ESSAR POWER LIMITED

30th ANNUAL REPORT

2020-21

ESSAR POWER LIMITED

BOARD OF DIRECTORS

Mr. Partha Sarathi Bhattacharya
Director
Ms. Shruti Verma
Director
Mr. Vinod Jain
Director
Dr. Ramesh Chandra Mohanty
Independent Director
Mr. Birendra Kumar Mohapatra
Independent Director

KEY MANAGERIAL PERSONNEL

Mr. Kush
Chief Executive Officer
Mr. Vinod Jain
Chief Financial Officer
Mr. Kapil Singla
Chief Financial Officer
Mr. Prakash Khedekar
Company Secretary

REGISTERED OFFICE

27 KM, Surat Hazira Road,
Hazira, Surat, Gujarat 394270
Tel: +91 261 668 2055/2400
Fax: +91 261 668 2747

CORPORATE OFFICE

Essar House, 11, K. K. Marg
Mahalaxmi, Mumbai 400 034,
Maharashtra, India.
Tel: +91 22 6660 1100 / 4001 1100
Email: powersec@essarpower.co.in

STATUTORY AUDITORS

M. M. Chaturvedi & Co.,
Chartered Accountants

COMMITTEES

Audit Risk and Compliance Committee
Mr. Birendra Kumar Mohapatra
Dr. Ramesh Chandra Mohanty
Mr. Partha Sarathi Bhattacharya

Nomination and Remuneration Committee
Mr. Birendra Kumar Mohapatra
Dr. Ramesh Chandra Mohanty
Mr. Partha Sarathi Bhattacharya

CSR, Sustainability and Safety Committee
Mr. Birendra Kumar Mohapatra
Dr. Ramesh Chandra Mohanty
Mr. Partha Sarathi Bhattacharya

REGISTRAR AND TRANSFER AGENTS

M/s Data Software Research Company Pvt. Ltd
Unit: Essar Power Limited
619 Pycrofts Garden Road, Off Haddows Road,
Nungambakkam, Chennai – 600006
Tel: + 91 44 2821 3738, 2821 4487
Fax: +91 44 2821 4636
Email: essar.power@dsrc-cid.in

DEBENTURE TRUSTEES

Axis Trustee Services Limited
Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg, Worli, Mumbai 400025
Tel: 022-62300451

CONTENTS	PAGE NO.

ESSAR POWER LIMITED
Regd. Office: 27th Km, Surat Hazira Road, Dist. Surat, Gujarat 394270
CIN: U40100GJ1991PLC064824
Tel: 91 22 6733 5700| Fax: 91 22 67335300| E-mail: powersec@essarpower.co.in| Website: www.essar.com

Notice is hereby given that the 30th Annual General Meeting of the Members of **ESSAR POWER LIMITED** ('EPOL' or the 'Company') will be held on Tuesday, November 30, 2021 at 11:00 a.m. through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM') facility, to transact the following business:-

ORDINARY BUSINESS:

1. **To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2021 together with the Reports of the Board and the Auditors thereon;**

   To consider and adopt (a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021 and the Reports of the Board of Directors and Auditors thereon; and (b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 and the Reports of Auditors thereon and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolutions as Ordinary Resolutions:

   a) "**RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended March 31, 2021 prepared on standalone basis and the Reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

   b) "**RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended March 31, 2021 prepared on consolidated basis and the Report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

SPECIAL BUSINESS:

2. **Appointment of Mr. Partha Sarathi Bhattacharya (DIN:08905996) as a Director**

   To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Partha Sarathi Bhattacharya (DIN:08905996), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director (Non- Executive), who shall be liable to retire by rotation;

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

3. Appointment of Ms. Shruti Verma (DIN:09273343) as a Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Shruti Verma (DIN:09273343), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director (Non- Executive), who shall be liable to retire by rotation;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

4. Appointment of Mr. Vinod Jain (DIN:07313473) as a Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Vinod Jain (DIN:07313473), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director (Executive), who shall be liable to retire by rotation;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. Appointment of Dr. Ramesh Chandra Mohanty (DIN:06636497) as an Independent Director of the Company

To consider and if thought fit, to pass the following resolution, with or without modification as an **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Dr. Ramesh Chandra Mohanty (DIN: 06636497), who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act, from a member, signifying his intention to propose Dr. Mohanty's candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of 1 (one) year commencing from August 10, 2021 upto August 9, 2022.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and / or Company Secretary, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

Registered Office
27th km, Surat Hazira Road
Dist Surat
Gujarat, 394 270
CIN: U40100GJ1991PLC064824
Tel: 91 22 6733 5700 Fax: 91 22 67335300
E-mail: powersec@essarpower.co.in
Website: www.essar.com

By Order of the Board

Sd/-
Prakash Khedekar
Company Secretary

Place: Mumbai
Date: 06/11/2021

NOTES:

1. In view of the COVID 19 pandemic, the Ministry of Corporate Affairs vide its General Circular No. 14/2020 dated 8th April, 2020, General Circular No.17/2020 dated 13th April, 2020, General Circular No. 20/2020 dated 5th May, 2020, and General Circular No.02/2021 dated 13th January, 2021 (collectively referred to as 'Circulars'), has introduced certain measures enabling companies to convene their Annual General Meetings (AGM/ Meeting) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and also send notice of the Meeting and other correspondences related thereto, through electronic mode. In compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with the Annual Report for the financial year ended 31st March, 2021 consisting of financial statements including Board's Report, Auditors' Report and other documents required to be attached therewith (collectively referred to as Notice) have been sent only to those members whose e- mail ids are registered with the Company or the Registrar and Share Transfer Agent or the Depository Participants(s) through electronic means and no physical copy of the Notice has been sent by the Company to any member. The Notice has also been hosted on the website of the Company at www.essar.com.

2. The Board of Directors of the Company has decided to adopt the above guidelines issued by Ministry of Corporate Affairs in conducting Annual General Meeting of the Company. Hence, Members can attend and participate in the ensuing Annual General Meeting through VC/ OAVM, which may not require physical presence of members at a common venue. The deemed venue for the meeting shall be the registered office of the Company.

3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM facility, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

4. Members attending the AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

5. Corporate shareholders are required to send a scanned copy (pdf/jpg format) of its board or governing body's resolution/authorisation, etc., authorising their representative to attend and vote at the AGM on its behalf. The said resolution/authorisation shall be sent to the Company by email through its registered email address to powersec@essarpower.com.

6. Statement pursuant to Section 102 of the Act forms a part of this Notice. The Board of Directors, at their meeting held on November 6, 2021 has decided that the special business set out under item nos. 2 to 5, being considered unavoidable, be transacted at the AGM of the Company. Notice and the Explanatory Statement shall be available for inspection electronically. Members seeking to inspect such documents can send an email to powersec@essarpower.com.

7. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 shall be made available in electronic form for inspection during the Meeting through VC.

8. The Company has fixed Friday, November 19, 2021 as the Record Date for the purpose of identifying the eligible members of the Company for the purpose of AGM.

9. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

10. If there is any change in the e-mail ID already registered with the Company, members are requested to immediately notify such change to the Company or its RTA in respect of shares held in physical form and to DPs in respect of shares held in electronic form.

11. Since the meeting will be conducted through VC/OAVM facility, the route map is not annexed to this Notice.

Instructions for attending/voting at the AGM

1. The members can join/participate the meeting either through IPAD, VC facility or Laptop/Web cam enabled Desktop or mobile instrument. The process of participating/joining the meeting is as under:

   The Company shall send a meeting invite at the registered email addresses of the persons entitled to attend the Meeting, for joining the Meeting through Microsoft Teams application.

   i. For joining through laptop/desktops, the instructions are as follows:

      a. Select ‘Join Microsoft Teams Meeting’ in the meeting invite sent to you on your email address/calendar. Thereafter, a page will be displayed where you can choose to either join on the web or download the desktop app. If you already have the Microsoft Teams app, the meeting will open on the app automatically.

      b. If you do not have a Teams account, select ‘Join as a guest’ and enter your name to join the meeting as a guest. If you have a Teams account, select ‘Sign in and join’.

   ii. For joining through mobile phone/iPads, the instructions are as follows:

      a. For easy and efficient access of the Microsoft Teams meetings (including audio, video, and content sharing) on mobile, it would be advisable to download and install the Microsoft Teams mobile app.

      b. If you have the app, select ‘Join Microsoft Teams Meeting’ in the meeting invite sent on your registered email address to open the app and join the meeting. If you do not have the app, you will be taken to the app store where you can download the same.

      c. If you do not have a Microsoft Teams account, select ‘Join as a guest’ and enter your name to join the meeting as a guest. If you have a Teams account, select ‘Sign in and join’.

2. The VC facility allows two way teleconferencing or webex for the ease of participation of the members and the participants are allowed to pose questions concurrently or given time to submit questions in advance on the e-mail address of the company.

3. The facility for joining the meeting shall remain open at least 15 minutes before the time scheduled to start the meeting and shall be closed after the expiry of 15 minutes after such scheduled time.

4. Members are advised to use stable Wi-Fi or LAN connection to participate at the AGM through VC in a smooth manner. Participants may experience audio/video loss due to fluctuation in their respective networks.

5. The Chairman for the meeting shall be appointed in accordance with Section 104.

6. The members of the Company are requested to use powersec@essarpower.co.in as a designated email address for the purpose of conveying their vote, when a poll is required to be taken during the meeting on any resolution. Where a poll on any item is required, the members shall cast their vote on the resolutions only by sending emails through their email addresses which are registered with the company. The said emails shall only be sent to the designated email address i.e. powersec@essarpower.co.in.

7. Members who may want to express their views or ask questions at the AGM are requested to post their queries at powersec@essarpower.co.in. by mentioning their name, demat account number/folio number, email ID and mobile number at least seven days in advance of the meeting so that the answers may be made readily available at the meeting.

8. Members are requested to e-mail at powersec@essarpower.co.in. or call at 9930134875 in case of any technical assistance required at the time of log in/ assessing/ voting at the Meeting through VC.

EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013 ('the Act'), the following Explanatory Statement sets out all material facts relating to businesses mentioned under Item Nos. 2 to 5 of the accompanying Notice:

Item No 2

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), and the Articles of Association of the Company, Mr. Partha Sarathi Bhattacharya (DIN:08905996), as an Additional Director with effect from September 17, 2021.

Mr. Partha Sarathi Bhattacharya is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act and has given his consent to act as a director.

The brief profile of Mr. Partha Sarathi Bhattacharya is as below:

Mr. Partha Sarathi Bhattacharya is B.E. (Electrical Engineering) from NIT, Agartala, Tripura. Mr. Bhattacharya is a competent professional with about 30 years of experience in Infrastructure Development, Strategic Planning, Budgeting Manpower Management, Project Execution, Management Liaison & Coordination and Operation & Maintenance.

Mr. Bhattacharya was previously working with Adani Pench Power Limited, 660MW X 2 Units, Pench Thermal Power Project, Chhindwara (M.P.) as Construction Manager (Project Head), Adani Infra India Limited, 660MW X 5 Units, Tiroda Thermal Power Plant, Tiroda, Gondia (MS) as Head - Project Electrical, South Eastern Coalfields Limited and Tripura State Electricity Board.

Mr. Bhattacharya joined this organization on 11th July, 2018 as General Manager (Transmission) with Management Grade – M4 and posted at Mahan location. He is presently CEO of Essar Power Transmission Company Ltd (EPTCL) and reporting to Mr. Kush. He has been assigned the responsibility of EPTCL Mahan and Hazira locations.

Mr. Partha Sarathi Bhattacharya is interested in the resolution set out at Item No. 2 of the Notice with regard to his appointment.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the Ordinary Resolution set out at Item No. 2 of the Notice for approval by the members.

Item No 3

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), and the Articles of Association of the Company, Ms. Shruti Verma (DIN:09273343), as an Additional Director with effect from August 10, 2021.

Ms. Shruti Verma is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act and has given her consent to act as a director.

The brief profile of Ms. Shruti Verma is as below:

Ms. Shruti Verma is a 2002 pass out of Law from Campus Law Centre, Delhi University. Thereafter, she worked as a practising advocate for 13 years in Delhi and appeared in Supreme Court, Delhi High

Court and other forums including APTEL and CERC. She joined Essar Power in June 2016 and since then has been ably managing all the legal matters in Delhi and around.

Ms. Shruti Verma is interested in the resolution set out at Item No. 3 of the Notice with regard to her appointment.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

Item No 4

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), and the Articles of Association of the Company, Mr. Vinod Jain (DIN: 07313473), as an Additional Director with effect from November 6, 2021.

Mr. Vinod Jain is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act and has given his consent to act as a director.

The brief profile of Mr. Vinod Jain is as below:

Mr. Vinod Jain joined Essar Power as Vice President- Finance at Mumbai. He is now the Chief Finance Officer for ROE Assets and EPGL.

Mr. Vinod Jain is a qualified Chartered Accountant & Company Secretary having over 24 years of total experience in various fields of finance. Mr. Jain joined Essar Power as Vice President- Finance at Mumbai. This is his second stint with Essar Group. He joined the Company from Nayara Energy Limited earlier known as Essar Oil Limited.

His functional skill sets include expertise as a CFO, raising debt, working capital and treasury, mergers and acquisitions, audit and compliance, structuring and restructuring and credit rating.

Mr. Vinod Jain holds position of CFO of the Company and hence, his position would be that of Executive Director of the Company. Mr. Jain shall be drawing remuneration from Essar Power Gujarat Limited, subsidiary of the Company.

Mr. Vinod Jain is interested in the resolution set out at Item No. 4 of the Notice with regard to his appointment.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

Item No 5

The Nomination and Remuneration Committee and Board has recommended appointment of Dr. Ramesh Chandra Mohanty (DIN: 06636497) as an Independent Director of the Company for a term of 1 years from August 10, 2021 upto August 9, 2022. The Company has received a notice, in writing, under Section 160 of the Companies Act, 2013 from a member signifying his candidate for the office of Director. He shall not be liable to retire by rotation.

His brief profile is as below:

Dr. Mohanty retired as Executive Director in charge of health, safety and environment with National Aluminium Company Limited (NALCO) in January 2003. He is at present a consultant for Mines, Industries, Development Projects and Environment Management. Dr. Mohanty holds a Post Graduate degree in Geology and a Ph.D. from Moscow State University. In between postgraduate studies and he did research at IIT, Kharagpur. He has published papers in international and Indian journals. Dr. Mohanty has vast experience in planning and implementing environmental and developmental projects under corporate social responsibility of industries. He has acted as Advisor, Ministry of Mines, Govt. of India, New Delhi for Technical Planning & Policy Committee. He was involved in preparing the 9th & 10th plan documents for the Ministry of Mines, Govt. of India and also coordinated R&D activities for technology development and Science &Technology Projects. He was also convenor of the Environmental Panel of CII & President, SGAT.

The Company has also received declaration from him that he meets the criteria of independence as prescribed under Section 149(6) of the Act.

In the opinion of the Board, he fulfil the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director of the Company and is independent of the management.

A copy of the draft letter of appointment of Dr. Mohanty setting out the terms and conditions of his appointment as an Independent Director is available for inspection by the Members inspection electronically. Members seeking to inspect such documents can send an email to powersec@essarpower.com.

Pursuant to Section 152 of the Act and Rules framed thereunder, an Independent Director can be appointed with the approval of the Members in the general meeting. Accordingly, the approval of the Members is sought for the appointment of Dr. Mohanty as an Independent Director of the Company.

Except Dr. Mohanty, none of the director of key managerial personnel or their relatives are in any way concerned or interested, financially or otherwise, in the resolution.

The Board recommends the resolution at Item No. 5 of the notice to the shareholders for their approval as Special Resolution.

None of the Directors of the Company or Key Managerial Personnel or their relatives are, in any way, concerned or interested in the resolutions except to the extent of their shareholding in the Company, if any.

Registered Office
27th km, Surat Hazira Road
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Gujarat, 394 270
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Tel: 91 22 6733 5700 Fax: 91 22 67335300
E-mail: powersec@essarpower.co.in
Website: www.essar.com

By Order of the Board

Sd/-
Prakash Khedekar
Company Secretary

Place: Mumbai
Date: November 6, 2021

ESSAR POWER LIMITED

BOARD REPORT

To
The Members of
Essar Power Limited

Your Company's Directors have pleasure in presenting the Board's Report along with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2021.

1. FINANCIAL RESULTS

(Amount in Crore)

Particulars	Standalone		Consolidated	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Net sales / Income from operations	4.52	44.29	2622.32	3,233.27
Operating Expenditure	7.99	33.57	1773.54	2,126.63
Operating profit/ (loss)	(3.47)	10.72	848.78	1,106.64
Add: Other income	2.77	21.47	19.60	76.88
Profit/ (Loss) Before finance costs, depreciation, amortisation, exceptional item and tax	(0.70)	32.19	868.38	1,183.52
Less: Finance cost & lease charges	717.81	630.19	2615.99	3,413.18
Profit/ (Loss) Before depreciation, amortisation, exceptional item and tax	718.51	(598.00)	(1747.61)	(2,229.66)
Less: Depreciation and amortization	4.83	0.05	348.03	551
Profit/ (Loss) Before exceptional items and tax	(723.33)	(598.06)	(2095.64)	(2,780.66)
Exceptional items (Gain)/Loss	343.80	(1613.19)	(10860.41)	4,444.59
Profit (Loss) Before tax	(379.53)	(2211.24)	8764.76	(7,225.25)
Less: Current tax	-	0.08	0.04	0.18
Less: Deferred tax	-	-	238.07	(40.07)
Net Profit/ (Loss) After Tax	(379.53)	(2211.32)	8526.65	(7,185.36)

1.1 Standalone results

The Company's power plant was closed down due to unfavourable market condition. However, the plant availability was 100%.

The operating revenue during financial year 2020-21 was decreased to Rs. 4.52 Crore as against Rs. 44.29 Crore during the previous financial year. Operating revenue was decreased due to decrease in revenue on account of support services provided to Essar Power Hazira Limited and operation and management services provided to Bhander Power Limited.

During the year, the Company reported a Loss after tax of Rs. 379.53 Crore (Previous year Rs. 2,211.32 Crore) during the current financial year.

1.2 Share capital

The paid up share capital as on March 31, 2021 was Rs.76,72,13,05,868/-. During the financial year under review, the Company has allotted 98,48,54,700 equity shares of Rs.4 each/- through rights issue.

There were no bonus issue or preferential issue, etc. during the financial year ended March 31, 2021. The Company has not issued shares with differential voting rights, sweat equity shares nor has it granted any stock options.

1.3 Consolidated Results

The Audited Consolidated Financial Statements of the Company as required under Section 129 of the Companies Act, 2013 (Act) form part of this Annual Report.

The Consolidated operating revenue was higher at Rs. 2,622.32 crore (Previous year Rs. 3,233.27 crore).

Other income increased to Rs. 19.60 crore (Previous year Rs. 76.88 crore) during the current financial year.

The interest and finance charges were Rs. 2,615.99 crore as against Rs 3,413.18 crore during the previous year. The increase was primarily on account of the interest charged on the outstanding principal/accrued interest.

The depreciation charge increased to Rs. 348.03 crore (Previous year Rs. 551 crore) during the current year.

The Exceptional items were Rs. (10,860.41) crore (Previous year Negative-Rs 4,444.59 crore) during the current year.

Gain for the year was Rs. 8526.65 crore as against a loss of Rs. 7,185.36 crore during the previous year.

2. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no changes in the business of the Company.

3. DIVIDEND

In view of the losses, your Directors do not recommend any dividend for the year.

4. EXEMPTION FROM NBFC CLASSIFICATION

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 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 does not intend to carry on the business of NBFC, it applied for and is awaiting the Reserve Bank of India (RBI) exemption from registration as a NBFC for FY 2016-17, 2017-18, 2018-19 and 2019-20. The Company had earlier received similar exemption from RBI for the FY 2015-16. The Company has also made an application to RBI for FY 2020-21, for exempting it from the NBFC requirements for the year FY 2020-21.

However, the response for the application is still awaited from RBI.

5. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

During the year, no significant or material orders were passed by the Regulators or Courts or Tribunals or NCLT which impact the going concern status and Company's operations in the near future.

6. HOLDING, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company is a subsidiary of Essar Power Holdings Limited, Mauritius, which as on March 31, 2021 along with its 100% subsidiary, Essar Power Hazira Holdings Limited, Mauritius holds 91.02% of the total equity share capital. Essar Power Holdings Limited in turn is a wholly owned subsidiary of Essar Energy Limited.

7. PERFORMANCE HIGHLIGHTS OF KEY SUBSIDIARIES

i. Essar Power Hazira Limited (EPHL)

Essar Power Hazira Limited (EPHL) operates multi fuel based power plant of 270 MW located at Hazira, Surat, Gujarat within the steel complex operated by ArcelorMittal Nippon Steel India Limited (erstwhile Essar Steel India Limited) ("AMNSI") at Hazira, Surat, Gujarat. In FY 20-21, the Company has achieved 94% plant availability and 85% plant load factor.

The Plant has shown robust performance in FY 2020-21 as summarized below:-

- Power Generation of 2020 Mn Units and supplied 1848 Mn Units of power to AMNSI
- Average Station Availability of 94.38%.
- Auxiliary Consumption of 8.64%
- Specific oil consumption of the plant for the year ending March, 2021 was 0.061 ml/KWh (far better than the CERC norms of 0.5 ml/KWh).
- Regular in debt servicing to all the lenders.
- The total income of the Company in the financial year 2020-21 was Rs. 427.19 crore as against Rs. 419.52 crore in the previous year.
- The profit before tax for the financial year 2020-21 was Rs. 182.35 crore as against Rs.82.92 crore in the previous year thereby registering a growth of 119.91%.
- The profit before tax has for the financial year 2020-21 was Rs.128.67 crore as against Rs.60.41 crore in the previous year thereby registering a growth of 112.99%.

ii. Essar Power Gujarat Limited (EPGL)

The plant was under reserve shutdown for major part of April 20 and May 20 due to national lockdown due to COVID-19. Plant has been smoothly operational since post covid condition and has achieved GUVNL availability of ~68% and plant load factor ("PLF") of ~38% for FY 2020-21 as per GUVNL power demand.

The gross revenue of the Company for the FY 2020-21 was Rs 1,348.25 crore as against Rs. 1,394.09 crore in the previous year. The loss before exceptional items and tax for FY 2020-21 was Rs 586.40 crore as against loss Rs. 863.74 crore in the previous year. Net profit after Tax for the year after providing for exceptional items was Rs 588.49 crore as against loss of Rs.1724.38 crore in the previous year.

iii. Essar Power (Orissa) Limited (EPORL)

Edelweiss Asset Reconstruction Company the term lender of the Company, on 29th January 2021, had invoked the security under SARFAESI and had taken over Land, Property, Plant and Equipment, Spares Inventory and Project Documents like clearances & approvals, Power Purchase Agreement (PPA), Facility Usage Agreement (FUA) etc. against which entire term loan taken from EARC have been paid. These Assets were sold to Arcelor Mittal Nippon Steel India Limited. Accordingly, the power generation business of the Company has been discontinued.

Presently, the Company does not have any revenue generating asset. Accordingly , the financial statements were not prepared on the going concern basis.

iv. Essar Power Transmission Company Limited (EPTCL)

The Company has implemented transmission system associated with Essar Mahan Thermal Power Plant viz combined assets of LILO (22.4 km) of 400 kV S/C Vindhyachal-Korba transmission line, 400 kV D/C Gandhar-Hazira transmission line (104.6 km) along with associated bays at Hazira end and 1000 MVA (2 x 500MVA) 400/220 kV GIS Sub-station at Hazira, Gujarat referred as Stage-I elements & Stage II elements consisting of 400 kV D/C Mahan-Sipat/Bilaspur line (336.7 km) along with associated bays at Mahan and at PGCIL Bilaspur and 50 MVAR line reactors at both ends (2 Nos. fixed reactors at Bilaspur end and 2 nos. switchable reactors along with its associated bays at Mahan end) and 1 x 80 MVAR, 400 kV switchable bus reactor at Mahan TPS along with its associated 400 kV bay.

The gross revenue of the Company for the FY 2020-21 was Rs 413.53 crore as against Rs. 435.82 crore in the previous year. The Profit before tax for FY 2020-21 was Rs 144.28 crore as against profit of Rs. 50.65 crore in the previous year registering increase of 65% against previous year. Net profit after Tax for the year after providing for exceptional items was Rs 78.87 crore as against profit after tax of Rs. 16.29 crore in the previous year registering increase of 79% against the previous year. During the year under review the method of depreciation has been changed from Written Down Value (WDV) to Straight Line Method (SLM).

v. Essar Power MP Limited (EPMPL)

The Company has set up a 1,200 MW (2 x 600 MW) coal-fired power plant at Bandhoura village in Singrauli District, Madhya Pradesh.

EPMPL has been referred to National Company Law Tribunal under IBC by its lenders and NCLT has passed order commencing CRP against the Company on September 28, 2020.

vi. Bhander Power Limited (BPOL)

Edelweiss Asset Reconstruction Company the term lender of the Company, on 6th February 2020, had invoked the security under SARFAESI and had taken over Land, Property, Plant and Equipment, Spares Inventory and Project Documents like clearances & approvals, Power Purchase Agreement (PPA), Facility Usage Agreement (FUA) etc. against which entire term loan taken from EARC have been paid. These Assets were sold to Arcelor Mittal Nippon Steel India Limited. Accordingly, the power generation business of the Company has been discontinued. Presently, the Company does not have any revenue generating asset.

Accordingly, the financial statements for the financial year 2020-21, have not been prepared on going concern basis for the reasons given above.

vii. Essar Electric Power Development Corporation Ltd (EEPDCL)

The Company is engaged in the business of trading in all forms of electrical power. The Company has Category II license as per Central Electricity Regulatory Commission (CERC) Procedure, Terms and Conditions for grant of trading licence and other related matters Regulations, 2009 for interstate trading in electricity in the whole of India (except the State of Jammu & Kashmir) for trading up to 1500 million units per annum or upto maximum 120% of the volume of trade authorised under the license. The Company is a Trading cum clearing member of Indian Energy Exchange Limited (IEX) and Power Exchange India Limited (PXIL) for purchase and sale of electricity.

Hon’ble CERC vide notification dated 02.01.2020 notified the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 (“2020 Regulations”).

During the year, Company traded 1785.95 MUs on the on IEX and PXIL on behalf of its clients.

