset cover is lower due to depreciation and impairment of fixed assets due to non-availability of natural gas at economical prices.				
3	**Debt-Equity ratio**	(4.41)				
4	**Previous due date for the payment of interest/repayment of principal of the listed debt securities and whether the same has been paid or not**					
	ISIN	**Previous due date for payment of interest**	**Status of payment**	**Previous due date for payment of Principal**	**Status of Payment**	
	INE538F07116	31-Mar-18	OTS under implementation / discussion. Part payments made.	31-Mar-18	OTS under implementation / discussion.Part payments made	
	INE538F07124	31-Mar-18	OTS under discussion	31-Mar-18	OTS under discussion	
	INE538F07140	5-Jun-21	OTS under discussion	11-Sep-19	OTS under discussion	
	INE538F07132	1-Apr-21	OTS under implementation and Part payments done,	NA	OTS under implementation.& Part payment done.	
5	**Next due date for the payment of interest/ repayment of principal of the listed debt securities and whether the same has been paid or not**					
	ISIN	Next due date for payment of interest	Status of payment	Next due date for payment of Principal	Interest amount due in next payment	Redemption amount due in next payment
	INE538F07116	NA		NA		
	INE538F07124	NA		NA		
	INE538F07140	5-Jun-21	OTS under discussion	11-Sep-22	OTS under discussion	
	INE538F07132	1-Jul-21	OTS under implementation & Part payments done.	5-Jul-22	OTS under implementation & Part payments done.	
6	**Debt Service Coverage Ratio**	(0.18)				
7	**Interest Service Coverage Ratio**	(0.01)				
8	**Debenture Redemption Reserve**	49.65				
9	**Net Worth**	(1,222.06)				
10	**Net Profit After Tax**	(379.84)				
11	**Earnings Per Share**	(0.31)				

Disclosure under as per Clause 54(2) of SEBI (LODR) Regulations, 2015

	The Company shall maintain 100% asset cover sufficient to discharge the principal amount at all times for the non-convertible debt securities issued. The extent and nature of security created and maintained with respect to its secured listed non-convertible debt securities	- First charge on fixed assets of the Company - Pledge on shares of the Company - Deed of Hypothecation on residual cash flow available on sale of investments in subsidiary

Place :- Mumbai
Date :- 27th Aug 2021

For and on behalf of the Board of Directors

Prateek Garg
Director
DIN :09107733

Vaibhav Angal
Director
DIN: 09098736

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