According to the 2020 Regulations, the total volume sold by the Company being trader with volume traded in a year should be less than 2000 Mus. So the Company has applied for downgrading its trading License from Category – II to Category – IV.

A report on the performance and financial position of all subsidiaries, joint ventures and associates is provided at **ANNEXURE I**.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company is a power generating company. Power generation is an "infrastructure activity" as defined under Schedule VI of the Companies Act 2013 and therefore, the provisions of Section 186 are not applicable for any loan made, guarantee given or security provided by the Company in terms of exemption provided u/s 186(11) (a).

9. AUDITORS & AUDITOR'S REPORT

M/s. M M Chaturvedi & Co, Chartered Accountants were appointed as Statutory Auditors of the Company for a second term of five consecutive years at the Annual General Meeting held on November 30, 2018.

The comments of the Statutory Auditors in their report and the notes forming part of the Accounts are self-explanatory However, the statutory auditors have qualified the Auditors' Report on following grounds:

1. As explained in Note 27(f) to the standalone financial statements, 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. 1,223.06 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 financial statements. The plant is in a state of shutdown and as mentioned in Note 3 read with Note 2.1(ii)(a), the Company has substantially impaired its plant to the extent of its realizable value based on prevailing conditions. Further, as mentioned in Footnote (b),(c) to Note 6, the Company's two major subsidiaries are in process of insolvency and liquidation respectively, and two subsidiaries mentioned in Footnote (d) and (g) to Note 6 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 39, 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 35, 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 the subsidiary, these payments have been treated directly as expenses towards corporate guarantee in the financial statements of the Company and are without recourse to the subsidiary.

4. As disclosed in Note 25(f), 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.

In response to the aforesaid qualifications made by the Auditors in their report, the Board has noted its replies as under:

Reply to qualification no. 1

The Company, one of the largest private power producer's in the country, owns a 515 MW gas based power plant. Further, the company also owns and operates two power plants with aggregate capacity of 1500 MW and a 464 Km long Inter State Transmission System through its subsidiaries.

The subsidiaries like Essar Power Hazira Limited and Essar Power Transmission Company Limited have shown robust performance and classified as standard assets with the lenders. CRISIL has assigned "BBB" credit rating to Essar Power Hazira Limited. EPHL and EPTCL has been showing continuous & significant improvement and achieved decent profits.

Management has given careful consideration to going concern of Company due to ongoing challenges faced by the Company and subsidiaries and has taken / is taking following steps:-

a. Preservation of Equipments: The Company is maintaining the plant under preservation and all the key equipments are well preserved. The Company has also refurbished its plant and all equipments are in good condition.

   As Natural Gas prices are declining continuously, adjoining gas based power plant (500 MW capacity) earlier owned by BPOL is running with almost full capacity.

   In view of same, the Company is in discussion with various parties for generating and supply power on the competitive terms either on IEX or bilateral agreements. The Company has been refurbishing its assets and has taken some actions also in this regard.

b. Monetisation Plans - In the endeavour to become debt free completely, the Company plans to monetise some of its investments and utilise the proceeds for repayment of debt obligations in near future.

c. OTS with Lenders: The Company has offered One Time Settlement (OTS) to all the lenders to resolve the irregularity with the lenders. Most of the lenders and debenture holders, namely Axis Bank and Yes Bank etc., had approved the OTS proposals and payments have already been made to them in full/ part. The Company shall be paying the balance payments to these A major debenture holder, LIC has already given in-principle approval for the OTS proposal and the Company is hopeful of getting final approval soon. The Company is engaged with other small lenders for settlement of their dues through OTS and is hopeful of settling them in current financial year.

d. New Business Initiatives - Essar Group is planning for energy transition to decarbonise its entire portfolio. Accordingly, Essar Power is planning to foray into renewable energy sector mainly in Solar, Wind, Energy Storage, etc. The company is currently exploring the various new opportunities available in these areas.

e. The Company has made comprehensive plans to address the long term as well as short term issues faced by the subsidiaries including debt restructuring, debt refinancing, interest rate rationalization, buying raw-material in e-auction or through traders, participation in short term / long term tender for power purchase agreements, etc. This steps will bring the debt to a sustainable level.

f. Update on Subsidiaries:

   Essar Power Gujarat Limited, a subsidiary of the Company, is in advanced stage of implementation of resolution plan with its lenders thereby bringing down the debt to a sustainable level and make the operations fully viable.
   Dues of Essar Power (Orissa) Limited to its lenders have been settled and No Dues received from Edelweiss ARC. We expect to receive no dues from SBI soon.

The above steps will ensure continuous operations and the Company will be able to meet all its operational liabilities and financial liabilities.

In view of above, the management has concluded to prepare financials on a going concern basis.

Reply to qualification no. 2

Corporate guarantee resolution:

The Company has issued corporate guarantee to the lenders of its subsidiaries for the borrowings taken for setting up of the power plants.

During the last few years, Essar Power Limited faced challenges such as de-allocation of coal blocks, changes in bidding norms for long term PPA post completion of mine bidding process under the auction route and change in law in fuel exporting countries which led to idle capacities and consequent inability to service the borrowing facilities in plants set up in Mahan, Salaya and Jharkhand. The lenders have recalled their loans and invoked parent corporate guarantees.

The Company has been in constant discussions with its lenders for restructuring the debt in its group at a sustainable level. Based on the available information and the government policy announcements, the following is considered by the company for assessment of provision for guarantees issued to lenders of subsidiary companies.

Reply to qualification no. 3

EPOL has given corporate guarantee, inter alia, to lenders of Essar Power Gujarat Limited (EPGL) and Essar Power (Jharkhand) Limited (EPJL). Since these companies are irregular with their respective lenders, the lenders have invoked EPOL’s guarantee. OTS has been agreed upon with Pushdown Lenders of EPGL and completed. There is a settlement agreement in place for settlement of dues to EPJL Lender in form of OTS and some payments have already been made by EPOL in its capacity as guarantor. EPOL has raised equity and borrowed money by way of loan & ICDs to settle the obligations under the guarantees.

EPGL and GUVNL have executed new Supplemental Power Purchase Agreement on August 12, 2021 and GUVNL has filed the petition for approval of the same with GERC. EPGL is in process of completing the initial formalities to restructure the consortium debt at the sustainable debt level as per GERC. Consortium Lenders are also supportive of restructuring as per the GERC order by keeping an upside based on APTEL Order. Whereas EPJL has been admitted for liquidation and honourable National Company Law Tribunal has appointed liquidator on the Company

Essar Power Gujarat Limited, a subsidiary of the Company, is in advanced stage of implementation of resolution plan with its lenders thereby bringing down the debt to a sustainable level and make the operations fully viable.

Reply to qualification no. 4

Due to un-economical prices of coal and no pass through available under the PPA with GUVNL, Essar Power Gujarat Limited (EPGL) power plant was operating at nil or lower capacity. Thus, EPGL is having severe cash flow mismatch and resulted in defaults to all the lenders including Yes Bank Limited.

EPGL is in discussion with its senior lenders for restructuring of the debt. As part of proposed restructuring terms, EPGL was required to settle all the pushdown lenders (Yes Bank, Axis Bank, L&T Infrastructure Finance Co. Ltd. and IDBI Bank). Essar Power Limited, the holding company of EPGL, has guaranteed the EPGL obligations to pushdown lenders. L&T & IDBI Bank had initiated legal actions against the company and the guarantor and filed cases at NCLT and DRT for recovery of dues.

In view of amicable settlement of the dues of pushdown lenders & comply with proposed restructuring conditions and to ensure no action under EPOL guarantee, the company has arranged funds in a combination of equity and debt to settle the dues as per OTS terms.

The Company has availed a secured loan from Essar Steel Metal Trading Limited to ensure timely payment to EPGL pushdown lenders. The loan is availed to ensure release of EPOL corporate guarantee. Further, EPOL is also in discussion with settlement of dues to its lenders and hopeful to settle the dues by March 2022.

There are no other qualifications, reservations, disclaimers or adverse remarks by the Statutory Auditor.

10. SECRETARIAL AUDITOR

The Secretarial Audit Report as provided by M/s Kaushal Dalal Associates, Practising Company Secretary is annexed to this Report as **ANNEXURE V.** The Secretarial Audit Report confirms that the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines etc., subject to the certain observations relating to non-compliance of certain Regulation of the SEBI Listing Regulations ("LODR"), 2015 entered by the Company with the BSE Limited ("Exchange"). Your Company is in process of regularizing the same.

11. ANNUAL RETURN

In accordance with the Companies Act, 2013, the annual return in the prescribed format is available at https://www.essar.com/portfolio/#power.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

The 515 MW power plant was non-operational during the financial year. The following initiatives were taken for conservation of energy and technology absorption:

1. Dehumidifiers are installed in all 3 Gas turbine generators and steam turbine generator
2. All 3 HRSGs are dry preserved and nitrogen capped.
3. All HT drives shafts are manually rotated every month.
4. Transformer Oil Inspection and testing are carried out as per schedule.
5. Regular checks are being carried out for all other electrical systems as per schedule.

Foreign exchange earnings and Outgo

The details of foreign exchange earnings and outgo as required under Section 134 and Rule 8(3) of Companies (Accounts) Rules, 2014 are mentioned below

(Amount in Crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Foreign exchange earnings	0.00	0.00
Foreign exchange outgo	0.00	0.05

13. CORPORATE SOCIAL RESPONSIBILTY POLICY

Your Company has constituted a CSR, Sustainability and Safety Committee in accordance with the requirements of Section 135 of Companies Act, 2013. CSR activities are carried out through Essar Foundation, a registered trust established under the Indian Trusts Act, 1888. The Annual Report on CSR for FY 2020-21 is set out in **ANNEXURE III**. The Company earned no cash profits during the year and hence, there is no spend required on CSR activities as per Section 135.

14. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (3) (c) and (5) of the Companies Act, 2013, the Directors of your Company, based on the representation received from the Operating Management hereby confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b. the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;

c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. the directors have prepared the annual accounts on a going concern basis;

e. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and except for certain minor matters are operating effectively.

15. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Appointment and Resignation of Directors

Mr. Nitin Patil (DIN: 07602888) and Mr. T Rajmohan (DIN: 07949704) were regularised as Directors at the Annual General Meeting held on December 29, 2020. However, they have resigned as Directors of the Company as on March 19, 2021.

Mr. A P Dubey (DIN: 06698507) resigned as Director of the Company w.e.f. December 28, 2021.

Ms. Rachana Luharuka (DIN: 03038055), who was appointed as Additional Director of the Company on December 15, 2020, has resigned from directorship of the Company on June 8, 2021.

Ms. Priyanka Oka (DIN:08066379), who was appointed as Additional Director (Independent) on the Board of the Company on February 12, 2021, has resigned from directorship of the Company on August 10, 2021.

Mr. Prateek Garg (DIN:09107733) and Mr. Vaibhav Angal (DIN:09098736) were appointed as an Additional Directors on the Board of the Company on March 19, 2021, who have resigned on September 17, 2021.

Ms. Shruti Verma (DIN:09273343) and Mr. Partha Sarathi Bhattacharya (DIN:08905996) were appointed as an Additional Directors on the Board of the Company on August 10, 2021 and September 17, 2021 respectively. In terms of Section 161(1) of the Companies Act, 2013, they hold office upto the date of the ensuing Annual General Meeting of the Company. Therefore, the Board recommends their appointment as Directors on the Board of the Company in the ensuing Annual General Meeting of the Company.

Mr. Ramesh Chandra Mohanty (DIN:06636497) was appointed as an Additional Director (Independent) on the Board of the Company on August 10, 2021. In terms of Section 161(1) of the Companies Act, 2013, Mr. Mohanty holds office upto the date of the ensuing Annual General Meeting of the Company. Therefore, the Board recommends his appointment as an Independent Director of the Company at the ensuing Annual General Meeting of the Company for a period of 1 (One) year.

Mr. Vinod Jain (DIN: 07313473) was appointed as an Additional Director on the Board of the Company on November 6, 2021. In terms of Section 161(1) of the Companies Act, 2013, Mr. Jain holds office upto the date of the ensuing Annual General Meeting of the Company. Therefore, the Board recommends his appointment as a Director of the Company at the ensuing Annual General Meeting.

b) Key Managerial Personnel:

Mr. Kush continues to be CEO of the Company, Mr. Vinod Jain and Mr. Kapil Singla continue to be CFO of the Company and Mr. Prakash Khedekar continues to be Company Secretary of the Company.

d) Declaration from Independent Directors

The Company has received necessary declaration from Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Director of the Company meet with the criteria of their Independence laid down in Section 149(6).

e) Formal Annual Evaluation

The Nomination & Remuneration Committee of the Company has approved Evaluation Policy, which was adopted by the Board of Directors. The policy provides for evaluation of the Board, the Committees of the Board and individual Directors, including the Chairman of the Board. The Policy provides that evaluation of the performance of the Board as a whole, Board Committees and Directors shall be carried out on an annual basis.

The Board carried out a formal evaluation of the performance of the Board, its Committees and Individual Directors for the financial year 2020-21. In addition to this, Independent Directors have also evaluated performance of the Chairman, non-independent Directors and the Board as a whole. The feedback from the individual Directors was sought on the basis of a structured questionnaire covering among others Board and Committee composition, skills of Directors, quality and content of agenda, performance of Directors at the meetings, etc.

16. BOARD MEETINGS

The Board of Directors met Seven (7) times during this financial year on May 30, 2020, September 25, 2020, October 21, 2020, November 6, 2020, December 23, 2020, February 12, 2021 and March 19, 2021. The intervening gap between two consecutive meetings was within the period specified under the Companies Act, 2013.

17. AUDIT, RISK & COMPLIANCE COMMITTEE

As on date of this report, the Audit, Risk & Compliance Committee comprises of 3 members, Mr. Birendra Mohapatra and Mr. R C Mohanty, Independent Directors and Mr. Partha Sarathi Bhattacharya, Non Independent Director of the Company. All members of the Committee have relevant experience in financial matters. The CEO and CFO are permanent invitees to this Committee. The Company Secretary acts as Secretary to the Committee. The constitution & terms of reference of the Committee is as per Section 177 of the Companies Act, 2013. All recommendations made by the Audit Committee were accepted by the Board. The Audit, Risk and Compliance Committee met 6 (Six) times during the year on May 30, 2020, September 25, 2020, October 21, 2020, November 6, 2020, February 12, 2021 and March 19, 2021.

18. REMUNERATION & NOMINATION COMMITTEE

As on date of this report, the Remuneration & Nomination Committee presently comprises 3 members, Mr. Birendra Mohapatra and Mr. R C Mohanty, Independent Directors and Mr. Partha Sarathi Bhattacharya, Non Independent Director of the Company. The Company Secretary acts as Secretary to the Committee. The terms of reference of the Committee are as per Section 178 of the Companies Act, 2013.

The policy of the Company on directors appointment and remuneration including criteria for determining qualifications, positive attributes, independence and other matters provided under subsection (3) of section 178 adopted by the Board is set out in **ANNEXURE II** to the Board's Report.

The Remuneration & Nomination Committee met 2 (two) times i.e. on October 21, 2020, and March 19, 2021.

19. RELATED PARTY TRANSACTIONS

In line with the requirements of the Companies Act, 2013, your Company has formulated a Policy on Related Party Transactions. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. All Related Party Transactions are placed before the Audit Committee for review and approval/ratification.

During the year under review, the Company has entered into related party transaction referred under the provisions of Section 188(1) of the Companies Act, 2013, which were in the ordinary course of business and on arm's length basis. Details of material contracts or arrangements or transactions required to be reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed to the Report as **ANNEXURE IV**. However, the details of the transactions with Related Party in accordance with the Accounting Standards are under Note No. 50 of the Audited Financial Statements for the Financial Year 2020-21.

20. PARTICULARS MANAGERIAL REMUNERATION, EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to Section 197 of the Act read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of your Company is available for inspection by the members at registered office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

21. RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROLS

Risk Management

Your Company has adopted a Risk Management policy which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The key risks and mitigating actions are also placed before the Audit, Risk & Compliance Committee of the Company.

Internal Financial Controls and their adequacy

The Company's internal control systems and internal financial control systems are commensurate with the nature of its business and the size and complexity of operations. These systems are routinely tested and certified by Statutory as well as Internal Auditor and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems. These systems provide a reasonable assurance in respect of financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention & detection of frauds, accuracy & completeness of accounting records and ensuring compliance with corporate policies.

Vigil Mechanism

The Company has established a Vigil Mechanism process by adopting a Whistle blower Policy for directors and employees. This policy outlines the procedures for reporting, handling, investigating and deciding on the course of action to be taken in case inappropriate conduct / behaviour is/are noticed, reported or suspected. The Policy provides for adequate safeguards against victimization of persons who use the mechanism and has a process for providing direct access to the Chairman of the Audit & Risk Management Committee in appropriate or exceptional cases.

22. COMPLIANCE WITH THE PROVISIONS OF SEXUAL HARASSMENT OF WOMEN ATWORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is committed to upholding and maintaining the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year, no such complaints were received. The Company has also constituted an Internal Compliance Committee under the sexual harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

23. GENERAL DISCLOSURES

Your Directors state that for the financial year ended March 31, 2021 no disclosure is required in respect of the following items and accordingly confirm as under:

- The Company has neither revised the financial statements nor the report of Board of Directors.
- The Company has not issued equity shares with differential rights as to dividend, voting or otherwise or sweat equity shares.
- The Company has not bought back any shares during the year.
- The Company has not accepted any deposits during the year.
- The Company is not required to maintain cost records as specified under Section 148(1) of the Companies Act, 2013.
- No instance of fraud has been reported by the Auditors or any other person to either Audit & Risk Management Committee or the Board of Directors of the Company.
- There are no material changes or commitments affecting the financial position of the Company between March 31, 2021 and the date of this report.

24. ACKNOWLEDGEMENTS

Your Directors place on record their sincere appreciation for the assistance and co-operation received from the Ministry of Power, Ministry of Coal, Central Electricity Authority, Gujarat Urja Vikas Nigam Ltd, the Government of Gujarat and its various departments. Your Directors thank the financial institutions and banks associated with your Company and other stakeholders for their continued support

For Essar Power Limited

Sd/-	Sd/-
Vinod Jain	**Partha Sarathi Bhattacharya**
Director	**Director**
DIN:07313473	**DIN:08905996**

Date: 06/11/2021
Place: Mumbai

Annexure I

ESSAR POWER LIMITED

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES

(Pursuant to section 129 (3) of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014)

PART A: SUBSIDIARIES

(Rs. in Crore)

Sr. no.	Name of the Company	Reporting currency	Equity Share Capital	Other Equity (1)	Reserves and Surplus	Total assets	Total liabilities	Invest-ments	Turnover	Profit/(Loss) before taxation	Provision for taxation	Profit after taxation	Total Comprehensive Income (net of tax)	Proposed dividend	% of Shareholding (2)	% of Shareholding (3)
1	Bhander Power Limited	INR	372.70	-	(366.56)	11.95	5.82	0.00	-	127.22	-	127.22	127.22	-	73.69	73.69
2	Essar Power Gujarat Limited	INR	2,608.56	545.74	(7,366.39)	2,305.95	6,518.04	-	1,348.26	588.49	-	588.49	588.22	-	49.00	57.82@
3	Essar Power M. P. Limited	INR	265.00	2,804.26	(12,909.63)	2,685.15	12,525.53	-	358.96	(982.10)	-	(982.10)	(982.10)	-	74.00	99.60@
4	Essar Power Transmission Company Limited	INR	597.04	-	113.86	2,333.46	1,622.57	0.03	410.84	144.26	65.41	78.85	78.74	-	100.00	100.00
5	Essar Power Hazira Limited	INR	10.00	639.59	146.99	1,767.49	970.91	-	424.74	182.35	53.68	128.67	128.62	-	74.00	99.60@
6	Essar Power (Orissa) Limited	INR	10.00	635.35	(657.82)	5.97	18.44	-	77.02	(176.53)	119.32	(295.85)	(295.85)	-	74.00	99.60@
7	Ultra LNG Urja Limited	INR	0.06	-	(0.04)	9.06	9.04	1.91	-	0.07	0.04	0.03	0.03	-	100.00	100.00
8	Clean Joules	INR	0.05		(0.10)	6.84	6.88	-	-	(0.09)	-		(0.09)		100.00	100.00
9	Essar Electric Power Development Corporation Limited	INR	38.89	-	(19.10)	63.13	43.34	0.24	0.80	(0.69)	(0.33)	(0.36)	(0.36)	-	100.00	100.00
10	Essar Power Tamilnadu Limited***	INR	2.29	-	3.39	5.67	-	-	-	-	-	-	-	-	100.00	100.00
11	Essar Power Overseas Limited@@	INR	96.04	624.83	(1,315.91)	12.73	607.77	0.00	-	(8.46)	-	(8.46)	30.64	-	100.00	100.00
		US$ MN	13.12	85.36	(179.76)	1.74	83.02	0.00	-	(1.16)	-	(1.16)	4.19	-		

(1) Includes Equity component of compound financial instruments and Share application money pending allotment

(2) Based on voting right held by the Group

(3) Based on effective shareholding of Equity and Cumulative Convertible Participating Preference Shares by the Group

Exchange rates - Closing as on March 31, 2021: 1 US$ = Rs. 73.20, Average exchange rate for FY 2020-21: 1 US$ = Rs. 74.29

*** Financial information is based on audited results.

@ Holding reflects effective interest including Cumulative Convertible Participating Preference Shares issued by the entity to the Company.

@@ Company having March 31st as a reporting date.

For Essar Power Limited

Sd/-	Sd/-
Vinod Jain	Partha Sarathi Bhattacharya
Director	Director
DIN:07313473	DIN: 08905996

Date: 06-11-2021

Place: Mumbai

Annexure II

Policy for appointment, remuneration and evaluation of directors and employees

(Pursuant to Section 178(4) and Section134)

1. Introduction

1.1. The Companies Act, 2013 requires the Company to formulate criteria for determining qualifications, positive attributes and independence of directors. The Company is also required to adopt a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

1.2. The Company believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, the Company ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge its responsibilities and duties effectively.

1.3. The Company recognizes the importance of Independent Directors in achieving the effectiveness of the Board and aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

1.4. To meet these objectives, the Policy for Appointment, Remuneration & Evaluation of Directors & employees ("the Policy") has been adopted by the Board of Directors.

2. Scope and Exclusion

This Policy sets out the guiding principles for the Remuneration & Nomination Committee for identifying persons who are qualified to become Directors, Key Managerial Personnel and Senior Management executives and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

3. Policy

The objective of the Policy is to have a Board with diverse background and experience that is relevant for the Company's operations. It sets out criteria for appointment of directors and remuneration to directors, key managerial personnel and senior management executives. It also provides for a mechanism for evaluation of all directors.

In evaluating the suitability of individual Board members, the Remuneration & Nomination Committee ("the Committee") may take into account factors, such as:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

The Committee shall evaluate each director candidate with the objective of ensuring that there is appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively.

4. Criteria of Independence

The Committee shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same annually. Prospective candidates for appointment as Independent Directors shall have to meet the criteria of independence laid down in sub-section (6) of section 149 of the Act. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

5. Remuneration to directors, KMPs and Senior Management

The Company has formulated the remuneration policy for its directors, key managerial personnel and other employees keeping in view the following objectives:

- Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.
- Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

5.1 The Board, on the recommendation of the Committee, shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.

5.2 The Annual Plan and objectives for Senior Management executives shall be reviewed by the Committee and Annual Performance Bonus will be approved by the Committee based on the achievements against the Annual Plan and objectives. The Committee shall review and recommend the remuneration payable to the Key Managerial Personnel and Senior Management executives of the Company.

5.3 Remuneration to Non-Executive Directors including independent directors

- The remuneration payable to Non-Executive Directors shall not exceed 1% of the net profits of the Company.

- Non-Executive Directors may be entitled to sitting fees for attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

- An independent director shall not be entitled to any stock option

6. Evaluation of the Board

6.1 The Policy sets out criteria and procedure for evaluation of the Board as a whole, Board committees, Chairman and also each category of directors.

6.2 The Board will annually evaluate its performance through a self-evaluation process. The evaluation identifies enhancements to director skill sets and ensures that board members are performing to expectations.

6.3 The performance evaluation shall be undertaken based on the feedback provided by Board members as per set questionnaires.

7. Reappointment

In determining whether the directors' should be re-appointed, the Committee shall take into account the results of the performance evaluation, needs of the Company's business currently and going forward.

For Essar Power Limited

Sd/-	Sd/-
Vinod Jain	**Partha Sarathi Bhattacharya**
Director	**Director**
DIN:07313473	**DIN:08905996**

Date: 06/11/2021
Place: Mumbai

Annexure III

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2020-21

1.

Brief outline on CSR Policy of the Company:	The Policy focuses on education, environment, health and women empowerment. The Policy aims at ensuring programs which deliver long term impact and change to the community. The Company's CSR policy, including overview of projects or programs proposed to be undertaken, are provided on the Company website.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Prateek Garg	Non-Executive Director	0	0
2.	Mr. Vaibhav Angal	Non-Executive Director	0	0
3.	Mr. Birendra Mohapatra	Independent Director	0	0
4.	Ms. Priyanka Oka	Independent Director	0	0

3.

Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.	www.essar.com

4.

Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).	Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
-			

6. **Average net profit of the company as per section 135(5)**

FY 2017-18	Loss Rs. 1055.59 Crores
FY 2018-19	Loss Rs. 544.66 Crores
FY 2019-20	Loss Rs. 576.56 Crores
Average	Rs. -725.59 Crores

7.

(a) Two percent of average net profit of the company as per section 135(5)	Not applicable
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
(c) Amount required to be set off for the financial year, if any	Nil
(d) Total CSR obligation for the financial year (7a+7b-7c).	Nil

8. **(a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in Rs.)	**Amount Unspent (in Rs.)**				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		**Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)**		
	Amount	**Date of transfer**	**Name of the Fund**	**Amount**	**Date of transfer**
-	-	-	-	-	-

(b) Details of CSR amount spent against **ongoing projects** for the financial year: Nil

1	2	3	4	5		6	7	8	9	10	11	
Sl. No	**Name of the Project**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/ No)**	**Location of the project.**		**Project duration**	**Amount allocated for the project (in Rs.)**	**Amount spent in the current financial Year (in Rs.).**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).**	**Mode of Implementation - Direct (Yes/No)**	**Mode of Implementation - Through Implementing Agency**	
				State	**District**						**Name**	**CSR Registration number**
-	-	-	-	-	-	-	-	-	-	-	-	-

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

1	2	3	4	5		6	7	8	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the project**		**Amount spent for the project (in Rs.)**	**Mode of implementation - Direct (Yes/No)**	**Mode of implementation - Through implementing agency**	
				State	**District**			**Name**	**CSR registration number**
1.	-	-	-	-	-	-	-	-	-
	TOTAL								

(d) Amount spent in Administrative Overheads	Not Applicable
(e) Amount spent on Impact Assessment, if applicable	Not Applicable
(f) Total amount spent for the Financial Year (8b+8c+8d+8e)	Not Applicable

(g) Excess amount for set off, if any

Sl. No.	**Particular**	**Amount (in Rs.)**
(i)	**Two percent of average net profit of the company as per Section 135(5)**	-
(ii)	**Total amount spent for the Financial Year**	-
(iii)	**Excess amount spent for the financial year [(ii)-(i)]**	-
(iv)	**Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any**	-
(v)	**Amount available for set off in succeeding financial years [(iii)-(iv)]**	-

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

Sl. No.	**Preceding Financial Year**	**Amount transferred to Unspent CSR Account under Section 135 (6) (in Rs.)**	**Amount spent in the reporting Financial Year (in Rs.)**	**Amount transferred to any fund specified under Schedule VII as per section 135(6), if any**			**Amount remaining to be spent in succeeding financial years (in Rs.)**
				Name of the Fund	**Amount (in Rs)**	**Date of transfer**	
1.	-	-	-	-	-	-	-

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s): Nil

1	2	3	4	5	6	7	8	9
Sl. No.	**Project ID**	**Name of the Project**	**Financial Year in which the project was commenced**	**Project duration**	**Total amount allocated for the project (in Rs.)**	**Amount spent on the project in the reporting Financial Year (in Rs).**	**Cumulative amount spent at the end of reporting Financial Year. (in Rs.)**	**Status of the project - Completed/ Ongoing**
1.	-	-	-	-	-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).	-
(b) Amount of CSR spent for creation or acquisition of capital asset.	-
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc	-
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	-

11.

Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).	-

For Essar Power Limited

Sd/-
Birendra Kumar Mohapatra
Chairman of CSR Committee
DIN: 08205254

Sd/-
Partha Sarathi Bhattacharya
Director
DIN: 08905996

Date: 06/11/2021
Place: Mumbai

Annexure IV

Form No. AOC-2

Particulars of contracts / arrangements made with related parties

(Pursuant to clause (h) of subsection (3) of section 134 of the Companies Act 2013 read with Rule 8 (2) of the Companies (Accounts) Rules 2014-AOC 1

This form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in subsection 1 of section 188 of the Companies Act 2013 including certain arms' length transactions under 3rd proviso thereto.

Details of contracts or arrangements or transactions not at arms' length basis

All contracts or arrangements entered into during the year ended March 31, 2021 were at arms' length basis.

Details of material contracts or arrangements or transactions at arms' length basis

The Company has not entered into any material contracts or arrangements or transactions during the year ended March 31, 2021.

For Essar Power Limited

Sd/-	Sd/-
Vinod Jain	**Partha Sarathi Bhattacharya**
Director	**Director**
DIN:07313473	**DIN:08905996**

Date: 06/11/2021
Place: Mumbai

Phone : 2648 7278
2649 0862
2649 4807

KAUSHAL DALAL & ASSOCIATES
COMPANY SECRETARIES

308, Balaji Darshan, Tilak Road, Santacruz (W), Mumbai - 400 054. * Email : kaushaldalalcs@gmail.com

Annexure V - Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 2020-2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
ESSAR POWER LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s ESSAR POWER LIMITED** (hereinafter called "the Company"), incorporated on **30th October, 1991** having **CIN: U40100GJ1991PLC064824** and Registered office at **27th KM, Surat Hazira Road, Hazira, Surat, Gujarat-394270**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I, hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March, 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company and have relied on the records, documents and information shared electronically to me by the Company due to extra-ordinary circumstance of COVID-19, for the Financial Year ended on **31st March, 2021** as made available to me, according to the following provisions of (including any statutory modifications, amendments or re-enactment thereof for the time being in force):

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

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2649 4807

KAUSHAL DALAL & ASSOCIATES
COMPANY SECRETARIES

308, Balaji Darshan, Tilak Road, Santacruz (W), Mumbai - 400 054. ✶ Email : kaushaldalalcs@gmail.com

(iii) The Depositories Act, 1996 and the Regulations and the Bye-Laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011**-NOT APPLICABLE**

(ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015- **NOT APPLICABLE**

(iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **NOT APPLICABLE**

(iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **NOT APPLICABLE**

(v) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- **NOT APPLICABLE**

(vi) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(vii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(viii) The Securities And Exchange Board of India (Debenture Trustees) Regulations, 1993

I have relied on the representation made by the Company and its officers for the systems and the mechanism formed by the Company for the Compliances under the applicable Acts and the regulations to the Company.

I have also examined compliance with the applicable clauses of the following:

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i. Secretarial Standards issued by The Institute of Company Secretaries of India;

ii. SEBI Listing Regulations (LODR), 2015 entered by the Company with the BSE Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except for the followings:

I. <u>COMPANIES ACT AND THE RULES MADE THEREUNDER</u>

1. ***The Company has not complied with the following clauses of the SEBI Listing Regulations ("LODR"), 2015 entered by the Company with the BSE Limited ("Exchange"):***

   a) ***As per the requirement of Clause 53 of the SEBI (LODR), 2015, the Company has not the disclosed contact details of Debentures Trustee in the Annual Report ;***

   b) ***As per Clause 56(d) of SEBI (LODR), 2015 a half yearly certificate regarding the maintenance of the 100% asset cover in the respect of listed debt securities, along with the half yearly financial results to be certified by either a practicing company secretary or a practicing chartered accountant, however the company has disclosed the asset cover in financial result but has not obtained necessary certificate for the same;***

   c) ***As per Clause 60 of SEBI (LODR), 2015 the Issuer agrees to close transfers or fix a record date for purposes of payment of interest and payment of redemption or repayment amount or for such other purposes as the Exchange may agree to or require and to give to the Exchange the notice in advance of at least seven clear working days, or of as many days as the Exchange may from time to time reasonably prescribe, stating the dates of closure of transfers, however, the Company has not intimated the record date for any purpose as it is in process of finalizing One Time Settlement agreement with all Debenture holder;***

2. ***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 during FY 2019-2020, 2018-19, 2017-18 and FY 2016-17 as well, for which it is yet to receive any response.***

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors and Key Managerial Personnel that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent as per the provisions of the Companies Act, 2013 and the rules made thereunder, however in some cases the Board meetings were held at shorter notices with their consent and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting including meeting through the video conference.

Majority decision is carried through the unanimous consent of all the Board of Directors and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit period:-

- The Company has issued and allotted 98,48,54,700 equity shares of Rs. 4/- each on Face Value via Rights basis to Essar Power Holdings Limited.
- The Company has in total issued 10,04,91,84,635 Equity Shares against conversion of Preference Shares with distinct terms of issue on different dates.

For Kaushal Dalal & Associates
Company Secretaries

Sd/-

Kaushal Dalal
Proprietor
M. No: 7141 CoP No: 7512
UDIN:- F007141C001372197

Date: 08th November, 2021
Place: Mumbai

Note: This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

Phone : 2648 7278
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2649 4807

KAUSHAL DALAL & ASSOCIATES
COMPANY SECRETARIES

308, Balaji Darshan, Tilak Road, Santacruz (W), Mumbai - 400 054. * Email : kaushaldalalcs@gmail.com

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
ESSAR POWER LIMITED

Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records made available to me to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, I have obtained Management representation about the compliance of laws, rules and regulations and occurrence of events.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Kaushal Dalal & Associates
Company Secretaries

Sd/-
Kaushal Dalal
Proprietor
M. No: 7141 CoP No: 7512
UDIN:- F007141C001372197

Date: 08th November, 2021
Place: Mumbai

ESSAR POWER LIMITED

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2021 ON STANDALONE BASIS

M.M.Chaturvedi & Co.

Chartered Accountants

24, Atlanta, Nariman Point, Mumbai - 400 021. Fax : 022-2287 2329
E-mail: madam@mmcandco.com Phones: 022-2282 4220 / 2283 5128

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ESSAR POWER LIMITED

Report on the Audit of Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone Indian Accounting Standards ("Ind AS") financial statements of **ESSAR POWER LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, its **loss** including Other Comprehensive Income, its Cash Flows and the Statement of Changes in Equity for the year ended on that date.

Basis for Qualified Opinion

1. As explained in Note 27(f) to the standalone financial statements, 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 financial statements. The plant is in a state of shutdown and as mentioned in Note 3 read with Note 2.1(ii), the Company has substantially impaired its plant to the extent of its realizable value based on prevailing conditions. Further, as mentioned in Footnote (b),(c) to Note 6, the Company's two major subsidiaries are in process of insolvency and liquidation respectively, and two subsidiaries mentioned in Footnote (d) and (g) to Note 6 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 39, 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

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

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 35, 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 the subsidiary, these payments have been treated directly as expenses towards corporate guarantee in the financial statements of the Company and are without recourse to the subsidiary.

4. As disclosed in Note 25(f), 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 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 *qualified audit opinion* on the standalone financial statements.

Emphasis of Matters

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

1) As disclosed in Note 35 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 2.1 read with Note 6, 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. As mentioned in Footnote (d) of Note 6 in case of Bhander Power Limited and Footnote (g) to Note 6 in case of Essar Power (Orissa) Limited, lenders of both companies have transferred majority of assets of these companies under the SARFAESI Act, 2002, in order to settle their outstanding dues with the subsidiaries. Further, as mentioned in Footnote (b) of Note 6 in case of Essar Power MP limited and Footnote (c) of Note 6 in case of Essar Power Jharkhand Limited, the Company has lost control over both companies under the IBC process. The Company has not obtained fair valuation reports for these subsidiaries and investment values have been completely impaired.

3) As mentioned in Footnote (a) of Note 6, 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.

CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

4) There has been substantial change in the shareholding pattern of the Company as disclosed in Note 19 read with Note 22. Cumulative redeemable preference shares and optionally convertible cumulative redeemable preference shares have been entirely converted into equity of the Company. Further, as disclosed in Note 19(b), some portion of compulsorily convertible cumulative preference shares have been converted into equity of the Company.

5) Note 12 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 47 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 matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors and Management is responsible for the preparation of the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard as the annual report is yet to be made available to us.

Responsibility of the Management and Those Charged With Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Board of Directors and management 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 management 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 Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are 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 these standalone financial statements.

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 standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence 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 system 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 management.

- Conclude on the appropriateness of management's 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 financial statements or, if such disclosures

M.M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "**Annexure A**" , a statement on the matters specified in 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 obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the accompanying standalone financial statements.

   b) Except for the matter described in the Basis for Qualified Opinion section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) Except for the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

   e) In our opinion, the matter described under the Basis for Qualified Opinion paragraph and Emphasis of Matters paragraph may have an adverse effect on the functioning of the Company.

   f) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act, except for Mr. Birendra Mohapatra.

   g) The qualifications relating to Going Concern assumption and Corporate Guarantee Invocation are as stated in the Basis of Qualified Opinion section above..

M.M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

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**".

i) In our opinion and according to the information and explanations given to us, the Company has not paid any managerial remuneration during the year. Hence compliance requirement under the provisions of section 197 of the Act is not applicable.

j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements vide Note 38 and 39.

ii. The Company did not have any long term contracts, including derivative contracts, for which there were any material foreseeable losses as at 31st March, 2021.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March 2021.

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

M.M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Rishabh Chaturvedi
Partner
Membership No. 124465
UDIN: 21124465AAAAAG9015

Mumbai
27 August, 2021

ANNEXURE-A to the Independent Auditor's Report on the Standalone Financial Statements of Essar Power Limited – 31st March, 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanation given to us and the books of accounts and other records examined by us in the normal course of audit, and to the best of our knowledges and belief, we report that:

(i) In respect of its Property, Plant and Equipment:

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

(b) The fixed assets were physically verified during the year by the Management along with an external valuation expert for the purpose of obtaining a fair valuation report, which, in our opinion, is reasonable having regard to the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) In respect of its inventories:

(a) As explained to us, the inventories were physically verified in the month of March 2021 by the Management. We were unable to be part of the physical verification process due to the prevailing COVID related lockdowns and have relied on the documents provided by the Company of their inventory verification.

(b) In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on physical verification.

(iii) The Company has granted unsecured loans of Rs. 17.78 crore to its subsidiaries. The loans given are repayable on demand and are current in nature. The Company has waived interest on these loans given.

(iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 of the Act are not applicable to the Company due to absence of transactions of the nature covered under the said section. Being a Company incorporated with the object of providing infrastructure facilities, provisions of Section 186 are not applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year in terms of the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanation provided to us, the Company is not required to maintain cost records as it does not meet the turnover criteria of Rs. thirty five crore from power generation as provided in Rule 3 of Companies (Cost Records and Audit) Rules, 2014. The Company has not maintained cost accounts and records for provision of services.

(vii) According to the information and explanations given to us, in respect of statutory dues:

M.M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Income-Tax, Profession Tax, GST and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of aforesaid statutory dues in arrears as at 31st March, 2021 for a period of more than six months from the date they became payable.

(b) Details of dues of Income-tax, Sales Tax, Services Tax, Duty of Customs, Duty of Excise or Value Added Tax which have not been deposited as on 31st March, 2021 on account of disputes are given below:

(Rs. In Crores)

Name of Statute	Nature of Dues	Forum where dispute pending	Period for which amount relates	Amount disputed
Gujarat Sales Tax Act, 1969	Sales Tax and Interest and Penalty thereon	Commissioner (Appeals)	F.Y. 2004-05	0.73
Gujarat Electricity Sales Tax	Tax on Sale of Electricity	Appeal to be filed by Company	2002	45.91
Central Excise Act, 1944	Service Tax	Appellate Tribunal, Bangalore	F.Y. 2007-08	0.20
Central Excise Act, 1944	Service Tax	Appellate Tribunal, Ahmedabad	F.Y. 2007-08 to 2012-13	1.95
Income tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2017-18	5.93
Income tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2015-16	62.57

(viii) According to the information and explanations given to us, the Company has not taken any loans from Government. The Company has defaulted in repayment of loans or borrowings to financial institutions and banks and dues to debenture holders during the year. Details of the dues to bank and financial institutions and debenture holders which have not been paid on due dates and which are outstanding as on 31st March, 2021 are given below:

Sr. No	Name of the Lender	Principal default (Rs in Crores)	Interest default (Rs in Crores)	Total (Rs in Crores)	Period of default (maximum days)
Debenture holders					
1	LIC	1245.00	1916.75	3,161.75	2440 days
2	Axis Bank & Other NCD Holders	127.70	88.07	215.77	1521 days
Banks					
1	Bank of India	59.87	56.08	115.95	2190 days
2	Axis Bank	189.12	36.22	225.34	1521 days
3	Yes Bank	418.83	83.59	502.42	549 days
TOTAL		**2,040.52**	**2,180.71**	**4,221.23**	

M.M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the company during the year for the purposes for which loans were obtained.

(x) To the best of our knowledge and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not paid any managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, except for right issue of shares to its holding company amounting to Rs. 393.94 crore.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) The Company has applied for exemption from registration as an NBFC under section 45-IA of the Reserve Bank of India Act, 1934, for FY 2020-21 and, as explained to us, is awaiting reply on the same. The Company had filed a similar application seeking exemption from registration as NBFC for FY 2016-17, 2017-18, 2018-19, and 2019-20, and, as explained to us, has not received any replies on the same as well.

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

MUMBAI

Rishabh Chaturvedi
Partner
Membership No. 124465
UDIN: 21124465AAAAAG9015

Mumbai
27 August, 2021

ANNEXURE - B to the Independent Auditor's Report on the Standalone Financial Statements of Essar Power Limited – 31st March, 2021

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

We have audited the internal financial controls with reference to standalone financial statements of Essar Power Limited ("the Company") as of 31st March 2021 in conjunction with our audit of the standalone 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 with reference to financial statements 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 the 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 Act, 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 ICAI. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 our judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements.

A company's internal financial control with reference to financial statements 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 with reference to financial statements includes those policies and procedures that:

M.M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

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 authorizations of management and directors of the company; and
3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to standalone financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2021, based on the internal control with reference to financial statements 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 ICAI.

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

Rishabh Chaturvedi
Partner
Membership No. 124465
UDIN: 21124465AAAAAG9015

Mumbai
27 August, 2021

ESSAR POWER LIMITED
BALANCE SHEET AS AT MARCH 31, 2021

Rs. in Crore

	Note no.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	**245.64**	52.96
Intangible assets	3.1	**0.03**	0.04
Capital work in progress	4	-	-
Right of use asset	5	**1.15**	1.21
Financial assets:			
Investments	6	**2,772.52**	2,145.72
Loans	7	**2.01**	9.66
Other financial assets	8	**0.31**	1.00
Other non-current assets	9	**0.50**	0.50
		3,022.16	2,211.09
Current assets			
Inventories	10	**8.93**	9.13
Financial assets:			
Investments	11	-	-
Trade receivables	12	**1,067.15**	1,067.17
Cash and cash equivalents	13	**0.52**	0.58
Bank balances other than cash and cash equivalents	14	**10.97**	9.16
Loans	15	**11.72**	178.16
Other financial assets	16	**0.26**	0.56
Current tax assets (net)	17	**24.03**	23.74
Other current assets	18	**28.33**	34.61
		1,151.91	1,323.11
		4,174.07	3,534.20
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	19	**4,874.54**	460.92
Other equity			
Equity component of convertible preference shares	19	**2,796.60**	5,440.20
Reserve and surplus	20	**(8,893.20)**	(8,513.35)
Other reserves	21	**@1**	@1
		(1,222.06)	(2,612.23)
LIABILITIES			
Non-current liabilities			
Financial liabilities:			
Borrowings	22	**14.24**	2,030.36
Deferred tax liabilities (net)	23	-	-
		14.24	2,030.36
Current Liabilities			
Financial Liabilities:			
Lease Liabilities	24	**0.16**	0.83
Borrowings	25	**1,111.46**	1,010.25
Trade payables			
Total outstanding of micro and small enterprises	25	**0.21**	0.06
Others	26	**4.95**	10.59
Other financial liabilities	27	**4,264.38**	2,983.48
Current tax liabilities (net)	28	-	108.53
Other current liabilities	29	**0.73**	2.33
		5,381.89	4,116.07
		4,174.07	3,534.20

The accompanying notes are an integral part of these financial statements

In terms of our report attached
For M. M. Chaturvedi & Co.
Chartered Accountants
Firm Registration No. 112941W

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Chaturvedi
Rishabh Chaturvedi
Partner
Membership No. 124465
Mumbai
Dated: 27th August 2021

For and on behalf of the Board of Directors

Prateek
Prateek Garg
Director
DIN:09107733

Vaibhav Angal
Director
DIN:09098736

PKhedekar
Prakash Khedekar
Company Secretary
PAN:ALIPK1718L
Mumbai
Dated: 27th August 2021

Kush
Chief Executive Officer
PAN:AIFPK4987M
Mumbai
Dated: 27th August 2021

Jain
Vinod Jain
Chief Financial Officer
PAN:AAMPJ7907K

ESSAR POWER LIMITED

ESSAR POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Rs. in Crore

	Note no.	For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
Revenue from operations	30	**4.52**	44.29
Other income	31	**2.77**	21.47
Total Income		**7.29**	65.76
EXPENSES			
Employee benefit expenses	32	**2.19**	1.14
Finance costs	34	**717.81**	630.19
Depreciation and amortisation	3	**4.83**	0.05
Other expenses	33	**5.80**	32.43
Total Expenses		**730.62**	663.82
Profit / (Loss) before exceptional item and tax		**(723.33)**	(598.06)
Exceptional items	35	**(343.80)**	1,613.19
Profit/(loss) for the period		**(379.53)**	(2,211.24)
Tax expense			
Current tax	36	**-**	0.08
Deferred tax charge / (credit)		**-**	-
		-	0.08
Profit (Loss) for the period from continuing operations		**(379.53)**	(2,211.32)
Other current assets			
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		**(0.31)**	-
		(0.31)	-
		-	-
Other comprehensive income for the year, net of tax		**(0.31)**	-
Total comprehensive income for the year, net of tax		**(379.84)**	(2,211.32)

Basic earnings per share of Rs. 4 each (In Rs.) for continuing operation	**(0.31)**	(19.20)
Diluted earnings per share of Rs. 4 each (In Rs.) for continuing operation	**(0.31)**	(19.20)

(Refer Note 37)

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For M. M. Chaturvedi & Co.
Chartered Accountants
Firm Registration No. 112941W

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Rishabh Chaturvedi
Partner
Membership No. 124465
Mumbai
Dated: 27th August 2021

For and on behalf of the Board of Directors

Prateek Garg
Director
DIN:09107733

Vaibhav Angal
Director
DIN:09098736

Prakash Khedekar
Company Secretary
PAN:ALIPK1718L
Mumbai
Dated: 27th August 2021

Kush
Chief Executive Officer
PAN:AIFPK4987M
Mumbai
Dated: 27th August 2021

Vinod Jain
Chief Financial Officer
PAN:AAMPJ7907K

ESSAR POWER LIMITED

ESSAR POWER LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity share capital

	Rs. in Crore
As at April 1, 2019	460.92
Changes in equity share capital	-
As at March 31, 2020	460.92
Changes in equity share capital	4,413.62
As at March 31, 2021	4,874.54

B. Equity component of convertible preference shares

	Rs. in Crore
As at April 1, 2019	5,440.20
Changes in equity share capital	-
As at March 31, 2020	5,440.20
Changes in equity share capital	(2,643.60)
As at March 31, 2021	2,796.60

C. Other equity

Rs. in Crore

	Reserve and surplus					
	Preference Redemption Reserve	**Securities premium Reserve**	**Debenture redemption reserve**	**Securities premium Reserve for premium payable on redemption of preference shares**	**Retained Earnings**	**Total**
Balance as at April 1, 2019	267.98	1,660.75	49.65	839.53	(9,119.93)	(6,302.02)
Profit / (Loss) for the year	-	-	-	-	(2,211.32)	(2,211.32)
Total comprehensive income for the year	-	-		-	(2,211.32)	(2,211.32)
Other current assets	-	(28.70)	-	28.70	-	-
Balance as at March 31, 2020	267.98	1,632.05	49.65	868.23	(11,331.26)	(8,513.35)
Profit / (Loss) for the year	-	-	-	-	(379.53)	(379.53)
Other comprehensive income for the year	-	-	-	-	(0.31)	(0.31)
Total comprehensive income for the year	-	-		-	(379.84)	(379.84)
Transfer to Securities Premium - for premium payable on redemption of preference shares	-	(28.70)	-	28.70	-	-
Balance as at March 31, 2021	267.98	1,603.35	49.65	896.93	(11,711.11)	(8,893.20)

In terms of our report attached

For M. M. Chaturvedi & Co.
Chartered Accountants
Firm Registration No. 112941W

Rishabh Chaturvedi
Partner
Membership No. 124465
Mumbai
Dated: 27th August 2021

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Prakash Khedekar
Company Secretary
PAN:ALIPK1718L
Mumbai
Dated: 27th August 2021

For and on behalf of the Board of Directors

Prateek Garg
Director
DIN:09107733

Vaibhav Angal
Director
DIN:09098736

Kush
Chief Executive Officer
PAN:AIFPK4987M
Mumbai
Dated: 27th August 2021

Vinod Jain
Chief Financial Officer
PAN:AAMPJ7907K

ESSAR POWER LIMITED

ESSAR POWER LIMITED

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)	
	Other current assets		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)

Notes:

1. Investments in fixed deposits having maturity of more than three months and margin deposits have been shown under the cash flow from investing activities. Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Cash on hand (@ 1 = Rs. 4,899 and @ 2 = Rs. 6.649)	@ 1	@ 1
Cheques on hand	-	-
Balances with banks in		
Current accounts	0.52	0.58
Deposits accounts	10.97	9.16
	11.49	9.74
Less: Fixed/margin deposits excluded from cash and cash equivalents	(10.97)	(9.16)
Cash and cash equivalents as restated	0.52	0.58

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Amendment to Ind AS 7

The amendment to Ind AS 7 Cash flow statements requires the entities to provide discloures that enable users of Financial statements to evalute changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financial activities, to meet the disclosure requirement. This amendment has become effective from 1st April, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

	Inter Corporate Deposits	Preference shares	Other Long term borrowings	Other short term borrowings	Finance and lease charges	Total
Balance as at March 31, 2020	**360.88**	**2,019.01**	**1,780.42**	**160.39**	**1,703.39**	**6,024.09**
Cash flow:						
Inflow	94.93	-	175.00	-	-	**269.93**
(Outflow)	(147.63)	-	(22.86)	-	-	**(170.49)**
Other changes						
Fair valuation impact	-	137.53	-	-	(137.53)	-
Amortisation of upfront fee	-	-	24.26	-	(24.26)	-
Finance and lease charges	-	-	-	-	717.81	**717.81**
Finance and lease charges paid	-	-	-	-	(7.31)	**(7.31)**
Other non cash changes	(57.10)	(1,377.32)	(9.56)	-	-	**(1,443.98)**
Closing balances as at March 31, 2021	**251.08**	**779.22**	**1,947.26**	**160.39**	**2,252.10**	**5,390.05**

In terms of our report attached

For M. M. Chaturvedi & Co.
Chartered Accountants
Firm Registration No. 112941W

Rishabh Chaturvedi
Partner
Membership No. 124465
Mumbai
Dated: 27th August 2021

Prakash Khedekar
Company Secretary
PAN:ALIPK1718L
Mumbai
Dated: 27th August 2021

For and on behalf of the Board of Directors

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ESSAR POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE: 1

CORPORATE INFORMATION

Essar Power Limited (the ''Company'' / "EPOL") is a public company incorporated in the year 1991 and domiciled in India. The registered office and principal place of business of the Company is located at 27th Km, Surat Hazira Road, Hazira, Surat, Gujarat - 394270. The Company has set up and operates a 515 MW dual fuel fired combined cycle power plant at Hazira, Surat (Gujarat).

NOTE: 2

SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The company has followed same accounting policies and methods of computation in the financial statements as compared with the most recent annual financial statements except to the following

During the year, the Company has decided to change its accounting policy for Investments to Fair Value. 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.

(i) Compliance with Ind AS

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.

These financial statements were authorised for issue in accordance with resolution of the Board of Directors in its meeting held on 27 August 2021.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except certain financial instruments which has been measured at fair value.

The Company, one of the largest private power producer's in the country, owns a 515 MW gas based power plant. Further, the company also owns and operates two power plants with aggregate capacity of 1500 MW and a 464 Km long Inter State Transmission System through its subsidiaries.

The subsidiaries like Essar Power Hazira Limited and Essar Power Transmission Company Limited have shown robust performance and classified as standard assets with the lenders. CRISIL has assigned "BBB" credit rating to Essar Power Hazira Limited. EPHL and EPTCL has been showing continuous & significant improvement and achieved decent profits.

Management has given careful consideration to going concern of Company due to ongoing challenges faced by the Company and subsidiaries and has taken / is taking following steps:-

a. Preservation of Equipments - The Company is maintaining the plant under preservation and all the key equipments are well preserved. The Company has also refurbished its plant and all equipments are in good condition.

As Natural Gas prices are declining continuously, adjoining gas based power plant (500 MW capacity) earlier owned by BPOL is running with almost full capacity.

b. b. Monetisation Plans

In the endeavour to become debt free completely, the Company plans to monetise some of its investments and utilise the proceeds for repayment of debt obligations in near future.

c. OTS with Lenders -

The Company has offered One Time Settlement (OTS) to all the lenders to resolve the irregularity with the lenders. Most of the lenders and debenture holders, namely Axis Bank and Yes Bank etc., had approved the OTS proposals and payments have already been made to them in full / part. The Company shall be paying the balance payments to these A major debenture holder, LIC has already given in-principle approval for the OTS proposal and the Company is hopeful of getting final approval soon. The Company is engaged with other small lenders for settlement of their dues through OTS and is hopeful of settling them in current financial year.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

d. New Business Initiatives
Essar Group is planning for energy transition to decarbonise its entire portfolio. Accordingly, Essar Power is planning to foray into renewable energy sector mainly in Solar, Wind, Energy Storage etc. The company is currently exploring the various new opportunities available in these areas.

e. The Company has made comprehensive plans to address the long term as well as short term issues faced by the subsidiaries including debt restructuring, debt refinancing, interest rate rationalization, buying raw-material in e-auction or through traders

f. Update on Subsidiaries
Essar Power Gujarat Limited, a subsidiary of the Company, is in advanced stage of implementation of resolution plan with its lenders thereby bringing down the debt to a sustainable level and make the operations fully viable.
Dues of Essar Power (Orissa) Limited to its lenders have been settled and No Dues received from Edelweiss ARC. We expect to receive no dues from SBI soon
The above steps will ensure continuous operations and the Company will be able to meet all its operational liabilities and financial liabilties.
In view of above, the management has concluded to prepare financials on a going concern basis."

2.2 Fair value Hierarchy

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 on the measurement date. The Company uses valuation techniques that are appropriate in the circumstances for which sufficient data is available to measure fair value, maximising 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
• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
The Company measured its investments in equity/CCPS/CRPS shares of subsidiaries at fair value and certain financial assets and liabilities for financial reporting purposes.
The fair values of investments in subsidiaries are not quoted in an active market and are determined by using valuation techniques, primarily earnings multiples and discounted cash flows. The models used to determine fair values including estimates/ judgements involved are validated and periodically reviewed by the management. The inputs used in the valuation models include unobservable data of the Companies which are categorised within level III fair value measurements. They are based on historical experience, technical evaluation and other factors, including expectations of future events. Considering the level of estimation involved and unobservable inputs, the Company has engaged a third party qualified valuer to perform the valuation. Based on the actual performance of respective subsidiaries project, the inputs considered for valuation may vary materially and could cause a material adjustment to carrying amount of investments.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues and expenses during the period and assets, liabilities and the disclosure of contingent liabilities at the date of financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company prepared its financial statements based on assumptions and estimates on parameters available at that time. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Corporate guarantee resolution

The Company has issued corporate guarantee to the lenders of its subsidiaries for the borrowings taken for setting up of the power plants. During the last few years, Essar Power Limited faced challenges such as deallocation of coal blocks, changes in bidding norms for long term PPA post completion of mine bidding process under the auction route and change in law in fuel exporting countries which led to idle capacities and consequent inability to service the borrowing facilities in plants set up in Mahan, Salaya and Jharkhand. The lenders have recalled their loans and invoked parent corporate guarantees.
The Company has been in constant discussions with its lenders for restructuring the debt in its group at a sustainable level. Based on the available information and the government policy announcements, the following is considered by the company for assessment of provision for guarantees issued to lenders of subsidiary companies. (Refer Note No. 39)

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

2.4 Foreign currencies

(i) Functional and presentation currency

The financial statements are presented in "Indian Rupees" (INR), which is also the Company's functional currency. All values are rounded to the nearest crore (INR 0,000,000), except when otherwise indicated.

(ii) Transaction and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.5 Revenue recognition

The Company recognises revenue when the company satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when the customer obtains control of that asset and it is probable that the company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.
Revenue is measured at the transaction price. The transaction price is the amount of consideration, taking into account contractually defined terms of payment and its customary business practice, to which Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties i.e excluding taxes or duties collected on behalf of the government.

(i) Income from operations

Revenue is recognised on an accrual basis in accordance with the terms of respective power purchase agreements and Intra-State Availability Based Tariff order including delayed payment charges as per power purchase agreements to the extent they are not under dispute.

(ii) Income from services

Revenue from maintenance contracts are recognised pro-rata over the period of the contract as and when services are rendered.

(iii) Interest and dividend income

Interest income is recorded using the effective interest rate (EIR) for all debt instruments measured either at amortised cost or at fair value through other comprehensive income. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.6 Construction contracts as part of revenue recognition

Contract revenue and contract costs associated with the construction of projects are recognised as revenue and expenses respectively in the statement of profit and loss by reference to the stage of completion of the project at the balance sheet date. The stage of completion of project is determined by the proportion that contract cost incurred for the work performed up to the balance sheet date bear to the estimated total contract costs. If total cost is estimated to exceed total contract revenue, forseeable loss is provided for.

2.7 Borrowing costs

Borrowing costs attributable to the acquisition and construction of the qualifying assets are capitalised as part of the cost of such assets up to the date when such asset is ready for its intended use. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

ESSAR POWER LIMITED

M.M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

2.8 Employee benefits

(i) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid with in twelve months in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits includes salaries, allowances and bonuses etc., compensated absences such as paid annual leave and performance incentives.

(ii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation determined actuarially by using Projected Unit Credit Method at the balance sheet date.

(iii) Post-employment benefit plans

Contribution to defined contribution plans such as provident fund, are recognised as expense in the statement of profit and loss or expenditure during construction period, as applicable, when employees have rendered services entitling them to contributions.

The Group operates a defined benefit gratuity plan in India. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss or expenditure during construction period, as applicable,

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Net interest expenses or income is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of plan assets.

The employee benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the related plan assets. Any asset resulting from this calculation is limited to the reductions in future contributions to the plan.

2.9 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charges is calculated on the basis of the tax laws enacted at the end of the reporting period in India. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current and deferred tax is recognised in profit and loss, except to the extent that is relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

2.10 Property, plant and equipment (PPE)

Freehold land is carried at historical cost and other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes purchase price, borrowing costs and all other applicable expenses incurred to bring the assets to its present location and condition. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss or expenditure during construction period, as applicable.

All the expenditure during construction period (net of income) attributable to construction/acquisition of fixed assets are shown as capital work in progress until the relevant assets are ready for its intended use. When a major inspection or major maintenance is undertaken, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss during the reporting period in which they are incurred.

Depreciation on plant & machinery and buildings is provided on the basis of useful life assessed by an independent engineer and on other assets at the rates and in the manner permitted / specified in Schedule II to the Companies Act, 2013. Depreciation on additions/deductions to property, plant and equipment made during the year is provided on a pro-rata basis from/up to the date of such additions/deductions, as the case may be. Following is the comparison of useful life as certified by independent engineer and useful life prescribed in Schedule II to the Companies Act, 2013.

Description of Asset	Useful life as per technical assessment	Useful life as per Companies Act, 2013
Plant & Machinery	25-30 years	40 years
Buildings	40 years	30 years

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted if appropriate.

On transition to Ind AS, the Company has elected to fair value of selected items of its property, plant and equipment recognised as at April 1, 2015 and other items are measured as per Ind AS 16. The Company has elected not to revalue these assets subsequently.

2.11 Intangible assets

Intangible assets are recognised only when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised over the best estimate of their useful lives. Capitalised software cost is equally amortised over a period of five years.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015 measured as per the previous GAAP i.e. Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

2.12 Impairment of non-financial assets

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised in the statement of profit and loss when the carrying amount of an asset exceeds its estimated recoverable amount. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

2.13 Inventories

Inventories are valued at lower of cost and net realisable value. The cost of inventory is determined using the weighted average cost formula.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

2.14 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, that can reliably be estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are not recognised but disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

2.15 Financial instruments

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.

(i) Financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Company classifies its debt instruments;

Cost/ Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest (SPPI) are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payment of principal and interest (SPPI), are measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gain and losses which are recognised in profit and loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit and loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Debt instruments included within the FVPL category are measured at fair value with all changes recognized in the statement in profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVPL. For all other equity instruments, the Company may classify the same either as at FVOCI or FVPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments which are classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the profit or loss.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognise impairment loss allowance based on lifetime Expected Credit Losses" (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit or loss. This amount is reflected in a separate line in the profit or loss as an impairment gain or loss.

(ii) Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The measurment of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. For liabilities designated as FVPL, fair value gains / losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortized cost

Financial liabilities classified and measured at amortised such as loans and borrowings, trade and other payable are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

The Company provides certain guarantees in respect of the indebtedness of group company undertakings, claims under contract and other arrangements in the ordinary course of business. The Company evaluates each arrangement to determine whether it is an insurance or a financial guarantee contract. Once the arrangements are designated as insurance contracts, these are disclosed as contingent liabilities unless the obligations under guarantee become probable. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the obligation under the contract and the amount initially recognised less cumulative amortisation over period of guarantee is provided.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits with banks with original maturity of less than three months and short-term highly liquid investments, that are readily convertible into cash and which are subject to an insignificant risk of changes in the principal amount. Bank overdrafts, which are repayable on demand and form an integral part of the operations are included in cash and cash equivalents.

2.17 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

(i) Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand -alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right -of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantl ing and removing the underlying asset or restoring the underlying asset or site on which it is located. The right -of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight -line method from the commencement date over the shorter of lease term or useful life of right -of-use asset. The estimated useful lives of right-of-use assets are determined on the same basi s as those of property, plant and equipment. Right -of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

(ii) Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue to allocate the consideration in the contract.

(iii) Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, from the date of initial application (April 1, 2019). This lease was previously classified as finance lease applying Ind AS 17 and thereby the carrying amount of the right-of-use asset and lease liability at the date of initial application has been equal to the carrying amount of the lease asset and lease liability immediately before that date measured applying Ind AS 17. Accordingly, the Company has not restated comparative information as on April 1, 2019.

(a) Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Ind AS 116 supersedes Ind AS 17, Leases. The principle of Ind AS 116 is that it requires lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows.

Based on the preliminary assessment performed by the Company, the impact of application of the Standard is not expected to be material.On adoption of Ind AS 116 "Leases" with effect from April 1, 2019, the Company elected to apply the modified retrospective transition method. Accordingly, on transition, right-of-use assets of ₹ 0.75 Crore were measured at an amount equal to lease liabilities. In addition, prepaid lease rental amounting to ₹ 0.51 Crore (net of accrued payments) was reclassified from other assets to right-of-use assets. This lease was previously classified as an operating lease applying Ind AS 17 and thereby the carrying amount of the right-of-use asset is adjusted with prepaid rental.

The weighted average incremental borrowing rate applied to lease liabilities recognised on transition to Ind AS 116 "Leases" was 10.00%

2.18 Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

2.19 Earnings per share

Basic earnings per share are computed by dividing the profit / (loss) attributable to equity share holders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the profit / (loss) for the year after deducting preference dividends and attributable taxes attributable to equity shareholders. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit / (loss) for the year are adjusted for the effects of changes in income, expenses, tax and dividends that would have occurred had the dilutive potential equity shares been converted into equity shares. Such adjustments after taking account of tax include preference dividends or other items related to convertible preference shares, interest on convertible debt and any other changes in income or expense that would result from the conversion of dilutive potential ordinary shares. The weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.20 Investment in joint ventures

Investment in joint ventures are recognised at cost as per para 10(a) of Ind As 27. Except where investments accounted for at cost shall be accounted for in accordance with the IND AS 105, Non-Current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

ESSAR POWER LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE: 3
PROPERTY, PLANT AND EQUIPMENT

Rs. in Crore

Description of the assets	Gross block				Depreciation and amortisation					Net block	
	Balance as at March 31, 2020	Additions/ Fair Value during the year	Deletions / Adjustments during the year	Balance as at March 31, 2021	Balance as at March 31, 2020	For the year	Deletions / Adjustments during the year	Impairment During the year*	Balance as at March 31, 2021	Balance as at March 31, 2021	Balance as at March 31, 2020
Freehold land	155.73	0.32	-	156.05	131.83	-	54.70	-	77.13	78.92	23.90
Buildings	32.96	-	-	32.96	27.79	0.32	9.87	-	18.24	14.72	5.17
Plant and machinery	1,880.54	-	-	1,880.54	1,856.94	4.43	132.26	-	1,729.11	151.43	23.60
Furniture and fixtures	0.57	-	-	0.57	0.45	0.01	-	-	0.46	0.11	0.12
Office equipments	0.32	0.29	-	0.61	0.17	0.01	-	-	0.18	0.44	0.14
Computers	-	-	-	-	-	-	-	-	-	-	-
Vehicles	0.06	-	-	0.06	0.03	-	(0.01)	-	0.04	0.02	0.03
Total	**2,070.18**	**0.61**	-	**2,070.79**	**2,017.21**	**4.77**	**196.82**	-	**1,825.16**	**245.64**	52.96
Previous year	2,069.57	-	0.63	2,070.18	2,017.21	-	-	-	2,017.21	52.96	52.35

NOTE: 3.1
INTANGIBLE ASSETS

Rs. in Crore

Description of the assets	Gross block				Amortisation					Net block	
	Balance as at March 31, 2020	Additions during the year	Deletions / Adjustments during the year	Balance as at March 31, 2021	Balance as at March 31, 2020	For the year	Deletions / Adjustments during the year	Impairment During the year	Balance as at March 31, 2021	Balance as at March 31, 2021	Balance as at March 31, 2020
Computer software	0.04	- -	-	0.04 -	-	-	(0.01)	-	0.01	0.03 -	0.04
Total	**0.04**	-	-	**0.04**	-	-	**(0.01)**		**0.01**	**0.03**	0.04
Previous year	0.04	-	-	0.04	-	-	-		-	0.04	0.04

During the year The company has carried out inpairment testing of property plant & equipment as at 31 st March 2021. Certain Factors are considered for valuation which are as under
i. Development of nearby locality of the Essar Power plant
ii.. Improvement in natural gas scenarios
iii.. Improvement in the operations of the alike power plants like Bhander Power Limited (in operations for last 3-4 years)

In view of the above The company has reversed impairment of Rs. 196.83 Cr as per value certified by third party valuer.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO.
MUMBAI
CHARTERED ACCOUNTANTS

NOTE: 4
CAPITAL WORK IN PROGRESS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	-	11.95
Less: Capitalised sold & Written off during the year	-	(7.68)
Less: Written off of Impairment of repowering facility *	-	(4.27)
Less: Impairment of repowering facility *	-	-
Balance at the end of the year	-	-

* Impairment of Capital Work in Progress: The company had paid an amount of Rs 4.27 Crore towards technical advisory fees for assessing the feasibility of conversion of gas based power plant into coal based power plant. The price of coal had increased substantially rendering the project commercially unviable. The company is currently going through a financial distress and the lenders also are not very much willing to lend funds to the power companies thereby making it difficult to arrange funds for the project. In view of the above, it might not be possible for the company to continue with the project and thus in the previous year the management considered it prudent to make a impairment of the amount of Rs 4.27 Crore. During the previous Year ,the company had sold Capital work in Progress of Rs. 7.10 Crore , Written off Rs. 4.27 Crore which had been earlier impaired and Written off the other Balance amount of Rs. 0.58 Crore.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

ESSAR POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE: 5

RIGHT -OF USE ASSETS

(Amount In crores)

Description of the assets	Gross block					Depreciation and amortisation					Net block	
	Balance as at April 1, 2020	Addition during the year	Reclassified of IndAS 116	Deletions / during the year	Balance as at March 31, 2021	Balance as at April 1, 2020	For the year	Reclassifi of IndAS 116	Deletions / during the year	Balance as at March 31, 2021	Balance as at March 31, 2021	Balance as at March 31, 2020
Leasehold land *	1.26	-	-	-	**1.26**	0.05	0.05	-	-	**0.11**	**1.15**	1.21
Total	**1.26**	**-**	**-**	**-**	**1.26**	**0.05**	**0.05**	**-**	**-**	**0.11**	**1.15**	**1.21**

* Right to use is created in previous year on long term operating Lease on first time adoption of INDAS 116 . Company has taken Land in Bhuj (related to Solar plant) premises on lease. The lease period for land is 30 years (From March 2012 to March 2042).

Movement of Lease Liabilties	
Particulars	**Amounts**
Balance as at 1 April, 2020	0.83
Addition	-
Other current assets	0.09
Paid during the year	(0.75)
Balance as at 31 March, 2021	**0.16**
Classification of Lease Liabilities into :	
Current	0.16
Non Current	-

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Other current assets
INVESTMENTS

Rs. in Crore

	Current Year	As at March 31, 2021	Previous Year	As At March 31, 2020
Unquoted - at Fair Value (Previous Year- At Cost) **Investment in subsidiaries** **Equity shares**				
1,278,192,589 (Previous year 1,278,192,589) Fully paid up equity shares of Rs.10 each of Essar Power Gujarat Ltd.	1,278.24		1,278.24	
Less :- Change in fair value of investments	(1,278.24)	-	(1,278.24)	-
597,036,000 (Previous year 597,036,000) Fully paid up equity shares of Rs.10 each of Essar Power Transmission Company Ltd. #c	597.04	-	597.04	-
Add :-Change in fair value of investments	120.96	**718.00**	-	**597.04**
274,639,500 (Previous year 274,639,500) Fully paid up equity shares of Rs.10 each of Bhander Power Ltd. #d	282.79		282.79	
Less :- Change in fair value of investments	(282.79)	-	(282.79)	-
13,120,000 (Previous year 13,120,000) Fully paid up equity shares of USD 1 each of Essar Power Overseas Ltd.	59.75		59.75	-
Less :- Change in fair value of investments	(59.75)	-	(59.75)	-
38,888,875 (Previous year 38,888,875) Fully paid up equity shares of Rs. 10 each of Essar Electric Power Development Corporation Ltd.	38.89		38.89	-
Less :- Change in fair value of investments	(19.10)	**19.79**	-	38.89
7,400,000 (Previous year 7,400,000) Fully paid up equity shares of Rs.10 each of Essar Power Hazira Ltd. #e	7.40		7.40	-
Add :-Change in fair value of investments	1,126.42	**1,133.82**	-	7.40
7,400,000 (Previous year 7,400,000) Fully paid up equity shares of Rs.10 each of Essar Power (Orissa) Ltd. #f	7.40		7.40	-
Less :- Change in fair value of investments	(7.40)	-	(7.40)	-
60,000 (Previous year Nil) Fully paid up equity shares of Rs.10 each of Ultra Lng Urja Limited.		-		-
Aggregate book value - Equity	2,271.50		2,271.50	
Aggregate amount of Change in fair value of investments	(399.89)	**1,871.60**	(1,628.17)	643.32

Preference shares				
641,173,900 (Previous year 641,173,900) * Cumulative participating preference shares of Rs.10 each of Essar Power Hazira Ltd. #g		**641.17**		641.17
59,200,000 (Previous year 59,200,000) Optionally convertible cumulative redeemable preference shares of USD 1 each of Essar Power Overseas Ltd.	369.72	-	369.72	-
Less :- Change in fair value of investments	(369.72)	-	(369.72)	-

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

1,388,000 (Previous year 1,388,000) Cumulative redeemable preference shares of USD 1 each of Essar Power Overseas Ltd.	1.26	-	1.26	-
Less :- Change in fair value of investments	(1.26)	-	(1.26)	-
363,650,000 (Previous year 363,650,000) * Cumulative participating preference shares of Rs.10 each of Essar Power (Orissa) Ltd. #h	363.65		363.65	-
Less :- Change in fair value of investments	(363.65)	-	(83.65)	280.00
27,17,00,000 (Previous year 27,17,00,000) * 0.1% Compulsorily Convertible participating preference shares of Rs.10 each of Essar Power (Orissa) Ltd.	271.70		271.70	-
Less :- Change in fair value of investments	(271.70)	-	(271.70)	-
5,750,000 (Previous year 5,750,000) 0.01% Cumulative redeemable preference shares of Rs.10 each of Bhander Power Ltd.	5.75		5.75	
Less :- Change in fair value of investments	(5.75)	-	(5.75)	-
545,744,400 (Previous year 545,744,400) 0.1% Compulsorily Convertible Non-Cumulative non-participating preference shares of Rs.10 each of Essar Power Gujarat Limited	545.74		545.74	-
Less :- Change in fair value of investments	(321.48)	**224.26**	-	545.74
Aggregate book value - Preference	2,198.99		2,198.99	
Aggregate amount of Change in fair value of investments	(1,333.55)	**865.44**	(732.07)	1,466.92
Other Investments **Investment in Essar Power Gujarat Limited**		**35.48**		35.48
1,725,744,417 (Previous year 1,725,744,417) Fully paid up equity shares of Rs.10 each of Essar Power (Jharkhand) Ltd.	1,725.74		1,725.74	
Less :- Provision for diminution in value of long term investments in other	(1,725.74)	-	(1,725.74)	-
196,100,000 (Previous year 196,100,000) Fully paid up equity shares of Rs.10 each of Essar Power M. P. Ltd.#a	1,572.30		1,572.30	
Less :- Change in fair value of investments	(1,572.30)	-	(1,572.30)	-
1,904,159,978 (Previous year 1,904,159,978) 0.01% Compulsory redeemable preference shares of Rs.10 each of Essar Power M.P. Ltd. #i	527.96		527.96	
Less :- Change in fair value of investments	(527.96)	-	(527.96)	-
82,37,04,100 (Previous year 82,37,04,100)* 0.1% Compulsorily Convertible participating preference shares of Rs.10 each of Essar Power M.P. Ltd.	823.70		823.70	-
Less :- Change in fair value of investments	(823.70)	-	(823.70)	-
Aggregate book value - Other	4,685.19		4,685.19	
Aggregate amount of Change in fair value of investments	(4,649.71)	35.48	(4,649.71)	35.48
Net Investment		2,772.52		2,145.72
Aggregate book value - Unquoted	**9,155.68**		**9,155.69**	
Aggregate amount of Change in fair value of investments	**(6,383.16)**	2,772.52	**(7,009.97)**	2,145.72

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

* Carries a coupon rate of 0% per annum from date of allotment till March 31, 2020 and 0.1% per annum thereafter (cumulative)

#a 196,099,850 (Previous year 196,099,850) equity shares are pledged for facilities availed by Essar Power M.P. Limited

#b 517,723,325 (Previous year 517,723,325) equity shares are pledged for loan taken by Essar Power (Jharkhand) Limited

#c 597,035,940 (Previous year 541,535,940) equity shares are pledged for loan taken & optionally convertible Debentures issued to lenders by subsidiary company Essar Power Transmission Company Limited & additional security to lenders of The company by way of second charge over surplus cash flow available from sale of equity share capital and after payment of Debt of lenders of EPTCL.

#d 190,078,275 (Previous year 190,078,275) equity shares are pledged for loan taken by subsidiary company Bhander Power Limited.

#e 7,399,940 (Previous year 7,399,940) equity shares are pledged for loan taken by subsidiary company Essar Power Hazira Limited & additional security to lendors of the company by way of second charge over surplus cash flow available from sale of 74 % of equity share capital and after payment of Debt of lenders of EPHL and charge created to related party on surplus cash flow available on sale of investment in Essar Power Hazira Limited

#f 7,399,940 (Previous year 7,399,940) equity shares are pledged for loan taken by subsidiary company Essar Power (Orissa) Limited.

#g 570,000,000 (Previous year 570,000,000) participating preference shares are pledged for loan taken by subsidiary company Essar Power Hazira Ltd and charge created to related party on surplus cash flow available on sale of investment in Essar Power Hazira Limited.

#h 363,650,000 (Previous year 363,650,000) participating preference shares are pledged for loan taken by subsidiary company Essar Power (Orissa) Limited & additional security to lendors by way of second charge over surplus cash flow available to company from sale of 74 % of preference share capital and after payment of Debt of lenders of EPORSL.

#i 1,447,161,584 (Previous year 1,447,161,584) preference shares are pledged for loan taken by Essar Power M.P. Limited

#j 27,83,29,644 (Previous year Nil) preference shares are pledged for loan taken by Essar Power Gujarat Limited

Footnote:

(a) Investment of Rs.1,278.24 Crore in equity shares , Investment of Rs. 545.74 Cr in Compulsory convertible non-cumulative non-participating preference shares and other investments of Rs.35.48 Crore in Essar Power Gujarat Limited ("EPGL"):

(i) The Company had created provision for diminution of investment in EPGL of Rs.1,278.24 Crore in earlier years of its entire portion of equity as remaining shares are held by Security Trustee due to invocation of pledge.

(ii) The 0.1% Compulsory convertible non-cumulative non-participating preference shares (CCNCNPPS) with face value of Rs.545.74 Cr were allotted by EPGL on March 1, 2019. The CCNCNPPS carry preferential right with respect to payment of dividend and repayment of capital over equity shareholder. The CCNCNPPS holder has an option to convert each CCNCNPPS into 1 equity share of Rs.10 each of the Company any time after six months from the date of allotment upto maximum period of 20 years i.e. February 29, 2039.
EPGL restarted its operations in April 2019 after a shutdown of ~18 months based on the signing of the SPPA and viable coal prices. With support of all stakeholders, the plant was in operation till March 11, 2021.

Based on the Government of Gujarat resolution dated June 12, 2020 and June 05, 2021, GUVNL and EPGL are in the advanced stage of signing the new SPPA .Thereafter GUNVL shall file a petition with GERC for approval. GERC is expected to approve the new SPPA within 4 - 6 weeks as it is line with the GERC Order dated April 27, 2020 and the Government Resolutions. On approval of GERC, the SPPA would become effective and EPGL would start getting coal cost as a pass through.

EPGL is working with its lenders to restructure the debt at a sustainable level based on the New SPPA as EPGL has complied with major CPs to implementation of restructuring. The management of EPGL expects to meet its obligations arising in the foreseeable future and firmly believes that the plant operations shall become viable once restructuring of debt as Sustainable level takes place

One of the lenders of EPGL had filed an application under section 7 of the Insolvency and Bankruptcy Code, 2016 in NCLT Ahmadabad Bench against EPGL in May-2021. The intimation of the filing of this application is received from lawyers of that lender and EPGL has not yet received a notice from NCLT. EPGL management has had various discussions with that lender for withdrawal of the NCLT application based on the positive development of GoG approving the revised SPPA. That Lender has indicated that they shall consider EPGL's request based on the signing and GERC approval of the revised SPPA. Hence EPGL expects the NCLT application to be withdrawn soon.

During the year, the Company has decided to change its accounting policy for Investments from Amortised Cost Basis to Fair Value. For this, Fair Valuation of EPGL is conducted by Investment Valuer. As per Valuation Report, the Equity Value of EPGL by using the Discounted Cash flow (DCF) Method of Valuation as on March 31 2021 works out to Rs. 351 Cr. As per proposed restructuring, the Fair value of investment in EPGL is Rs. 259.74 Cr i,e. 74 % of EPGL equity value on diluted basis. In view of this , during the period the Company has changed fair valuation of investment by Rs.321.48 Crore.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

(b) Investment of Rs 1572.30 crore in equity shares, Rs.527.96 crore in compulsory redeemable preference shares and Rs. 823.70 crore in compulsory convertible preference shares of Essar Power M.P. Ltd ("EPMPL"): EPMPL was admitted for CIRP under the Insolvency and Bankruptcy Code, 2016 by the NCLT on 29th September, 2020. Under the IBC proceedings, the Company received a successful bid by a Resolution Applicant. The bid was approved unanimously by the Committee of Creditors and is awaiting approval of NCLT. With the change of control to the successful Resolution Applicant, the investment in EPMPL has been recategories to Other Investment and 100% provision has been made for diminution in value of investments.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

(c) Investment of Rs. 1,725.74 crore in equity shares of, inter corporate deposits of Rs. 356.31 crore and interest on ICD of Rs. 153.50 crore to Essar Power (Jharkhand) Limited ("EPJHL"): EPJHL was admitted for CIRP under the Insolvency and Bankruptcy Code, 2016 by the NCLT on 5th April, 2020. Following the IBC process, EPJHL was admitted for liquidation on 3rd January, 2020.The assets now vests with the liquidator and all realizations from the asset will be apportioned to the Financial Creditors of the Company.

Moreover as the Company is under liquidation, the Guarantors has also signed a Settlement Agreement with Financial Creditors in July 2020 under which an amount of Rs 1215 Crores will be paid to secure release all Corporate Guarantees extended for the debt facilities of the Company.

Based on the above,100% provision has been made for diminution in value of its investments in the equity shares of EPJHL, inter corporate deposits and interest receivable on ICD from EPJHL.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.

(d) Investment of Rs 282.79 Crore in equity share and Rs. 5.75 Crore in preference share in Bhander Power Limited: The Company has made investment in Bhander Power Limited ("BPOL") which implemented a 500 MW combined cycle power plant. The power plant was sold in previous year and entire dues to secured lenders of BPOL have been paid. Since BPOL does not have any assets, 100% provision has been made for diminution in value of investments.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.

(e) Investments of Rs.0.06 Crore in equity share in Ultra Lng Urja Limited : During the previous year The company had taken 100 percent equity shares of 0.06 Crore (60000 Shares @ 10 Rs.) in Ultra Lng Urja Limited at Nil consideration.

(f) Investments of Rs.59.75 Crore in equity share and Rs. 370.97 Crore in preference share in Essar Power Overseas Ltd: Essar Power Overseas Ltd ("EPOVSL") currently has negative net worth due to accumulated losses . Thus keeping in view the above conditions of EPOVSL, 100% provision has been made for diminution in value of investments. 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.

(g) Investments of Rs.7.40 Crore in equity share and Rs. 635.35 Crore in preference share in Essar Power (Orissa) Ltd. (EPORL) :
The Company has made investment in Essar Power (Orissa) Limited ("EPORL") which implemented a 60 MW coal based power plant in Phase I and 60 MW capacity was under construction. The power plant was sold in current year and entire dues to secured lenders of EPORL were settled. Since EPORL does not have any assets,100% provision has been made for diminution in value of investments.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.

(h) Investments of Rs.7.40 Crore in equity share and Rs. 641.17 Crore in preference share in Essar Power Hazira Ltd. (EPHL) : The Company has made investment in Essar Power Hazira Limited ("EPHL") which owns and operates a 270 MW waste to energy power plant at Hazira, Surat, Gujarat. EPHL has consistently shown robust operational and financial performance. EPHL has been assigned BBB stable credit rating by CRISIL.

During the current year, the Company has decided to change its accounting policy for Investments to Fair Value Basis. Considering EPHL's improved performance, revised financial estimates and fair valuation conducted by an Independent Valuer by using Discounted Cash Flow Method of Income Approach, the Company has considered the fair value of investments made in EPHL at Rs.1,775 Crores.

(i) Investments of Rs.597 Crore in equity share Essar Power Transmission Company Ltd. (EPTCL) : During the period, the Company has decided to change its accounting policy for Investments to Fair Value. For this, Fair Valuation of EPTCL is conducted by Investment Valuer. As per Valuation Report the Enterprise Value of EPTCL by using the Discounnted Cash flow (DCF) Method of income approach of Valuation as on March 31 2021 works out to Rs. 718 Cr..In view the above, during the period the Company has booked Fair Value Gain in investment for Rs.121 Crore.

(j) Investments of Rs.38.89 Crore in equity share Essar Electric Power Development Corporation Ltd (EEPDCL).: During the period, the Company has decided to change its accounting policy for Investments to Fair Value. For this Fair Valuation of EEPDCL is done using the Book Value Method .As per Financials statement of EEPDCL the Enterprise Value of EEPDCL as on March 31 2021 works out to Rs. 19.78 Cr.In view the above, during the period the Company has made changed in fair valuation of investments in equity share by Rs.19.10 Crore.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

ESSAR POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE: 7

LOANS

(Unsecured considered good, unless otherwise stated)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Security deposits	**2.01**	2.01
Less: Provision for doubtful deposit	**-**	-
	2.01	2.01
Loans to related parties		
Inter corporate deposits	**7.65**	7.65
Less: Provision for doubtful deposit (Refer Note no. 15 *(b))	**(7.65)**	-
	2.01	9.66

NOTE: 8

OTHER FINANCIAL ASSETS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Fixed / margin bank deposits*	**0.31**	1.00
	0.31	1.00

* Fixed/margin deposits having original maturity of more than 12 months of Rs.0.31 Crore (Previous year Rs 1.00 Crore)

NOTE: 9

OTHER NON-CURRENT ASSETS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Security deposits	**0.50**	0.50
	0.50	0.50

NOTE: 10

INVENTORIES

(At lower of cost and net realisable value)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Fuel	**0.06**	0.06
Stores and spares*	**8.87**	9.07
	8.93	9.13

*Inventories have been valued at the Balance Sheet date and the items wherein the Net Realisable Value ("NRV") has been found to be lower than the cost, the same has been brought down to the NRV.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

ESSAR POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE: 11

INVESTMENTS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Unquoted		
Investment in subsidiaries		
Equity shares		
1,330,363,716 (Previous year 1,330,363,716) Fully paid up equity shares of Rs.10 each of Essar Power Gujarat Ltd.#d	**1,330.36**	1,330.36
Provision for diminution in value of current investments in equity/ preference shares of subsidiaries	**(1,330.36)**	(1,330.36)
	-	-
Aggregate book value - Unquoted	**-**	-

#a 1,330,363,716 (Previous year 1,330,363,716) equity shares were pledged for loans taken by subsidiary company Essar Power Gujarat Limited (EPGL) :- on 16th October 2017 Lenders of EPGL invoked the pledge of 51% of shares of EPGL shares and have got the same transferred in demat mode in the name of IDBI Trusteeship Services Limited (ITSL), Security Trustee on behalf of the Lenders. However, in the Company's books EPGL holding is shown as 100% due to the following reasons:

Essar Power Limited (EPOL), the promoter Company of EPGL requested ITSL / Lenders of EPGL to give effect to the above sale of shares and accordingly reduce the debt payable by EPGL to the Lenders (to the extent of book value of those shares as on 31st March 2017). However, ITSL has stated that these shares are only held as collateral and there has been no acquisition of these shares by them or EPGL Lenders. Therefore, pending resolution of the matter between the Company and ITSL / lenders of EPGL as to sale of shares and suitable consideration for the same, necessary adjustments have not been done in the investments held by the Company.
In view of the above, the Company had created provision for diminution of investment in EPGL of Rs. 1330.36 Crore.

Besides aforesaid reply of ITSL The company continues to control and exercise power over EPGL by virtue of its ability to direct the relevant and important activities of EPGL. The company has control over EPGL by way of constitution of its board of directors and participates in direction of its decisions. The board continues to be same as appointed by the company and KMP's of the company are involved in decision making process of EPGL and the company is exposed to the variable returns from its investment in the EPGL. Hence in the current financials EPGL continues to show company as its holding company." in spite of not having majority voting rights in the EPGL.

NOTE: 12

TRADE RECEIVABLES

(Unsecured considered good, unless otherwise stated)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Trade receivable from		
Others	**1,067.15**	1,067.17
	1,067.15	1,067.17

Break-up of security details	As at March 31, 2021	As at March 31, 2020
Secured, considered good	**-**	-
Unsecured, considered good	**1,067.15**	1,067.18
Doubtful	**-**	-
Less: Allowance for bad and doubtful debts*	**-**	-
	1,067.15	1,067.18

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

ESSAR POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

TRADE RECEIVABLES AGEING SCHEDULE

Rs. in Crore

	Outstanding for following periods from due date of payment				As at
	Less than 6 months	6 months- 1 year	1-2 yrs.	More than 3 yrs.	March 31, 2021
(i) Undisputed Trade receivables- considered good	0.18	0.10	-	-	0.29
(ii) Undisputed Trade Receivables- Considered Doubtful	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	1,066.86	1,066.86
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-
	0.18	0.10	-	1,066.86	1,067.15

Rs. in Crore

TRADE RECEIVABLES AGEING SCHEDULE

	Outstanding for following periods from due date of payment				As at
	Less than 6 months	6 months- 1 year	1-2 yrs.	More than 3 yrs.	March 31, 2020
(i) Undisputed Trade receivables- considered good	0.20	0.10	-	-	0.30
(ii) Undisputed Trade Receivables- Considered Doubtful	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	1,066.86	1,066.86
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-
	0.20	0.10	-	1,066.86	1,067.17

A. GUVNL - 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 under the following heads:-

- Ø Delayed Payment Charges (DPC) / Interest;
- Ø Depreciation;
- Ø Foreign Exchange Variation;
- Ø Interest on UTI – Non-convertible Debentures;
- Ø Bill Discounting Charges;
- Ø Wrongful Deduction of Rebate by GUVNL; and
- Ø Interest on Working Capital.

GERC has, vide its Orders dated 22nd October 2014 and 21st November 2014, approved EPOL's claim of Rs.234 Crores towards principal amount alongwith 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 (No.2 of 2015) in APTEL against the above order of GERC. In the matter, the Company has filed its affidavit in APTEL claiming that the Order passed by GERC is correct interpretation of the PPA. During current year, the matter was included in the urgent matters list and GERC had directed both the parties to file their written submissions. The Company has filed its written submissions on 3rd February 2021 with a claim amount of Rs.1,171 Crores (including interest amount of Rs.937 Crores till January 2021.

The matter is listed for urgent hearing. Next date of hearing is not yet scheduled. We expect that matter shall get resolved in FY 2021-22.

B. GUVNL – Alleged diversion of power

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. In the order, GERC has directed that the Company was required to declare the entire plant availability to GUVNL and ESIL in 300:215 ratio. It further directed that any excess supply to ESIL in deviation to above ratio shall be deemed to be supplied by GUVNL and to be compensated by the Company. GERC, vide this order, has directed both the parties to file their calculations based on the method of compensation determined in the order. The Company had filed claim of Rs.437 Crores receivable from GUVNL. GUVNL filed its calculations of Rs.2274 Crores as receivables from EPOL. Later, as per directions of GERC, GUVNL revised its claim to Rs.789 Crores as receivable from EPOL.
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.

Based on the favourable orders in the above 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)

ESSAR POWER LIMITED

MUMBAI

NOTE: 13
CASH AND CASH EQUIVALENTS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Balances with banks in		
Current accounts	**0.52**	0.58
Cash on hand (@ 1 = Rs. 4,899 and @ 2 = Rs. 6,649)	**@ 1**	@ 2
	0.52	0.58

NOTE: 14
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Balances with banks in		
Margin deposits	**10.97**	9.16
	10.97	9.16

NOTE: 15
LOANS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Loans to related parties		
Inter corporate deposits	**11.55**	177.99
Other loans	**0.15**	0.15
Others	**0.02**	0.02
Unsecured, considered doubtful		
Inter corporate deposits	**430.87**	356.31
Less: Allowance for bad and doubtful debts *	**(430.87)**	(356.31)
	11.72	**178.16**

*(a) Inter corporate deposits of Rs. 356.31 crore and interest on ICD of Rs. 153.50 crore to Essar Power (Jharkhand) Limited ("EPJHL"): EPJHL was admitted for CIRP under the Insolvency and Bankruptcy Code, 2016 by the NCLT on 5th April, 2020. Following the IBC process, EPJHL was admitted for liquidation on 3rd January, 2020.The assets now vests with the liquidator and all realizations from the asset will be apportioned to the Financial Creditors of the Company.

Moreover as the Company is under liquidation, the Guarantors has also signed a Settlement Agreement with Financial Creditors in July 2020 under which an amount of Rs 1215 Crores will be paid to secure release all Corporate Guarantees extended for the debt facilities of the Company.

Based on the above,100% provision had been made during the earlier years for inter corporate deposits of Rs. 356.31 Crore. and interest receivable on ICD from EPJHL of Rs. 153.50 Crore

*(b)Inter corporate deposits of Rs. 82.21 crore to Essar Power Gujarat Limited ("EPGL"): EPOL given inter corporate deposits to support EPGL, EPGL has a long term PPA with Gujarat Urja Vikas Nigam Ltd. (GUVNL), However, due to increase in coal prices and non-availability of pass through mechanism in the PPA, EPGL plant's operations has affected. EPGL is in discussion with GUVNL for execution of Supplementary PPA comprising of coal pass mechanism. Further, EPGL has defaults to its lenders and is in discussion for restructuring of the outstanding debt. These steps will ensure smooth operations of the Company. However, presently, EPGL is not in a position to support cash flow requirements of EPOL. As informed, one of the lender filed application in IBC against EPGL, The intimation of the filing of this application is received from lawyers and EPGL has not yet received a notice from NCLT. As a conservative basis, During the year the company has created provision of ICD given to EPGL of Rs. 82.21 Crore. (Read with Note No.7)

NOTE: 16
OTHER FINANCIAL ASSETS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Interest receivable on fixed/margin deposits	**0.23**	0.24
Others	**0.03**	0.32
Unsecured, considered doubtful		
Interest receivable on inter corporate deposits placed with related party	**153.50**	153.50
Less: Allowance for bad and doubtful debts (Refer Footnote (a) of note 15)	**(153.50)**	(153.50)
	0.26	0.56

NOTE: 17
CURRENT TAX ASSETS (NET)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Advance tax and tax deducted at source	**69.76**	69.47
Less: Set-off of current tax liabilities pursuant to set-off provisions	**45.73**	45.73
	24.03	23.74

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

NOTE: 18
OTHER CURRENT ASSETS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	1.58	1.58
Others	33.09	33.03
Less Provision for work contract Tax	(6.34)	-
	28.33	34.61

NOTE: 19
EQUITY SHARE CAPITAL

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Authorised		
25,000,000,000 (Previous year 25,000,000,000) equity shares of Rs.4 each	10,000.00	10,000.00
4,750,000,000 (Previous year 4,750,000,000) preference shares of Rs. 20 each	9,500.00	9,500.00
500,000,000 (Previous year 500,000,000) preference shares of Rs. 10 each	500.00	500.00
	20,000.00	20,000.00
Issued, subscribed and fully paid up		
Equity share capital		
12,186,337,527 (Previous year 1,152,298,192) equity shares of Rs. 4 each	4,874.54	460.92
	4,874.54	460.92
Equity components of convertible preference shares		
1,398,797,788 (Previous year 2,721,134,715) 0.01% compulsorily convertible cumulative preference shares of Rs. 20 each	2,796.60	5,440.20
	2,796.60	5,440.20
	7,671.14	5,901.12

(a) **Reconciliation of number of shares**

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Rs. in Crore	Number of shares	Rs. in Crore
Equity shares				
Shares outstanding at the beginning of the year	1,152,298,192	460.92	1,152,298,192	460.92
Shares issued during the year	984,854,700	393.94	-	-
Bonus shares issued during the year				
Conversion of preference shares into equity shares	10,049,184,635	4,019.67	-	-
Shares bought back during the year				
Shares outstanding at the end of the year	12,186,337,527	4,874.54	1,152,298,192	460.92

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Rs. in Crore	Number of shares	Rs. in Crore
0.01% Compulsorily convertible cumulative preference shares				
Shares outstanding at the beginning of the year	2,721,134,715	5,440.20	2,721,134,715	5,440.20
Shares issued during the year	-	-	-	-
Bonus shares issued during the year	-	-	-	-
Conversion of Cumulative redeemable preference shares	512,500,000	1,025.00		
Conversion of preference shares into equity shares	(1,834,836,927)	(3,669.67)	-	-
Shares bought back during the year				
Shares outstanding at the end of the year	1,398,797,788	2,795.53	2,721,134,715	5,440.20

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI

(b) Details of shareholders holding more than 5% in the Company and details of share held by holding/ultimate holding company and /or their subsidiaries/associates

	As at March 31 2021	As at March 31, 2020	As at March 31 2021	As at March 31, 2020
	% of Shareholding			
Equity shares				
Essar Power Holdings Limited, a holding company	**59.34%**	40.50%	**7,231,827,737**	466,649,092
Essar Power Hazira Holdings Limited, a subsidiary of holding company	**31.68%**	40.50%	**3,860,509,783**	466,649,093
Essar Steel Metal Trading Limited	**1.74%**	-	**212,500,000**	-
SREI Infrastructure Finance Limited	**1.80%**	19.00%	**219,000,000**	219,000,000
M.B. Finmart Private Limited	**1.81%**	-	**220,833,332**	-
Puran Associates Private Limited	**1.81%**	-	**220,833,333**	-
V I C Enterprises Private Limited	**1.81%**	-	**220,833,335**	-
0.01% Compulsorily convertible cumulative preference shares - Non Participating				
Essar Power Holdings Limited, a holding company	**65.12%**	51.63%	**910,844,596**	1,245,666,208
Essar Power Hazira Holdings Limited, a subsidiary of holding company	**34.88%**	48.37%	**487,953,192**	1,166,725,330
				-
0.01% Compulsorily Convertible Cumulative Preference Shares - Participating				
Essar Steel Metal Trading Ltd.	**0.00%**	**100.00%**	**-**	308,743,177

Equity shares:

The Company has only one class of equity shares having a par value of Rs. 4 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets 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.

During the Year 98,48,54,700 Nos. Right shares issued to Essar Power Holding having par value of Rs. 4 each. For this the company received Rs. 393.94 Cr from Holding company for proceed from issue of Right shares.

Compulsorily convertible cumulative preference shares (Previous Year Status)

2,159,109,407 0.01% compulsorily convertible cumulative preference shares (CCPS) issued by the Company shall have a coupon rate of 0.01 % per annum. The CCPS issued by the Company shall be convertible into Equity Shares anytime after a period of 6 (six) months and up to a period of 10 (ten) years from the date of allotment of the CCPS. Each CCPS will be convertible into 5 (five) Equity Shares in the Company of face value of INR 4 (Indian Rupees Four) each. The CCPS shall be compulsorily converted at the end of 10 (ten) years from the date of allotment in the ratio of 5 (five) Equity Shares with face value of INR 4 (Indian Rupees Four) per Equity Share to 1 (one) CCPS. The scheduled date for compulsory conversion from the date of issue of such preference shares is as below:

Number of CCPS held as on the balance sheet date	Date of issue	Scheduled date of compulsory
11,722,996	September 26, 2011	September 26, 2021
540,138,478	March 31, 2011	March 31, 2021
213,143,032	September 27, 2010	September 27, 2020
308,805,000	May 26, 2010	September 30, 2020
332,007,914	April 26, 2010	September 30, 2020
24,502,766	March 31, 2010	September 30, 2020
166,830,845	March 19, 2010	September 30, 2020
140,137,232	April 20, 2009	April 18, 2024
28,450,094	March 18, 2009	April 18, 2024
393,371,050	August 1, 2008	July 30, 2023

21,88,45,308 0.01% compulsorily convertible cumulative preference shares (CCPS) issued by the Company shall have a coupon rate of 0.01 % per annum. The CCPS issued by the Company shall be convertible into Equity Shares anytime after a period of 6 (six) months and up to a period of 10 (ten) years from the date of allotment of the CCPS. Each CCPS will be convertible into 5 (five) Equity Shares in the Company of face value of INR 4 (Indian Rupees Four) each. The CCPS shall be compulsorily converted at the end of 10 (ten) years from the date of allotment in the ratio of 5 (five) Equity Shares with face value of INR 4 (Indian Rupees Four) per Equity Share to 1 (one) CCPS. The scheduled date for compulsory conversion from the date of issue of such preference shares is as below:

Number of CCPS held at the balance sheet date	Date of issue	Scheduled date of compulsory conversion
1,663,723	March 27, 2017	March 26, 2027
153,225	December 30, 2015	December 30, 2025
2,879,760	September 1, 2014	September 1, 2024
27,359,570	March 17, 2014	March 17, 2024
51,814,064	September 16, 2013	September 16, 2023
9,165,472	March 22, 2013	March 22, 2023
42,573,144	October 8, 2012	October 8, 2022
83,236,350	March 30, 2012	March 30, 2022

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

ESSAR POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

0.01% Compulsorily Convertible Cumulative Preference Shares of Face Value of Rs 20 each-Participating.

0.01% Compulsorily Convertible Cumulative Participating Preference Shares ("CCCPPS") of Rs. 20 each; The CCCPPS shall be convertible into Equity Shares any time after allotment upto a period 10 years from the date of allotment. (the Conversion Option).The CCCPPS holder shall have option to convert each CCCPPS into 5 equity share of Rs. 4 each in the Capital of the Company any time after allotment upto a period 10 years from the date of allotment of CCCPPS. If the holder of a CCCPPS fails to exercise the Conversion Option, then such CCCPPS share shall stand compulsorily converted into 5 equity share of Rs 4 each at the end of 10 years from the date of allotment;

Number of CCPS held at the balance sheet date	Date of issue	Scheduled date of compulsory conversion
343,180,000	February 22, 2019	February 21, 2029

During the year 5,125,00,00,00 (Numbers) having face value of Rs. 20 convertible cumulative redeemable preference shares (CRPS) held by Essar Steel Metal Trading Limited have been converted to Compulsorily Convertible Cumulative Preference Shares (CCPS) having face value of Rs. 20/-.

During the year 1,83,48,36,927 (Numbers) having face value of Rs. 20 convertible cumulative redeemable preference shares (CCPS) have been coverted to Equity Shares having face value of Rs.4/- .All necessary approvals from lenders and other class of shareholders were taken for purpose of coversion of CRPS to CCPS and CCPS to Equity as required under section 48 of the companies act.

Current Year Status

0.01% Compulsorily convertible cumulative preference shares:

1,398,797,788 0.01% compulsorily convertible cumulative preference shares (CCPS) issued by the Company shall have a coupon rate of 0.01 % per annum. The CCPS issued by the Company shall be convertible into Equity Shares anytime after a period of 6 (six) months and up to a period of 10 (ten) years from the date of allotment of the CCPS. Each CCPS will be convertible into 5 (five) Equity Shares in the Company of face value of INR 4

Number of CCPS held as on the balance sheet date	Date of issue	Scheduled date of compulsory
463,335,648	March 31, 2011	March 31, 2022
308,805,000	May 26, 2010	March 31, 2022
145,340,012	April 26, 2010	March 31, 2022
140,775,357	March 19, 2010	March 31, 2022
340,541,771	August 1, 2008	July 30, 2023

NOTE: 20

RESERVE AND SURPLUS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Debenture redemption reserve	**49.65**	49.65
Preference Redemption Reserve	**267.98**	267.98
Securities Premium Account	**1,603.35**	1,632.05
Securities Premium - reserve for premium payable on redemption of preference shares	**896.93**	868.23
Retained earnings	**(11,711.11)**	(11,331.26)
	(8,893.20)	(8,513.35)

Debenture Redemption Reserve

The company is required to create a debeture redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

Preference Redemption Reserve

The company is required to create a preference redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of optionally convertible preference shares.

Securities Premium account

Securities premium account represents the premium received on issue of shares over and above the face value of equity shares. The reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.

Securities Premium - reserve for premium payable on redemption of preference shares

The Company is required to create a reserve for the premium on preference shares redemption out of the profits which is available for payment of dividend for the purpose of redemption of optionally convertible preference shares.

NOTE: 21

OTHER RESERVES

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Money received against share warrants (@1 = Rs. 100)	@1	@1
	@1	@1

ESSAR POWER LIMITED

MUMBAI

NOTE: 22
BORROWINGS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Unsecured		
Inter corporate deposits		
From related parties	11.37	11.37
Long term maturities of finance lease obligations		
0.01% optionally convertible cumulative redeemable preference shares of Rs. 10 each	-	623.74
8.00% optionally convertible cumulative redeemable preference shares of Rs. 10 each	-	365.36
10.25% cumulative redeemable preference shares of Rs. 20 each	-	1,025.00
Liability component of Compound financial instruments	2.87	4.89
	14.24	2,030.36
	14.24	2,030.36
Less: Unamortised upfront fee	-	-
	14.24	2,030.36

Details of shareholding

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	% of Shareholding		Number of shares	
0.01% Optionally convertible cumulative redeemable preference shares				
Essar Steel Metal Trading Limited	-	32.69%	-	85,000,000
M. B. Finmart Private Limited	-	22.44%	-	58,333,333
Puran Associates Private Limited	-	22.43%	-	58,333,333
V I C Enterprises Private Limited	-	22.44%	-	58,333,334
			-	
8.00% Optionally convertible cumulative redeemable preference shares				
M. B. Finmart Private Limited	-	33.33%	-	30,000,000
Puran Associates Private Limited	-	33.34%	-	30,000,000
V I C Enterprises Private Limited	-	33.33%	-	30,000,000
10.25% Cumulative redeemable preference shares				
Essar Steel Metal Trading Limited(Formerly Known as Edwell Metal & Trading Limited)	-	100.00%	-	512,500,000

During the year 5,125,00,00,00 (Numbers) having face value of Rs. 20 convertible cumulative redeemable preference shares (CRPS) held by Essar Steel Metal Trading Limited have been converted to Compulsorily Convertible Cumulative Preference Shares (CCPS) having face value of Rs. 20/-.

During the year 350,000,000 (Numbers) having face value of Rs. 10 8.00% Optionally convertible cumulative redeemable preference shares (OCRPS) have been converted to Eqiity Shares having face value of Rs. 4/-.

ESSAR POWER LIMITED

CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

NOTE: 23
DEFERRED TAX LIABILITIES (NET)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities		
Property, plant and equipment	70.52	14.29
Gross deferred tax liability	70.52	14.29
Deferred tax asset		
Unabsorbed depreciation	316.46	8.14
Provision for Doubtful Debts / ICD	127.32	103.76
Unabsorbed bussiness losses	9.92	66.97
Provision for doubtful Interest on ICD	44.70	44.70
MAT Credit Entitlement	-	58.27
Interest Accrued but not due	41.53	25.90
Fair valuation of asset / liabilities	226.08	277.83
Gross deferred tax assets	766.01	585.57
Net deferred tax liability	(695.49)	(571.28)
Net deferred tax Asset/liabilities recognised in Balance sheet	-	-

Management has decided not to create any deferred tax assets during the year because of continous loss in earlier years as well as in current year.

NOTE: 24
Lease Liability

	As at March 31, 2021	As at March 31, 2020
Lease Liability	0.83	0.75
Add: Interest Expense for the year	0.09	0.07
Less:- Lease liability paid during the year	(0.75)	-
Balance at the end of the year	0.16	0.83

NOTE: 25
BORROWINGS

	As at March 31, 2021	As at March 31, 2020
Secured	418.83	436.83
Secured Loan repayable on demand		
From banks		
From Related Parties	175.00	-
Working capital facility		
From banks		
Cash credit facilities	75.81	70.40
	669.64	507.23
Unsecured		
From banks	225.33	189.12
Inter corporate deposits		
From related parties	239.71	349.51
From others	-	-
	465.04	538.63
	1,134.68	1,045.86
Less: Unamortised upfront fee	23.22	35.61
	1,111.46	1,010.25

ESSAR POWER LIMITED

M.M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Securities provided to lenders

(a) (a) Term loan facility of Rs. 49.99 Crore (Previous year Rs. 49 99 Crore) from Yes Bank Limited is secured/to be secured by first pari passu charge on all present and future movable and immovable fixed assets and current assets of the Company and its subsidiaries Essar Power Gujarat Limited and Essar Power (Orissa) Limited, pledge of certain shares of the Company held by Essar Power Hazira Holdings Limited., Pledge to be created on certain shares of Essar Power (Orissa) Limited and Essar Power Gujarat Limited held by the Company (to be created) and personal guarantee of Shri Prashant Ruia. The facility is additionally to be secured by Debt Service Reserve Account (to be created in the form of Fixed Deposit). The facility is additionally secured by second charge on surplus cash flows on sale of investments in Essar Power Hazira Limited and Essar Power (Orissa) Limited

(b) Term loan facility of Rs. 368.84 Crore (Previous year Rs. 386.84 Crore) from Yes Bank Limited is secured/to be secured by first pari passu charge on present and future movable and immovable fixed assets of the Company and its subsidiary namely Essar Power Hazira Limited, escrow and exclusive charge on all cash flows arising from ICDs or sub-debt given by the Company to Essar Power Hazira Limited, first pari passu charge on all current assets of the Company except cash flows arising from ICDs or sub-debt given by the Company to Essar Power Hazira Limited on which Yes Bank Limited would have exclusive charge, pledge of certain shares of the Company held by Essar Power Hazira Holdings Limited, and personal guarantee of Shri Prashant Ruia. The facility is additionally to be secured by Debt Service Reserve Account (to be created in the form of Fixed Deposit). The facility is additionally secured by second charge on surplus cash flows on sale of investments in Essar Power Hazira Limited and Essar Power (Orissa) Limited.

(i) The term loan facility of Rs. 49.99 Crore (sanction amount of Rs.650 Crores) from Yes Bank Limited is repayable in six annual instalments as mentioned below:

35% on May 23, 2024 (Partly paid)
21% on May 23, 2023 (Prepaid)
14% on May 23, 2022 (Prepaid)
15% on May 23, 2019 (Prepaid)
9% on May 23, 2018 (Prepaid)
6% on May 23, 2017 (Prepaid)

(ii) The term loan facility of Rs. 368.84 Crore (sanction amount of Rs.475 Crores) from Yes Bank Limited is repayable in six annual instalments as mentioned below
35% on September 30, 2024
21% on September 30, 2023
14% on September 30, 2022
15% on September 30, 2019 (Partly paid)
9% on September 30, 2018 (Prepaid)
6% on September 30, 2017 (Prepaid)

(c) With respect to rupee term loans from banks and financial institutions, principal instalment due is outstanding for 547 days (Previous year 182 days) and interest accrued and due on borrowings outstanding for 547 days (Previous year 182 days) as at March 31, 2021.

Securities provided to lenders

d) Working capital facility of Rs. 26.96 Crore (previous year Rs. 26.96 Crore) from banks is secured by a first pari passu charge by hypothecation of inventories and receivables and a second pari passu charge on fixed assets of the Company and also guaranteed by Aaradhna Realities Limited (formerly known as Essar Investments Limited). Working Capital Facility of Rs. 37.02 Crore (previous year Rs. 37.02 Crore) for Pallivasal Project is guaranteed by EPC Constructions India Limited.

e) With respect to working capital facility from banks is overdrawn for 2189 days (previous year 1824 days) as on March 31, 2021.

(f) The company has entered a term loan agreement with Essar Steel Metal Trading Limited (ESMTL) for payment towards guarantee obligations under facilities availed by one of its subsidiaries i.e. Essar Power Gujarat Limited.
The company has provided security on its following assets to secure the loan.
- movable & immovable fixed assets
- current assets ,receivables & book debts , bank accounts , inventory
- pledge of 20 % of paid up capital of EPOL
- 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.

ESSAR POWER LIMITED

CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

NOTE: 26
OTHERS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Trade payables		
Total outstanding of micro and small enterprises	0.21	0.06
Others	4.95	10.59
	5.16	10.65

TRADE PAYABLES (CREDITORS) AGEING SCHEDULE

Rs. in Crore

	Outstanding for following periods from due date of payment			As at
	Less than 1 yr.	1-2 yrs.	More than 3 yrs.	March 31, 2021
(i) MSME	0.21	-	0.56	0.78
(ii) Others	4.38	-	-	4.38
(iii) Disputed dues- MSME	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-
	4.60	-	0.56	5.16

TRADE PAYABLES (CREDITORS) AGEING SCHEDULE

Rs. in Crore

	Outstanding for following periods from due date of payment			As at
	Less than 1 yr.	1-2 yrs.	More than 3 yrs.	March 31, 2020
(i) MSME	0.06	-	0.56	0.62
(ii) Others	10.03	-	-	10.03
(iii) Disputed dues- MSME	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-
	10.09	-	0.56	10.65

NOTE: 27
OTHER FINANCIAL LIABILITIES

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Current maturities of long term borrowings	700.00	700.00
Less: Unamortised upfront fee on long term borrowings	-	(1.04)
	700.00	698.96
Interest on Borrowings from:		
- Bank & Financial Insititution	1,369.41	855.14
- Related Parties	-	1.19
Unpaid matured debentures and interest accrued thereon	1,418.55	1,428.19
Other payables	0.04	-
Interest on optionally convertible cumulative redeemable preference shares	776.38	
	4,264.38	2,983.48

(a) Security provided to lenders

10.25% and 12.00% Non convertible debentures of Rs. 458.36 Crore (Previous year Rs. 462.24 Crore) are secured by a first ranking charge in favour of Axis Trustee Securities Limited on all present and future fixed assets (including movable and immovable) of the Company.

(b) Terms of redemption of non convertible debentures and terms of repayment of rupee loan facility

(i) Redemption of 10.25% and 12.00% non convertible debentures is in eight annual instalments as mentioned below:

20% each on March 31, 2018 and March 31, 2017 (Partly Paid)

15% each on March 31, 2016 and March 31, 2015 (Paid)

10% each on March 31, 2014 and March 31, 2013 (Paid)

5% each on March 31, 2012 and March 31, 2011 (Paid)

(c) Security provided to lenders

12.50% Non convertible debentures of Rs. 74.00 Crore (Previous year Rs. 95.00 Crore) is secured/to be secured by first pari passu charge on all present and future fixed assets (including movable and immovable) of the Company and its subsidiaries Essar Power Gujarat Limited, Essar Power M. P. Limited and Essar Power (Orissa) Limited, pledge of certain shares held by Essar Power Holdings Limited, escrow and pari-passu charge over the entire cash flows of the Company including cash flows arising out of the loans given to its subsidiaries by the Company and cash flows arising out of debentures issued by the Company and subscribed by various debenture holders and personal guarantee of Shri Prashant Ruia. The facility is additionally secured / to be secured by Debt Service Reserve Account (to be created in the form of Fixed Deposit). The facility is additionally secured by second charge on surplus cash flows on sale of investments in Essar Power Transmission Company Limited.

ESSAR POWER LIMITED

M. M. CHATURVEDI MUMBAI CHARTERED ACCOUNTANTS

(d) Terms of redemption of non convertible debentures and terms of repayment of rupee loan facility & Intercorporate deposit

(i) Redemption of 12.50% non convertible debentures is in six annual instalments as mentioned below:

35% on September 11, 2024

21% on September 11, 2023

14% on September 11, 2022

15% on September 11, 2019

9% on September 11, 2018

6% on September 11, 2017

(ii) Redemption of 12.50% non convertible debentures is in three annual instalments as mentioned below:

Rs. 250.00 Crore on July 5, 2024 (Partly prepaid)

Rs. 250.00 Crore on July 5, 2023 (Prepaid)

Rs. 135.00 Crore on July 5, 2022 (Prepaid)

(e) With respect to non convertible debenture principal overdue for 1 day to 2440 days (Previous year 1 day to 2075 days) and interest accrued and due thereon for 1 day to 1649 days (Previous year 1 day to 2014 days) as at March 31, 2021.

(f)12.50% Non convertible debentures of Rs. 1,000.00 Crore (Previous year Rs. 1,000.00 Crore) is secured/to be secured by way of first pari passu charge on the fixed assets (freehold land, buildings and plant and machinery) of the Company and its subsidiaries. These debentures 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.

NOTE: 28
CURRENT TAX LIABILITIES (NET)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Provision for taxation	-	148.83
Less: Set-off of current tax assets pursuant to set-off provisions	-	40.30
	-	108.53

Refer Note No. 35(vi)

NOTE: 29
OTHER CURRENT LIABILITIES

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Advance from customers	**0.55**	1.00
Statutory dues	**0.18**	1.33
	0.73	2.33

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

NOTE: 30
REVENUE FROM OPERATIONS

Rs. in Crore

	As at March 31,2021	As at March 31,2020
Sale of power and charges	1.82	1.98
Sale of services	2.70	42.31
	4.52	44.29

NOTE: 31
OTHER INCOME

Rs. in Crore

	As at March 31,2021	As at March 31,2020
Interest income on deposits with banks and others	0.52	0.62
Interest income on financials asset at amortised cost	-	0.88
Miscellaneous income	2.25	19.97
	2.77	21.47

NOTE: 32
EMPLOYEE BENEFIT EXPENSES

Rs. in Crore

	As at March 31,2021	As at March 31,2020
Salaries and wages	2.01	0.96
Contribution to provident and other fund	0.10	0.03
Staff welfare expenses	0.07	0.01
	2.19	1.14

NOTE: 33
OTHER EXPENSES

Rs. in Crore

	As at March 31,2021	As at March 31,2020
Production consumables	0.33	0.10
Consumption of water and water treatment	0.03	0.01
Repairs and maintenance		
Buildings	0.15	0.11
Plant and machinery	0.84	1.43
Others	0.34	0.29
Rent	0.01	-
Rates and taxes	1.17	0.25
Directors' fees	0.15	0.13
Insurance	0.26	-
Communication	0.02	-
Loss on disposal of property, plant and equipment	-	6.20
Travelling and convevance	0.09	0.09
Legal and professional fees	1.27	1.36
Administration charges	-	0.01
Business promotion	0.01	0.05
Payments to Auditors		
As auditor	0.59	0.42
Sundry balance written off (net)	-	21.49
Miscellaneous expenses	0.54	0.49
	5.80	32.43

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

ESSAR POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE: 34

FINANCE COST

Rs. in Crore

	As at March 31,2021	As at March 31,2020
Interest	569.16	500.40
Interest on compound financial instruments	0.26	0.42
Interest on optionally convertible redeemable preference shares	137.27	119.16
Other borrowing costs	11.03	10.14
Interest on lease liability	0.09	0.07
	717.81	630.19

NOTE: 35

EXCEPTIONAL ITEMS

Rs. in Crore

	As at March 31,2021	As at March 31,2020
Provision of doubtful deposits	88.55	
Change in Fair value of investments	(626.80)	1,617.18
Gurantee Expenses Payment under Corporate Gurantee	569.73	-
One Time Settelement Gain	(12.72)	-
Reversal of Interest on compound financial instruments	(1.21)	-
Reversal of impairment of property plant & equipment	(196.83)	
Written Back of ICD Balances	(103.26)	
Bad Debts Written Off	42.74	263.96
Reversal of Interest on optionally convertible redeemable preference shares	-	-
Written off unamortized NCD Fee	4.53	-
Reversal of Provision	(108.53)	(267.95)
	(343.80)	1,613.19

(i) Change in Fair value of investments :- During the year, the Company has decided to change its accounting policy for Investments to Fair Value. (to be read with Note No. 5) The company has booked fair Value Gain on investment in his subsidiaries. As per Valuation Report The company has booked fair Value Gain of Rs.1126 Cr in EPHL & Rs. 121 Cr in EPTCL. Further as per Valuation the company made provision for diminution of investment of Rs.321.48 Cr in EPGL,Rs. 280 Cr in EPORL & Rs.19.10 Cr in EEPDCL.

(ii) One Time Settelement Gain

During the year, the company has accepted the One Time Settlement sanctioned by the NCD holders and the waived amount (i.e. principal and interest) has been considered as OTS gain in the books of accounts. (Refer Note No 27)

(iii) Reversal of impairment of fixed assets

During the year the company has carried out impairment testing of property plant & equipment as at 31 March 2021on the basis of following factors

i. Development of nearby locality of the Essar Power plant

ii. Improvement in natural gas scenarios

iii. Improvement in the operations of the alike power plants like Bhander Power Limited (in operations for last 3-4 years)

iv.Valuation report dated 31st March 2021 issued by an Independent valuer. The valuer has considered Rs.250.05 Crores value for the property, plant and equipment as at 31st March 2021.

In view of the above factors the company has reversed impairment of property plant & equipment to the extent of Rs. 196.83 Cr.

(iv) Written Back of Balances

Essar Power Ltd (EPOL) has balance of Rs.103.26 Crores Inter Corporate deposits (ICDs) from its subsidiaries/other companies as at 31st March 2021. As reviewed by the Company management there is no demand notice from these companies.Therefore the Company has written back the unsecured amount payable.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

(v) Bad Debts Written Off

During the period the company has writtten off following inter coprorate deposit to its subsidiaries

(a) Bhander Power Limited (Rs. 29.34 Cr) :- During previous year, Edelweiss Asset Reconstruction Company (EARC), term lender of BPOL, had taken over the power plant and spares inventory of the BPOL. Since BPOL has no other assets and in view of same the Company has written off the unsecured amount receivable from BPOL.

(b)Essar Power M.P. Ltd (Rs. 0.40 Cr) :- As on 29th September 2020, EPMPL was admitted in the NCLT. and corporate insolvency resolution plan (CIRP) is under process. Although, the Company has made the claims in the CIRP process of EPMPL, there are remote chances of any recovery against the same .Therefore the Company has written off the unsecured amount receivable from EPMPL.

(c)Essar Power Orrissa Ltd (Rs. 7.25 Cr) :- During current year Edelweiss Asset Reconstruction Company (EARC), term lender of EPORL, had taken over the power plant and spares inventory of the EPORL. Since EPORLdoesn't has any other assets the Company written off the unsecured amount receivable from EPORL.

(d)Sparkle commercial Pvt Ltd (Rs.5.75 Cr) :- The company has receivable amount of Rs.5.75 Crore towards ICDs given to Sparkle Commercial Pvt Ltd at various intervals to meet its cash flow mismatch. .The management do not foresee any chance of recovery from the party, therefore the Company has written off the unsecured amount receivable from Sparkle Commercial Pvt Ltd.

(vi) Reversal of Provision

The company had Rs. 108.53 Cr Provision for income tax in previous years. During the period management views that the provision is no longer required. Therefore the company has written back of Rs. 108.43 Cr during the year.

(vii) Payment under Guarantee Obligation

During the year, the company has paid Rs.569.73 Crores towards guarantee obligations for settlement of dues of its subsidiaries under the facilities availed from their lenders and release of corporate guarantee and other securities

(vii) Provision for doubtful deposit

The company had created provision of Rs. 82.21 Cr against Inter corporate deposit given to Essar Power Gujarat Limited & created Rs. 6.23 Cr Provision for Work conract tax for Pallivasal project

NOTE: 36

TAX EXPENSE

(a) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

Rs. in Crore

	As at March 31,2021	As at March 31,2020
Accounting profit / (loss) before tax	(379.53)	(2,211 24)
Tax at the Indian statutory tax rate of 29.120% (Previous year 29.120%)	(110.52)	(643.91)
Non-deductible expenses for tax purpose:		
Exceptional Item	(100.11)	469.76
Current Tax of Joint Operations	-	0.08
Interest on Loans	165.73	138.15
IND AS Adjustments	40.05	-
Tax holidays/non-taxable income	0.00	0.26
Major Overhauling Expenses	(0.01)	(0.02)
Deferred tax not recognised	4.86	35.77
Tax expenses recognised in the statement of profit and loss	-	0.08

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

NOTE: 37
EARNINGS PER SHARE (EPS)

	As at March 31,2021	As at March 31,2020
Loss as disclosed in statement of profit and loss (Rs. in crore)	(379.84)	(2,211.32)
Less: Dividend on compulsorily convertible cumulative preference shares	(0.34)	(0.65)
Loss attributable to equity shareholders (Rs. in crore)	(380.17)	(2,211.97)
Weighted average number of equity shares outstanding during the year for the calculation of Basic EPS	12,186,337,527	1,152,298,192
Basic EPS (in Rs.)	(0.31)	(19.20)
Loss after tax attributable to equity shareholders (Rs. in crore)	(380.17)	(2,211.97)
Add: Dividend on compulsorily convertible cumulative preference shares	0.34	0.65
Loss after tax attributable to equity shareholders adjusted for the effect of dilution (Rs. in crore)	(379.84)	(2,211.32)
Weighted average number of equity shares outstanding during the year for the calculation of Basic EPS	12,186,337,527	1,152,298,192
Add: CCPS	6,993,994,380	13,605,679,015
Weighted average number of equity shares outstanding during the year for the calculation of Diluted EPS	19,180,331,907	14,757,977,207
Diluted EPS (in Rs.)	(0.31)	(19.20)
Nominal value per share (in Rs.)	4.00	4.00

NOTE: 38
CONTINGENT LIABILITIES. ASSETS AND COMMITMENTS
(to the extent not provided for)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
i. Contingent liabilities		
a) Income tax/sales tax liability not charged to statement of profit and loss due to pending appeal cases #	68.50	135.47
b) Service tax liability not charged to statement of profit and loss due to pending appeal cases	2.15	2.15
c) Disputed tax on sale of electricity (excluding interest) *	45.91	45.91
d) Liability towards ship or pay charges not acknowledged by the company due to matter under litigation **	15.44	15.44

* The above levy including interest thereon, if adjudged as payable, would be reimbursable to the Company by AMNS India Limited as per the terms of power purchase agreement with them.

** The above levy, if adjudged as payable, would be reimbursable to the Company by Gujarat Urja Vikas Nigam Limited as per the terms of power purchase agreement with them.

* Tax on sale of electricity aggregating to Rs. 8.65 Crore paid/adjusted against the aforesaid dues in an earlier year have been included under Short Term Loans and Advances in Note 18.

Income Tax Litigation demand :-Income Tax Litigation demand of Rs. 66.96 Cr is deleted after receiving ITAT Order for AY 2014-15.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

ESSAR POWER LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE: 39

Corporate Gurantee	As at March 31, 2021	As at March 31, 2020
Guarantees provided for loan facilities availed by subsidiary companies	**4,801.79**	24,090.00

(i) **Essar Power Gujarat Limited (EPGL)**
As new Supplementary Power Purchase agreement (SPPA) is expected to be signed shortly, the Company expects that restructuring would be implemented for Sustainable Debt and liability under Guarantee shall be reduced to Rs 1600 Crore.

(iii) **Essar Power Transmission Company Limited (EPTCL)**
The Company has given Corporate Guarantees (including interest amount) to lenders which had provided loans to Essar Power Transmission Limited ("EPTCL"), a subsidiary of the Company, for implementation of power transmission line.
During the year lenders of EPTCL have approved the restructuring plan and the same has been implemented in June 2020 Quarter. The revenue inflow in the Company is continuous and account has been upgraded by the lenders as standard.
In view of the same, the possibility of an outflow of resources embodying economic benefits is remote

(iv) Essar Power Jharkhand Limited (EPJHL)
Based on the insolvency proceedings against EPJHL before the National Company Law Tribunal, New Delhi ("NCLT"), liquidation order has been passed by the NCLT on 3rd Jan 2020.
EGFL, EEL & EPL are the guarantors of EPJHL facilities.
During the year settlement deed was signed with ICICI bank wherein an one time settlement amount (OTS) of Rs.1215 cr has been arrived for liabilities in respect of the EPJHL Guarantees. As per settlement deed, the amount is payable by any of the guarantor. EGFL has paid the first & second instalment amounting to Rs.400 cr and upon paying the balance amount of Rs.815 cr, all the guarantees provided for EPJHL will be released.
In view of the same, the possibility of an outflow of resources embodying economic benefits is remote, hence the company has not provided for.

(v)**Essar Power Hazira Limited (EPHL)**
The Company has given corporate guarantees (including interest amount) of Rs 850 crores to lenders of EPHL. During the Year EPHL has paid its overdues to the lenders and account has been classified as standard.
Therefore, the possibility of an outflow of resources embodying economic benefits is extremely remote

(vi) **Essar Power Orissa Limited (EPORL)**
The Corporate Guarantee given to Lenders of EPORL is not in force now as as entire dues of Lenders have been settled pursuant to sale of assets under SARFAESI Action taken by the Lenders.
Pursuant to settlement, Edelweiss ARC has issued No Dues for the financial facilities availed by EPORL and released all the securities including corporate guarantee given by the Company and pledge of shares of EPORL held by EPOL.SBI is in the process of issuing required No Dues Certificate and Security Release Letters.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

NOTE: 40
EMPLOYEE BENEFITS

i. **Defined contribution plans**
The amount of contribution to provident fund debited to statement of profit and loss is Rs. 0.10 Crore (Previous year Rs. 0.03 Crore).

ii. **Defined benefit plans**
Gratuity
The Company provide for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Under the act, employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the last drawn basic salary per month computed proportionately for 15 days salary for each completed year of service. The plan is funded through Gratuity Scheme administrated by Life Insurance Corporation of India and SBI Life Insurance. The company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments. The Fund Balance as on 31 March 2020 is Rs 0..02 Crore.

Net employee benefit (gain) / expense (recognised in employee cost) **Rs. in Crore**

	As at March 31,2021	As at March 31,2020
Statement of profit and loss:		
Current service cost	0.01	0.14
Net interest expenses / (income)	(0.02)	(0.03)
	(0.01)	0.11
Other comprehensive income		
Remeasurements	0.31	-
Return on plan assets {excluding amounts included in net interest expense / (income)}	-	(0.00)
	0.31	(0.00)
Defined Benefit Cost	0.30	0.11

Balance sheet:
Net Assets/(Liability) recognised in the balance sheet **Rs. in Crore**

	As at March 31,2021	As at March 31,2020
Present value defined benefit obligation	(0.47)	(0.14)
Fair value of plan assets	0.49	0.45
Deficit	0.02	0.31
Less: Effect of asset ceiling	-	-
Net Asset / (liability) recognised in the balance sheet	0.02	0.31

Changes in the present value of the defined benefit obligation are as follows: **Rs. in Crore**

	As at March 31, 2021	As at March 31,2020
Opening defined benefit obligation	0.14	-
Current service cost	0.01	0.14
Interest expenses	0.00	-
Acquisition Cost / (Credit)	0.18	-
(Gain) / loss in changes in financial assumptions	0.00	-
Benefits paid	(0.18)	-
Amount recognised in OCI	0.31	-
Closing defined benefit obligation	0.46	0.14

Changes in the fair value of plan assets are as follows: **Rs. in Crore**

	As at March 31, 2021	As at March 31,2020
Opening fair value of plan assets	0.45	0.42
Acquistion adjustment	0.18	-
Interest income	0.02	0.03
Return on plan assets excess / (less) than discount rate	0.00	0.00
Benefits paid	(0.18)	-
Employer contributions	0.00	-
Closing fair value of plan assets	0.48	0.45

ESSAR POWER LIMITED

M. B. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

The details of plan assets from the insurer are not available and hence the disclosure thereof is not made.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Rs. in Crore

	For the year ended March 31,2021	For the year ended March 31,2020
Discount rate	6.20%	6.30%
Expected rate of return on assets	0.00%	0.00%
Salary escalation rate	7.00%	7.00%
Employee turnover	0.00%	0.00%
Mortality table (Indian Assured Lives Mortality (2006-08) Ult. Method)		

(i) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(ii) The expected rate of return on plan asset is based on market expectation for the entire life of related obligation.

(iii The discount rate as at balance sheet is based on the prevailing market yields of government bond as at March 31, 2021 for the estimated term of the obligations.

Sensitivity analysis

	For the year ended March 31,2021
Defined benefit obligation on base assumption as at March 31, 2021	0.14
Discount rate	6.20%
Effect of defined benefit obligation due to 0.5% increase in discount rate	(0.00)
Effect of defined benefit obligation due to 0.5% decrease in discount rate	0.00
Salary escalation rate	7.00%
Effect of defined benefit obligation due to 0.5% increase in salary escalation rate	0.00
Effect of defined benefit obligation due to 0.5% decrease in salary escalation rate	(0.00)
Withdrawl rate	10.00%
Effect of defined benefit obligation due to 0.5% increase in discount rate	(0.00)
Effect of defined benefit obligation due to 0.5% decrease in discount rate	0.00

Risk exposure

The Gratuity scheme is a final salary defined benefit plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawl. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

(a) Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bonds yields fall, the defined benefit obligation will tend to increase.

(b) Salary inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.

(c) Demographic risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawl, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discounts rate and vesting criteria. It is important not to overstate withdrawls because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Description of funding arrangement and policies

The scheme is funded by way of a separate irrevocable Trust and the Company is expected to make regular contributions to the trust. The fund is managed by insurance companies and the assets are invested in their conventional group gratuity product. The fund provides a capital guarantee of the balance accumulated and declares interest periodically that is credited to the fund account. The fund manager invests the funds as per products approved by IRDA and investment guidelines as stipulated under section 101 of IT Act, the exact asset mix is unknown and not publically available.

The Trust assets managed by the fund manager are highly liquid in nature and there is no significant liquidity risks.

The expected contribution to be made by the Company during the financial year 2020-21 is Rs. 0.47 Cr

The weighted average duration of the defined benefit obligation is Nil years (Previous year Nil years).

The expected maturity analysis of undiscounted gratuity benefit is as follows:

Rs. in Crore

	As at March 31,2021	As at March 31,2021
Less than a year	0.05	0.01
Between 1 - 2 years	0.05	0.01
Between 2 - 5 years	0.37	0.16
Over 5 years	0.16	0.02
	0.63	0.21

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

NOTE: 41

FINANCIAL INSTRUMENTS

i. The classification of each category of financial instruments and their carrying amounts are as below;

Rs. in Crore

	As at March 31, 2021			As at March 31, 2020		
	FVPL	FVOCI	Cost/Amortised costs	FVPL	FVOCI	Cost/Amortised costs
A. Financial assets						
Non current						
Investments	2,772.52	-	-	-	-	2,145.72
Loans	-	-	2.01	-	-	9.66
Other financial assets	-	-	0.31	-	-	1.00
Current						
Investments	-	-	-	-	-	-
Trade receivables	-	-	1,067.15	-	-	1,067.17
Cash and cash equivalents	-	-	0.52	-	-	0.58
Bank balances other than above	-	-	10.97	-	-	9.16
Loans	-	-	11.72	-	-	178.16
Other financial assets	-	-	0.26	-	-	0.56
	2,772.52	-	1,092.94	-	-	3,412.02
B. Financial liabilities						
Non current						
Borrowings	-	-	14.24	-	-	2,030.36
Current						
Borrowings	-	-	1,134.68	-	-	1,045.86
Trade payables	-	-	5.16	-	-	10.65
Other financial liabilities	-	-	4,264.38	-	-	2,983.48
	-	-	5,418.46	-	-	6,070.35

ii. Fair value off financial assets and liabilities measured at cost/ amortised cost are as below;

Rs. in Crore

	As at March 31, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
A. Financial assets				
Non current				
Investments	2,772.52	2,772.52	2,145.72	2,145.72
Loans	2.01	2.01	9.66	9.66
Other financial assets	0.31	0.31	1.00	1.00
Current				
Investments	-	-	-	-
Trade receivables	1,067.15	1,067.15	1,067.17	1,067.17
Cash and cash equivalents	0.52	0.52	0.58	0.58
Bank balances other than above	10.97	10.97	9.16	9.16
Loans	11.72	11.72	178.16	178.16
Other financial assets	0.26	0.26	0.56	0.56
	3,865.46	3,865.46	3,412.02	3,412.02
B. Financial liabilities				
Non current				
Borrowings	14.24	14.24	2,030.36	2,030.36
Current				
Borrowings	1,134.68	1,134.68	1,045.86	1,045.86
Trade payables	5.16	5.16	10.65	10.65
Other financial liabilities	4,264.38	4,264.38	2,983.48	2,983.48
	5,418.46	5,418.46	6,070.35	6,070.35

(a) The carrying amounts of current financial assets and current financial liabilities are considered to be the same as their fair values, due to short-term natu

(b) The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI

(c) The fair values of long term loans, security deposits and investments in preference shares were calculated based on cash flows discounted using as current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk

(d) The fair values of non current borrowings are based on discounted cash flows using as current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs including own credit risk

iii. Fair value hierarchy

Quantitative disclosure of fair value measurement hierarchy of financial assets and liabilities of the Company are as below;

Rs. in Crore

	As at March 31, 2021			As at March 31, 2020		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
A. Financial assets						
Non current						
Investments	-	-	2,772.52	-	-	2,145.72
Loans	-	-	2.01	-	-	9.66
Other financial assets	-	-	0.31	-	-	1.00
Current						
Investments	-	-	-	-	-	-
Trade receivables	-	-	1,067.15	-	-	1,067.17
Cash and cash equivalents	-	-	0.52	-	-	0.58
Bank balances other than above	-	-	10.97	-	-	9.16
Loans	-	-	11.72	-	-	178.16
Other financial assets	-	-	0.26	-	-	0.56
	-	-	3,865.46	-	-	3,412.02
B. Financial liabilities						
Non current						
Borrowings	-	-	14.24	-	-	2,030.36
Current						
Borrowings	-	-	1,134.68	-	-	1,045.86
Trade payables	-	-	5.16	-	-	10.65
Other financial liabilities	-	-	4,264.38	-	-	2,983.48
	-	-	5,418.46	-	-	6,070.35

NOTE: 42

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, comprise rupee term loans, debentures, inter corporate deposits and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations, invesment in subsidiaries for implementation of power projects and capital expenditures. The Group has various financial assets such as trade receivables, cash, and inter corporate deposits, which arise directly from its operations and / or from the financial liability.

The management agrees and reviews policies for managing different type of risks associates with the nature of the business and operations of the Company. Significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, in respect of each class of financial asset, financial liabilities and equity instrument are disclose in Note 2 to the financial statements.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk which are summarised below:

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates which expose the Company to cash flow interest rate risk. The Companies' fixed rate borrowings including cumulative redeemable preference shares are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future interest cash flows will fluctuate because of a change in market interest rates. (Refer note 19)

ESSAR POWER LIMITED

CHATURVEDI & CO. MUMBAI

The following table provides a breakdown of the Company's fixed and floating rate borrowings:

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Fixed rate borrowings	**1,808.11**	3,756.79
Floating rate borrowings	**696.76**	665.30
	2,504.87	4,422.09

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, being a 0.5% increase or decrease in interest rate, with all other variables held constant, of the Company's profit before tax due to the impact on floating rate borrowings.

Rs. in Crore

	March 31, 2021	March 31, 2020
Effect on profit before tax:		
Base Rate*- decrease by 50 bps	**1.80**	1.74
	1.80	1.74

* Base Rate ('BR') set by individual Indian banks in respect of their loans.

The impact of a 50 bps increase in interest rates on profit before tax will be as disclosed above with the exception that gains would be converted to losses.

Credit risk

Credit risk is the risk of financials loss to the Company if a counter party to a financial instrument fails to meet its contractual obligation and arises from cash and cash equivalents, bank deposits as well as credit exposures to other outstanding receivables.

The Company is currently having transactions with recognised and creditworthy third parties and companies under the same management and hence credit risk is considered to below. Cash and cash equivalents and bank deposits are held in banks with high credit ratings. The Company has an inter corporate deposits to Rs. 1019.80 Crore out of which Provision of Rs. 356.31 Crore has been made. In addition, receivable balances are monitored on an ongoing basis.

Ageing of past due receivables is as follows: Rs. in Crore

	As at March 31, 2021			As at March 31, 2020		
	Gross Carrying Amount	Expected Credit Loss	Carrying Amount (Net of Impairment)	Gross Carrying Amount	Expected Credit Loss	Carrying Amount (Net of Impairment)
Not Due	**0.18**	-	**0.18**	0.19	-	0.19
0-30 days	**0.00**	-	**0.00**	0.02	-	0.02
31-60 days	-	-	-	-	-	-
61-90 days	-	-	-	-	-	-
91-120 days	-	-	-	-	-	-
120-365 days	-	-	-	-	-	-
1 - 5 years	**0.10**	-	**0.10**	0.10	-	0.10
More than 5 years	**1,066.86**	-	**1,066.86**	1,066.86	-	1,066.86
	1,067.15	-	**1,067.15**	1,067.17	-	1,067.17

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financials liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it wll have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Rs. in Crore

As at March 31, 2021	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
Debentures	1,372.70	-	-	-	1,372.70
Rupee Term Loans	418.83	-	-	-	418.83
Inter Corporate Deposit	239.71	11.37	-	-	251.08
Liability Component of Compound Financial Instruments	0.21	-	2.66	-	2.87
Optionally Convertible Cumulative Redeemable Preference Shares	-	-	-	-	-
Cumulative Redeemable Preference Shares	-	-	-	-	-
Working Capital Facility	75.81	-	-	-	75.81
Other Short Term Borrowings	400.33	-	-	-	400.33
Trade payables	5.16	-	-	-	5.16
Other financial liabilities	2,891.64	-	-	-	2,891.64
	5,404.39	11.37	2.66	-	5,418.42

Rs. in Crore

As at March 31, 2020	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
Debentures	1,382.36	-	-	-	1,382.36
Rupee Term Loans	436.83	-	-	-	436.83
Inter Corporate Deposit	360.88	-	-	-	360.88
Liability Component of Compound Financial Instruments	0.66	2.66	1.21	0.36	4.89
Optionally Convertible Cumulative Redeemable Preference Shares	-	-	365.36	623.74	989.10
Cumulative Redeemable Preference Shares	-	-	-	1,025.00	1,025.00
Working Capital Facility	70.40	-	-	-	70.40
Other Short Term Borrowings	189.12	-	-	-	189.12
Trade payables	10.65	-	-	-	10.65
Other financial liabilities	1,826.16	-	-	-	1,826.16
	4,277.06	2.66	366.57	1,649.10	6,295.39

Capital management

The Company's objectives while managing capital are to safeguard its ability to continue as a going concern and to provide adequate returns for its shareholders and benefits for other stakeholders. The Company's policy is generally to optimise borrowings at an operating company level within an acceptable level of debt. Equity funding for existing operations or new acquisitions is raised centrally, first from excess cash and then from new borrowings while retaining on an acceptable level of debt as per the approved financing plans. The Company's policy is to borrow using a mixture of long-term and short-term debts together with cash generated to meet anticipated funding requirements.
The Company monitors capital using a gearing ratio, which is calculated as underlying net debt divided by total equity including reserves and surplus plus underlying net debt. The Company measures its underlying net debt as total debt including current maturities of long term borrowings (but excluding short term working capital facilities, inter corporate deposit taken, optionallay convertible cumulative preference shares, cumulative redeemable preference shares, liability component of compound financial instrument) reduced by cash and cash equivalents and bank deposits. Total equity includes equity attributable to the equity holders of the Company.

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Interest-bearing loans and borrowings	2,521.62	4,458.58
Less: cash and cash equivalents	(11.80)	(10.74)
Less: inter corporate deposit given	(450.07)	(541.95)
	2,059.75	3,905.89
Less:		
Working capital loans	(75.81)	(70.40)
Optionally convertible cumulative preference shares	-	(989.10)
Cumulative redeemable preference shares	-	(1,025.00)
Liability Component of Compound Financial Instruments	(2.87)	(4.89)
	(78.68)	(2,089.39)
Underlying net debt	1,981.07	1,816.50
Total equity	(1,222.06)	(2,612.23)
Equity and underlying net debt	759.01	(795.73)
Gearing ratio	261%	-228%

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

NOTE: 43
SEGMENT INFORMATION

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.

NOTE: 44
JOINT OPERATIONS

(a) The Company was alloted a coal mine block at Mahan, District Singrauli, Madhya Pradesh jointly with Hindalco Industries Limited. The Mahan Coal Limited (MCL) was formed for mining of coal from the Mahan Coal block jointly awarded to the Company and Hindalco Industries Limited. The Company has an investment of Rs. 32.25 Crore (Previous year Rs. 32.25 Crore) as at March 31, 2021, representing 50.00% (Previous year 50.00%) shareholding in MCL. The Mahan Coal mine was cancelled vide Hon'ble Supreme Court in September, 2014. The Company has made a provision for diminution in the value of its investments in MCL amounting to Rs. 20.72 Crore.

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Country of incorporation	**India**	India
Percentage (%) of share in Joint Venture	**50.00%**	50.00%
Assets		
Cash and cash equivalents	**0.00**	0.00
Bank balances other than cash and cash equivalents	**-**	-
Loans	**0.15**	0.15
Other financial assets	**-**	-
Current tax assets (net)	**0.00**	0.00
Other current assets	**11.14**	11.14
Liabilities		
Trade Payables	**0.06**	0.03
Provisions	**-**	-
Other current liabilities	**0.01**	0.01
Income	**-**	0.10
Expenses	**0.19**	0.32

(b) MCL filed application Before the National Company Law Tribunal, Western Region Bench, at Ahmadabad for subscribed, issued and paid up equity share capital of the Company be reduced from Rs. 1,905,000,000 (Rupees One Hundred Ninety Crore Fifty Lacs only) divided into 19,05,00,000 (Nineteen Crore Five Lacs) equity shares of Rs. 10/- each, fully paid up to Rs. 825,000,000 (Rupees eighty two crorefifty lakh only) divided into 82,500,000 (Eight crore twenty five lakh only) equity shares of Rs. 10/- each and the surplus amount, i.e. 108,00,00,000 (Rupees One hundred and eight crore only) , being in excess of the wants of MCL be paid to the shareholders. The case is disposed by the NCLT Ahmedabad with no deviation from the scheme.

NOTE: 45

The Company is considered to be established with the object of providing infrastructure facilities (as defined in schedule VI of the Companies Act, 2013) and accordingly, Section 186 of the Companies Act, 2013 is not applicable to the Company.

NOTE: 46

The terms of section 135 of the Companies Act, 2013 and related rules pertains to corporate social responsibilities are applicable to the company, however, on account of losses in the immediately preceeding three financial years the company is not required to spend any sum on corporate social responsibility activities for the current year.

NOTE: 47

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 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.

NOTE: 48

The remuneration paid to its ex-Managing Director of Rs. 4.76 crore in FY 15-16 and Rs. 4.44 crore in FY 14-15 was in excess of limits specified under section 197 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013. The Company is considering recovery of the excess remuneration.The company had made various efforts to recover Rs. 9.20 Crore However in view of non recovery, the company had written off this amount during the pevious year as part of operation & maintenace expenses.

NOTE: 49

Previous years figures have been regrouped / rearranged whenever necessary to conform to the current year's presentations.

NOTE: 50

RELATED PARTY DISCLOSURE

Disclosure of related party transactions and balances as required by Indian Accounting Standard - 24 (Ind AS 24) "Related party disclosures" are as follows

(A) Holding Companies

1. Ultimate Holding Company - Essar Global Fund Limited, Cayman Islands (EGFL)
2. Intermediate Holding Company - Essar Energy Limited (EEL) {formerly known as Essar Energy PLC (till July 21, 2014)}
3. Holding Company - Essar Power Holdings Limited (EPOHL)

(B) Parties with whom transactions have been entered into during the year in the ordinary course of business are:

(a) Subsidiaries

1) Bhander Power Limited (BPOL)
2) Essar Electric Power Development Corporation Limited (EEPDCL)
3) Essar Power Transmission Company Limited (EPTCL)
4) Essar Power M.P. Limited (EPMPL)
5) Essar Power Overseas Limited (EPOVSL)
6) Essar Power Hazira Limited (EPHL)
7) Essar Power (Jharkhand) Limited (EPJL)
8) Essar Power Gujarat Limited (EPGL)
9) Essar Power (Orissa) Limited (EPORL)
10) Essar Power Resources Limited (EPRL) (formerly known as Essar Power Distribution Company Limited)
11) Essar Power and Minerals Limited (EPAML)
12) Ultra Lng Urja Limited (ULUL)

(b) Fellow Subsidiaries

1) Essar Wind Power Private Limited (EWPPL)
2) Essar Power Hazira Holdings Limited (EPHHL)

(c) Enterprises commonly controlled or influenced by major shareholders / directors of the Company:

1) EPC Constructions India Limited (formerly known as Essar Projects (India)
2) Aegis Limited (Aegis)
3) Essar Ports Limited (formerly known as Essar Africa Holdings Limited)
4) Essar Minerals Resources Limited (EMRL)
5) Essar Steel India Limited (ESTL Up to 15 Dec 2019) Currently Known as Arcelormittal Nippon Steel India Limited (AMNS)
6) Tirunelveli Wind Farms Limited (TWFL)
7) Essar Oil Limited (EOL) (Ceased to wef 18.08.2017)
7) Essar Energy Services Mauritius Limited (EESML)
8) Essar Power Canada Limited (EPCL)
9) Ambeshwar Engineering Hydro Project Limited (AEHP)
10) Aaradhna Realities Limited (formerly known as Essar Investments Limited)
11) Essar Steel Metal Trading Limited (ESMTL)

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

(d) Key Management Personnel

1) Shri Kush CEO (w.e.f. October 01, 2020)
2) Shri Vinod Jain , CFO (w.e.f. Nov 28, 2018)
3) Shri Kapil Singla , CFO (w.e.f March 26 ,2018)
4) Shri Pratik Garg , Director (w.e.f. March 19, 2021)
5) Shri Vaibhav Angel , Director (w.e.f. March 19, 2021)
6) Smt Rachna Luharuka , Director (w.e.f. December 12, 2020)
7) Shri Prakash Khedekar, Company Secretary (w.e.f. Sept 20 2018)

Refer Annexure A for details of transactions and outstanding balances as at Balance Sheet date with related parties.

NOTE: 51

Covid-19 effect

Covid-19 has impacted businesses globally and in India. The Company has continued its assessment of likely adverse impact on economic environment in general and financial risks on account of Covid-19. The Company is in the business of generation of electricity which is an essential service as emphasized by the Ministry of Power, Government of India and hence, the Company has ensured the availability of its power plant to generate power

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.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Annexure A: Details of transactions and outstanding balances with related parties

Essar Power Limited

Rs. in Crores

	Name of the Company	Holding Company	Subsidiary	Fellow Subsidiary	Joint Venture	Enterprises commonly controlled or influenced by major Shareholders / Directors of the company	Key Management Personnel	Holding Company	Subsidiary	Fellow Subsidiary	Joint Venture	Enterprises commonly controlled or influenced by major Shareholders / Directors of the company	Key Management Personnel
Details of transactions during the year ended		**March 31, 2021**						March 31, 2020					
Issue of Shares	EPOHL	393.94	-	-	-	-	-	-	-	-	-	-	-
Conversion of CCPS into Equity	ESMTL	-	-	-	-	(1,642.49)	-	-	-	-	-	-	-
	EPOHL	(669.64)	-	-	-	-	-	-	-	-	-	-	-
	EPHHL	(1,357.54)	-	-	-	-	-	-	-	-	-	-	-
Conversion of OCRPS into CCPS	ESMTL	-	-	-	-	(1,025.00)	-	-	-	-	-	-	-
Conversion of OCRPS into Equity	ESMTL	-	-	-	-	(85.00)	-	-	-	-	-	-	-
Other current assets	EPGL	-	36.23	-	-	-	-	-	35.68	-	-	-	-
	EPMPL	-	-	-	-	-	-	-	2.40	-	-	-	-
	BPOL	-	70.77	-	-	-	-	-	1.92	-	-	-	-
	EEPDCL	-	18.16	-	-	-	-	-	20.53	-	-	-	-
	EPHL	-	-	-	-	-	-	-	16.94	-	-	-	-
	EPORL	-	21.51	-	-	-	-	-	136.61	-	-	-	-
Inter corporate deposits given repaid/ Assigned	EPORL	-	122.49	-	-	-	-	-	35.63	-	-	-	-
	EPMPL	-	7.40	-	-	-	-	-	-	-	-	-	-
	BPOL	-	41.42	-	-	-	-	-	203.92	-	-	-	-
	EPHL	-	-	-	-	-	-	-	16.94	-	-	-	-
	EEPDCL	-	25.15	-	-	-	-	-	2.00	-	-	-	-
Inter corporate deposits obtained / Assigned	Arkay Logistics	-	-	-	-	-	-	-	-	11.37	-	-	-
	EIHL	-	-	-	-	-	-	-	-	6.50	-	-	-
	EPHL	-	-	44.79	-	-	-	-	-	-	-	-	-
	EEDPCL	-	-	-	-	-	-	-	3.18	-	-	-	-
	Aegis	-	-	-	-	5.00	-	-	-	-	-	-	-
	ESMTL	-	-	-	-	273.43	-	-	-	-	-	118.49	-
Interest expenses on inter corporate deposits obtained	MCL	-	-	-	-	-	-	-	-	-	0.10	-	-
Gurantee Expenses	EPGL		572.23										
Inter corporate deposits obtained refunded / Assigned / Write back	EWPPL	-	-	-	-	-	-	-	-	44.84	-	-	-
	Arkay Logistics			-									
	VPCL	-	-	-	-	-	-	-	-	-	-	-	-
	BTPPL	-	-	-	-	-	-	-	-	-	-	-	-
	EIHL	-	-	-	-	-	-	-	-	6.50	-	-	-
	EEPDCL	-	-	-	-	-	-	-	9.48	-	-	-	-
	EPHL	-	5.82	-	-	-	-	-	-	-	-	-	-
	Aegis	-		-	-	5.00	-	-	-	-	-	-	-
	MCL	-	-	-	-	-	-	-	-	-	5.30	-	-
	ESMTL	-	-	-	-	151.13	-	-	-	-	-	101.22	-
Details of transactions during the year ended		**March 31, 2021**						March 31, 2020					
Income from operations and other income	EPORL	-	2.70	-	-	-	-	-	2.70	-	-	-	-
	EPHL	-	4.20	-	-	-	-	-	24.42	-	-	-	-
	BPOL	-	-	-	-	-	-	-	16.60	-	-	-	-
Water from government reservoir expenses shared	AMNS	-	-	-	-	-	-	-	-	-	-	0.05	-
Sale of stores, spares, misc. consumables, equipments & Professional income	EPHL	-	0.82	-	-	-	-	-	0.40	-	-	-	-
	BPOL	-	-	-	-	-	-	-	2.25	-	-	-	-
Provision for Doubtful Debts	EPJHL	-	-	-	-	-	-	-	-	-	-	-	-
	EPIL	-	-	-	-	-	-	-	-	-	-	-	-
Fair Value of Investment	EPHL	-	1,126.42	-	-	-	-	-	-	-	-	-	-
	EPGL	-	(321.48)	-	-	-	-	-	-	-	-	-	-
	EPORL	-	(280.00)	-	-	-	-	-	-	-	-	-	-
	EPTCL	-	120.96	-	-	-	-	-	-	-	-	-	-
	EEPDCL	-	(19.10)	-	-	-	-	-	-	-	-	-	-
Provision for Impairment of Investment	EPOVRSL	-	-	-	-	-	-	-	430.72	-	-	-	-
	EPMPL	-	-	-	-	-	-	-	823.70	-	-	-	-
	EPORSL	-	-	-	-	-	-	-	362.75	-	-	-	-

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Annexure A: Details of transactions and outstanding balances with related parties

Rs. in Crores

	Name of the Company	Holding Company	Subsidiary	Fellow Subsidiary	Joint Venture	Enterprises commonly controlled or influenced by major Shareholders / Directors of the company	Key Management Personnel	Holding Company	Subsidiary	Fellow Subsidiary	Joint Venture	Enterprises commonly controlled or influenced by major Shareholders / Directors of the company	Key Management Personnel
Provision /Written off of Receivable	EPGL	-	82.21	-	-	-	-	-	0.80	-	-	-	-
	EPORL	-	-	-	-	-	-	-	0.00	-	-	-	-
	AEHPP	-	-	-	-	-	-	-	-	-	-	0.01	-
	EPIL	-	-	-	-	-	-	-	-	-	-	24.84	-
	EESML	-	-	-	-	-	-	-	-	-	-	1.17	-
	EMRL	-	-	-	-	-	-	-	-	-	-	0.05	-
	EPML	-	-	-	-	-	-	-	-	-	-	0.02	-
	EWPPL	-	-	-	-	-	-	-	-	0.03	-	-	-
	BPOL		29.34										
	ESTL	-	-	-	-	-	-	-	-	-	-	15.55	-
	EPORL		7.25										
	EPMPL	-	0.40	-	-	-	-	-	0.38	-	-	-	-
Written back of payables	EPIL	-	-	-	-	-	-	-	-	-	-	0.23	-
	EPTCL	-	-	-	-	-	-	-	-	-	-	5.31	-
	Arkay Logistics					-							
	BTPPL	-	-	-	-	-	-	-	-	-	-	0.21	-
	ESTL	-	-	-	-	-	-	-	-	-	-	0.05	-
	ESMTL					1.03							
	EIHL	-	-	-	-	-	-	-	-	0.01	-	-	-
Reimburshment of Exp	EPHL	-	0.40	-	-	-	-	-	0.40	-	-	-	-

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Annexure A: Details of transactions and outstanding balances with related parties

Rs. in Crores

	Name of the Company	Holding Company	Subsidiary	Fellow Subsidiary	Joint Venture	Enterprises commonly controlled or influenced by major Shareholders / Directors of the company	Key Management Personnel	Holding Company	Subsidiary	Fellow Subsidiary	Joint Venture	Enterprises commonly controlled or influenced by major Shareholders / Directors of the company	Key Management Personnel
Balance as at end of the year		**March 31, 2021**						March 31, 2020					
Investment in equity shares	BPOL	-	282.79	-	-	-	-	-	282.79	-	-	-	-
	EPHL	-	7.40	-	-	-	-	-	7.40	-	-	-	-
	EEPDCL	-	38.89	-	-	-	-	-	38.89	-	-	-	-
	EPGL	-	1,278.24	-	-	-	-	-	1,278.24	-	-	-	-
	EPJL	-	1,725.74	-	-	-	-	-	1,725.74	-	-	-	-
	EPMPL	-	1,572.30	-	-	-	-	-	1,572.30	-	-	-	-
	EPORL	-	7.40	-	-	-	-	-	7.40	-	-	-	-
	EPTCL	-	-	-	-	-	-	-	-	-	-	-	-
	EPTCL	-	597.04	-	-	-	-	-	597.04	-	-	-	-
	EPOVSL	-	59.75	-	-	-	-	-	59.75	-	-	-	-
Investment in preference shares	BPOL	-	5.75	-	-	-	-	-	5.75	-	-	-	-
	EPHL	-	641.17	-	-	-	-	-	641.17	-	-	-	-
	EPORL	-	635.35	-	-	-	-	-	635.35	-	-	-	-
	EPOSL	-	370.97	-	-	-	-	-	370.97	-	-	-	-
	EPMPL	-	1,351.66	-	-	-	-	-	1,351.66	-	-	-	-
	EPGL	-	545.74	-	-	-	-	-	545.74	-	-	-	-
Advance towards equity shares	EPTCL		-	-	-	-	-	-	-	-	-	-	-
Loans given	BPOL	-	-	-	-	-	-	-	-	-	-	-	-
	EPGL	-	35.48	-	-	-	-	-	35.48	-	-	-	-
Inter corporate deposits placed	EPGL	-	82.21	-	-	-	-	-	45.98	-	-	-	-
	EPMPL	-	-	-	-	-	-	-	7.40	-	-	-	-
	EPORL	-	-	-	-	-	-	-	100.98	-	-	-	-
	EEPDCL	-	11.55	-	-	-	-	-	18.53	-	-	-	-
	EPJL	-	356.31	-	-	-	-	-	356.31	-	-	-	-
Interest accrued on inter corporate deposits placed	EPJL	-	153.50	-	-	-	-	-	153.50	-	-	-	-
	EPORL	-	-	-	-	-	-	-	0.00	-	-	-	-
Other loans and advances	EPGL	-	-	-	-	-	-	-	-	-	-	-	-
	EPML	-	-	-	-	-	-	-	-	-	-	-	-
	EPMPL	-	-	-	-	-	-	-	-	-	-	-	-
	EWPPL	-	-	-	-	-	-	-	-	-	-	-	-
	ULUL	-	0.02	-	-	-	-	-	0.02	-	-	-	-
	TWFL	-	-	-	-	-	-	-	-	-	-		-
	EPIL	-	-	-	-	-	-	-	-	-	-		-
	EESML	-	-	-	-	-	-	-	-	-	-		-
	EMRL	-	-	-	-	-	-	-	-	-	-		-
		March 31, 2021						March 31, 2020					
Trade receivable	ESTL	-	-	-	-	-	-	-	-	-	-	0.55	-
Inter corporate deposits accepted	EWPPL	-	-	-	-	-	-	-	-	-	-	-	-
	Arkay Logistics	-	-	-	-	-	-	-	-	11.37	-	-	-
	EEPDCL	-	-	-	-	-	-	-	-	-	-	-	-
	EPHL		-										
	EPTCL	-	10.74	-	-	-	-	-	10.74	-	-	-	-
	Aegis					-							
	ESMTL (Secured)					175.00							
	ESMTL	-	-	-	-	184.00	-	-	-	-	-	236.70	-
Interest accrued on inter corporate deposits accepted	MCL	-	-	-	0.16	-	-	-	-	-	0.31	-	-
	ESMTL	-	-	-	-	-	-	-	-	-	-	1.03	-
Provision for Doubtful Debts	EPJHL	-	-	510.33	-	-	-	-	510.33	-	-	-	-
	EPGL	-	82.21	-	-	-	-	-	-	-	-	-	-

Annexure A: Details of transactions and outstanding balances with related parties

Rs. in Crores

	Name of the Company	Holding Company	Subsidiary	Fellow Subsidiary	Joint Venture	Enterprises commonly controlled or influenced by major Shareholders / Directors of the company	Key Management Personnel	Holding Company	Subsidiary	Fellow Subsidiary	Joint Venture	Enterprises commonly controlled or influenced by major Shareholders / Directors of the company	Key Management Personnel
Provision for Dimunation of Investment	EPMPL	-	**2,923.96**	-	-	-	-	-	2,923.96	-	-	-	-
	EPGL	-	**2,930.08**	-	-	-	-	-	2,608.60	-	-	-	-
	BPOL	-	**288.54**	-	-	-	-	-	288.54	-	-	-	-
	EPJHL	-	**1,725.74**	-	-	-	-	-	1,725.74	-	-	-	-
	EVOVRSL	-	**430.73**	-	-	-	-	-	430.73	-	-	-	-
	EEPDCL	-	**19.10**	-	-	-	-	-	-	-	-	-	-
	EPORL	-	**642.75**	-	-	-	-	-	362.75	-	-	-	-
Fair Value change	EPTCL	-	**120.96**	-	-	-	-	-	-	-	-	-	-
	EPHL	-	**1,126.42**	-	-	-	-	-	-	-	-	-	-
Managerial Remuneration	EPOL	-	-	-	-	-	**0.30**	-	-	-	-	-	**0.35**
Guarantees given #	EPMPL	-	-	-	-	-	-	-	10,678.12	-	-	-	-
	EPJL	-	**815.00**	-	-	-	-	-	4,920.08	-	-	-	-
	EPORL	-	-	-	-	-	-	-	526.01	-	-	-	-
	EPHL	-	**850.00**	-	-	-	-	-	950.56	-	-	-	-
	EPGL	-	**1,600.00**	-	-	-	-	-	5,246.11	-	-	-	-
	EPTCL	-	**1,536.79**	-	-	-	-	-	1,769.14	-	-	-	-
Guarantees received #1	EPC Construction India Limited	-	-	-	-	**76.99**	-	-	-	-	-	57.02	-
	Aaradhna Realities Limited	-	-	-	-	**94.71**	-	-	-	-	-	94.71	-
	EEL	-	-	-	-	-	-	-	116.00	-	-	-	-

Guarantees given to the lenders of the subsidiaries aggregate to Rs. 4801.79 Crore (Previous year Rs. 24090.02 Crore) is disclosed to the facilities availed by the the subsidiaries.
#1 Guarantees taken by the Company from EPC Construction India Limited of Rs. 76.99 Crore (Previous year Rs. 57.02 Crore) ,EEL of Rs.Nil (Previous year Rs. 116 Crore) , Aradhna Realities Limited of Rs.94.71 Crore disclosed to the facilities availed by the Company.
The numbers appearing in investment in equity & preference share in subsidiary companies are before provision created for diminution.

ESSAR POWER LIMITED

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

ESSAR POWER LIMITED

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2021 ON CONSOLIDATED BASIS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ESSAR POWER LIMITED

Report on the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated Indian Accounting Standards ("Ind AS") financial statements of ESSAR POWER LIMITED (hereinafter referred to as the "Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2021, the Consolidated Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements") which includes joint operations of the group on a proportionate basis.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other auditors on the financial statements of the subsidiaries referred to below in sub-paragraph (a) of the Other Matters paragraph, except for the effects (to the extent ascertained) of the matter described in the Basis for Qualified Opinion paragraph below, the consolidated financial statements give the information required by the Companies Act, 2013, ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2021, its consolidated loss including Other Comprehensive Income, its consolidated Cash Flows and the Statement of Changes in Equity for the year ended on that date.

Basis for Qualified Opinion

1. As mentioned in Note 20, the Group has accumulated losses of Rs. 15,587.15 crore which has resulted in complete equity erosion of the Group. The Group's current liabilities exceed its current assets by Rs. 10,333.34 crore. The plant of the Company is in a state of shutdown and has been impaired to the extent of its realizable value as mentioned in Note 52(ii). Further, as explained in Note 52(i), EPGL has further impaired its plant for reasons given therein.. As explained in Note 28(A)(f), 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. As mentioned in Footnotes (a), (b) to Note (5), EPMPL and EPJHL, erstwhile subsidiaries of the Company, are in the process of insolvency and liquidation respectively. Investment in EPMPL and EPJHL have been completely impaired along with all other investments disclosed in Note 5 and Note 11 considering non-recoverability in the current scenario. Further, as mentioned in Note 56(D) and 56(E), BPOL and EPORL, subsidiaries of the Company, have lost control of majority of their assets in terms of settlement of their outstanding dues with their lenders and the financial statements for these subsidiaries have not been prepared on going concern basis for reasons mentioned therein.. As explained in our Qualification No. 2 below, the Company has a substantially material liability on account of corporate guarantees invoked by the lenders of erstwhile subsidiaries (now shown as other investments in Note 5 due to loss of control) for which the Company has not made provisions in the consolidated financial

statements. In case of EPGL, a subsidiary of the Company, the ability to continue as going concern depends on EPGL's ability to enter into a one-time settlement with its lenders and other reasons as explained in Note 56(C). Further, as mentioned in Note 56(C), a lender of Essar Power Gujarat Limited ('EPGL') has filed an application under Section 7 of Insolvency and Bankruptcy code, 2016, against EPGL in May-2021. The said note described the fact that EPGL has received the intimation of the filing of this application, however, it is yet to receive a notice from NCLT. The management of EPGL has had discussions with the said lender for withdrawal of the NCLT application based on positive development of Government of Gujarat approving the revised Supplemental Power Purchase Agreement ('SPPA'). The lender has indicated that they shall consider EPGL's request based on the signing and GERC approval of the revised SPPA. Hence, the management of EPGL expects the NCLT application to be withdrawn soon. Pending the said withdrawal, there is uncertainty on the final outcome of the said matter. These situations indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern however the group has prepared its consolidated financial statements as a going concern for reasons mentioned in Note 56. The impact of the same on the consolidated financial statements is unascertainable.

2. The Company has issued corporate guarantees to the lenders of erstwhile subsidiaries, i.e., EPJHL and EPMPL which have been invoked in earlier years. As both these companies are in various stages of proceedings under the IBC code, the Company has lost control over them and these companies have ceased to be subsidiaries. Accordingly, the Company should have made provision for invoked corporate guarantees on an estimated basis. As mentioned in Note 5(b), the outstanding amount payable against corporate guarantees invoked by the lenders of EPJHL was Rs. 815 crore as on 31st March, 2021. The Company is of the view that the said amount will be paid by Essar Global Fund Limited, a joint-guarantor, pursuant to which corporate guarantees provide for EPJHL will be released. Further, corporate guarantees of Rs. 10,678.12 crore have been invoked by lenders of EPMPL. As represented to us, the lenders of EPMPL have approved the resolution plan under which all corporate guarantees of the Company will be released. The resolution plan has been approved by the Hon'ble NCLT on 1st November, 2021, as stated in Note 5(a), however, the Company is yet to receive release letters for the invoked corporate guarantees. The Company has not made any provision for these corporate guarantees as it believes that the possibility of economic outflow is remote. The impact on consolidated financial statements is unascertainable.

3. As disclosed in Note 38(viii), 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, these payments have been treated directly as expenses towards corporate guarantee in the consolidated financial statements of the Company and are without recourse to the subsidiary.

4. As disclosed in Note 26(A)(f), the Company has availed a loan o 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 of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group 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 Consolidated 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 qualified audit opinion on the Consolidated Financial Statements.

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

Emphasis of Matters

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

1. We draw attention to exceptional gains of Rs. 10,860.39 crore disclosed in Note 38 and the explanations provided in the footnotes thereunder. Further, as disclosed in Note 38(x) read with Note 57, the Company has recorded a gain of Rs. 9,840.37 crore on account of loss of control in EPMPL. Further, the Company has consolidated a net loss of Rs. 1,307.34 crore for operations upto the date of loss of control. These amounts are based on management accounts of EPMPL prepared as on 29th September, 2020 which are unaudited.

2. There has been a substantial change in the shareholding pattern of the Company as disclosed in Note 19 read with Note 22. Cumulative redeemable preference shares and optionally convertible cumulative redeemable preference shares have been entirely converted into equity of the Company. Further, as disclosed in Note 19(b), some portion of compulsorily convertible cumulative preference shares have been converted into equity of the Company.

3. Note 12(a) 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.

4. Note 51(a) 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 during FY 2019-20, FY 2018-19, 2017-18 and FY 2016-17 as well, for which it is yet to receive any response.

5. As disclosed in Note 11, 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.

6. As mentioned in Note 26(B)(g), EPGL has entered into a one-time settlement (OTS) agreement with various banks to discharge its financial liabilities. EPGL has recognized a one-time settlement gain amounting to Rs. 585 crore on an OTS settlement with Yes Bank Ltd. based on the OTS agreement, however the no-dues certificate from the said lender is still pending. In the absence of a no-dues certificate, the auditors of EPGL have relied on the OTS agreement and the representation made to them by the management of EPGL.

7. As mentioned in Note 49, trade receivables amounting to Rs 50.56 Crores pertaining to the period from April 1, 2020 to May 9, 2020, are disputed on account of invocation of force majeure clause of PPA by the debtor due to lockdown restrictions imposed by the Government of India during the outbreak of COVID 19 pandemic. However, the said amount is recoverable as per the legal opinion obtained by the management of the subsidiary and ongoing discussions with the debtor.

8. We draw attention to Note 12(b) regarding the ongoing dispute with CERC for Phase I, recognition of revenue & invoicing of tariff for the period from 1st July 2020 to 31st March 2021. A subsidiary has received the order on 04.06.2021 from CERC for Rs. 66.59 crores per year for stage I revenue except LILO line. Basis that the subsidiary has done invoicing for Rs. 50.36 Crores on 15th July 2021 which was accrued earlier, and part amount already invoiced in the first

quarter of the 2020-2021. The amount allocated to LILO line Rs. 5.95 Crores is still recognized on accrual basis & invoicing will be done based on final settlement order.

9. We draw attention to Note 22(C)(a) regarding the borrowing wherein the lenders of a subsidiary have approved the restructuring proposal which was effective with a cut-off date of 15.04.2019. The subsidiary has executed the Master Debt Restructuring Agreement with its Lenders on 04.06.2020 and has issued Optionally Convertible Debentures across the three series on 18.06.2020 accordingly all the accounting entries has been done in the current year

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended 31st March, 2021. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our report on the stand alone financials of the Company and the audit reports received from the auditors of the subsidiaries, we have determined that there are no key audit matters to communicate in the audit report of the consolidated financial statements of the group.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Consolidated Financial Statements and our auditor's report thereon. The Company's annual report is expected to be made available to us after the date of auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We will report such facts, if any, once the annual report is made available to us.

Management's Responsibilities for the Consolidated Financial Statements

The Company's Board of Directors is responsible for preparation and presentation of these Consolidated Financial Statements in terms of the requirement of the Act, that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and the consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of Consolidated Financial Statements by the Directors of the Company as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are 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 these Consolidated Financial Statements.

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 Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence 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 Consolidated 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 management.

- Conclude on the appropriateness of management's 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 Group'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 Consolidated Financial Statements 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended 31st March, 2021, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

1. We did not audit the financial statements of nine subsidiaries, whose financial statements reflect total assets of Rs. 6,427.35 Crore as at 31st March, 2021, total revenues of Rs. 2,601.77 Crore and net cash outflows amounting to Rs. 44.03 Crore for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of the other auditors.

2. The Consolidated Financial Statements include the unaudited financial statements of one company (erstwhile subsidiary), whose financial statements reflect total assets of Nil as at March 31, 2021, total net revenues of Rs. (1,307.34) crore and cash outflow of Rs. 38.43 crore for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements are unaudited and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of above matters with respect to our reliance on the work done and report of the other auditors and financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and other financial information of subsidiaries as referred to in Other Matters paragraph above, we report, to the extent applicable, that:

1. Except for the matters described in the Basis of Qualification paragraph above, we and the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

2. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion and in the opinion of the other auditors whose reports we have relied upon, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.

3. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

4. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.

5. In our opinion, the matters described in the Basis of Qualified Opinion paragraph above and under the Emphasis of Matters paragraph above may have an adverse effect on the functioning of the Group.

6. On the basis of the written representations received from the directors of the Company as on 31st March, 2021, taken on record by the Board of Directors of the Company and the reports of the other statutory auditors of its subsidiaries incorporated in India, none of the directors of the Company, subsidiaries incorporated in India and whose audited accounts are available, are disqualified as on 31st March, 2021, from being appointed as a director in terms of Section 164 (2) of the Act, except for Mr. Birendra Mohapatra.

7. The qualification relating to going concern assumption for preparation of Consolidated Ind AS Financial Statements is as stated in the Basis for Qualified Opinion paragraph above.

8. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company, its subsidiaries and the operating effectiveness of such controls, refer to our separate Report in Annexure to this report.

9. In our opinion and based on the information and explanation provided to us, and in the opinion of the statutory auditors of the subsidiaries incorporated in India and on whose reports we have relied, the managerial remuneration for the year ended 31st March, 2021, has been paid/provided by the Group in accordance with the provisions of section 197 read with Schedule V to the Act.

10. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the Other Matter paragraph:

(i) The Group has disclosed the impact of pending litigations on its financial position in the Consolidated Financial Statements vide Note 40.

(ii) The Group did not have any long term contracts, including derivative contracts, for which there were any material foreseeable losses as at 31st March, 2021.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund, wherever applicable, by the Company, its subsidiaries incorporated in India.

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
6th November, 2021

UDIN: 21124465AAAAAH2155

Annexure to the Independent Auditor's Report on the Consolidated Financial Statements of Essar Power Limited – 31st March, 2021 referred to in our report of even date

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

In conjunction with our audit of the Consolidated Financial Statements of Essar Power Limited as of and for the year ended 31st March, 2021, we have audited the internal financial controls with reference to Consolidated Financial Statements of Essar Power Limited ("the Company") and its subsidiaries which are companies incorporated in India, as on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its subsidiaries which are companied incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 the 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 Act, 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 ICAI. 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 with reference to Consolidated Financial Statements 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 with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, 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 our judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Consolidated Financial Statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial control with reference to Consolidated Financial Statements 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 with reference to Consolidated Financial Statements 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 authorizations of management and directors of the company; and
3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

In our opinion, and based on the audit report obtained from the auditors of companies incorporated in India, the Company, its subsidiaries which are companies incorporated in India have maintained, in all material respects, an adequate internal financial controls system with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at 31st March, 2021, based on the internal control with reference to Consolidated Financial Statements 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 ICAI except for except for *controls on repayment of loans and controls on recoverability of Loan and payment of Electricity duty dues, and further strengthening of documentation and evaluation process in case of inventory procurement and maintenance.*

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

Rishabh Chaturvedi
Partner
Membership No. 124465

Mumbai
6th November, 2021

UDIN: 21124465AAAAAH2155

ESSAR POWER LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

Rs. in Crore

	Note no.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	5,753.22	9,173.37
Other Intangible assets	3.1	60.78	67.57
Capital work in progress	4	9.13	30.68
Right-of-use asset	4.1	17.34	100.32
Financial assets:			
Investments	5	0.00	0.00
Loans	6	28.81	63.03
Other financial assets	7	5.47	1.04
Deferred tax assets (net)	8	0.35	146.43
Other non-current assets	9	17.34	38.36
		5,892.44	9,620.81
Current assets			
Inventories	10	93.86	470.87
Financial assets:			
Investments	11	2.13	-
Trade receivables	12	1,410.46	1,299.05
Cash and cash equivalents	13	95.98	178.51
Bank balances other than cash and cash equivalents	14	150.55	57.64
Loans	15	40.63	135.34
Other financial assets	16	4.37	6.04
Current tax assets (net)	17	58.28	80.12
Other current assets	18	68.63	87.63
		1,924.89	2,315.20
		7,817.33	11,936.00
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	19	4,874.54	460.92
Other equity			
Equity component of compulsorily convertible cumulative preference shares	19	2,796.60	5,440.20
Reserves and surplus	20	(12,661.62)	(17,747.24)
Other reserves	21	(25.26)	(64.34)
Equity attributable to owners		(5,015.74)	(11,910.46)
Non-controlling interest		(1,803.61)	(5,117.32)
		(6,819.35)	(17,027.78)
LIABILITIES			
Non-current liabilities			
Financial liabilities:			
Borrowings	22	2,248.25	4,489.29
Other financial liabilities	23	11.99	116.31
Lease Liability	4.1	19.02	104.98
Provisions	24	4.70	68.83
Deferred tax liabilities (net)	25	94.49	2.28
		2,378.45	4,781.69
Current Liabilities			
Financial Liabilities:			
Borrowings	26	5,046.49	6,392.61
Lease Liability	4.1	0.27	18.22
Trade payables			
Total outstanding of micro and small enterprises	27	11.06	18.86
Others	27	206.72	873.95
Other financial liabilities	28	6,928.16	16,639.83
Provisions	29	0.14	7.33
Current tax liabilities (net)	30	0.04	108.53
Other current liabilities	31	65.34	122.76
		12,258.23	24,182.11
		7,817.33	11,936.00
		-	

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For M. M. Chaturvedi & Co.
Chartered Accountants
Firm Registration No. 112941W

Chaturvedi

Rishabh Chaturvedi
Partner
Membership No. 124465

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Partha Sarathi Bhattacharya
Director
DIN: 08905996

Rkhedekar

Prakash Khedekar
Company Secretary
PAN:ALIPK1718L
Mumbai
Dated: 6th November 2021

Kush
Chief Executive Officer
PAN:AIFPK4987M
Mumbai
Dated: 6th November 2021

VJain

Vinod Jain
CFO & Director
PAN:AAMPJ7907K
Mumbai
Dated: 6th November 2021

ESSAR POWER LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED MARCH 31, 2021

Rs. in Crore

	Note no.	For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
Revenue from operations	32	2,622.32	3,233.27
Other income	33	19.60	76.88
		2,641.92	3,310.15
EXPENSES			
Cost of fuel	34	1,340.81	1,497.35
Cost of traded good sold		13.41	3.23
Employee benefit expenses	35	116.29	136.96
Other expenses	36	303.03	489.09
		1,773.54	2,126.63
Profit before finance costs, depreciation, amortisation, exceptional item and tax		868.37	1,183.52
Finance costs	37	2,615.99	3,413.18
Profit/(Loss) before depreciation, amortisation, exceptional item and tax		(1,747.62)	(2,229.66)
Depreciation and amortisation		348.03	551.00
Profit/(Loss) before exceptional item and tax		(2,095.65)	(2,780.66)
Exceptional items	38	(10,860.41)	4,444.59
Profit/(Loss) before tax		8,764.76	(7,225.25)
Tax expense	39		
Current tax		0.04	0.03
Adjustment of tax relating to earlier periods		-	0.10
Deferred tax		238.07	(40.07)
Net tax expense/(benefit)		238.11	(39.89)
Profit/(Loss) after tax for the year before share in profit/(loss) of jointly controlled entities and associates		8,526.65	(7,185.36)
Add: Share in (loss) /profit of jointly controlled entities and associates, (net of tax)		-	-
Profit /(Loss) for the year		8,526.65	(7,185.36)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Income tax effect		-	(0.06)
Remeasurement of the defined benefit plans		(0.53)	(0.90)
		(0.72)	(0.96)
Items that will be reclassified to profit or loss			
Exchange difference in translating the financial statements of foreign operations		39.10	(16.43)
		39.10	(16.43)
Other comprehensive income for the year, net of tax		38.38	(17.39)
Total comprehensive income for the year, net of tax		8,565.03	(7,202.75)

Profit / (Loss) attributable to:		
Owners of Essar Power Limited	8,491.91	(5,038.88)
Non-controlling interests	34.75	(2,146.48)
	8,526.66	(7,185.36)
Other comprehensive income attributable to:		
Owners of Essar Power Limited	38.37	(107.22)
Non-controlling interests	-	89.83
	38.38	(17.39)
Total comprehensive income attributable to:		
Owners of Essar Power Limited	8,530.28	(5,146.10)
Non-controlling interests	34.75	(2,056.65)
	8,565.03	(7,202.75)

Earnings / (loss) per equity share (In Rs.)		
Basic	7.00	(62.34)
Diluted	4.45	(62.34)

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For M. M. Chaturvedi & Co.
Chartered Accountants
Firm Registration no. 112941W

Rishabh Chaturvedi
Partner
Membership No. 124465

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Partha Sarathi Bhattacharya
Director
DIN: 08905996

Prakash Khedekar
Company Secretary
PAN:ALIPK1718L
Mumbai
Dated: 6th November 2021

Kush
Chief Executive Officer
PAN:AIFPK4987M
Mumbai
Dated: 6th November 2021

Vinod Jain
CFO & Director
PAN:AAMPJ7907K
Mumbai
Dated: 6th November 2021

ESSAR POWER LIMITED
STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2021

A. Equity share capital

	Rs. in Crore
As at March 31, 2019	460.92
Changes in equity share capital	-
As at March 31, 2020	460.92
Changes in equity share capital	4,413.62
As at March 31, 2021	4,874.54

B. Other equity

Rs. in Crore

	Equity component of compulsorily convertible cumulative preference shares	Reserve and surplus						Other reserves			
		Securities premium account	Debenture redemption reserve	Preference Redemption Reserve	Securities premium Reserve - for premium payable on redemption of preference shares	Capital reserve on Consolidation	Retained Earnings	Foreign currency translation reserve	Equity Attributable to owners	Non-Controling interest	Total
Balance as at March 31, 2019	5,440.20	1,660.75	49.64	267.98	339.53	107.62	(15,599.08)	41.91	(7,191.44)	(3,060.66)	(10,252.10)
Adjustment to Opening Retained Earnings due to subsidiaries reinstatement	-	-	-	-	-	-	(33.86)	-	(33.86)	-	(33.86)
Profit / (Loss) for the year	-	-	-	-	-	-	(5,038.87)	-	(5,038.37)	(2,146.48)	(7,185.35)
Other comprehensive income for the year	-	-	-	-	-	-	(0.96)	(106.25)	(107.21)	89.83	(17.38)
Total comprehensive income for the year	-	-	-	-	-	-	(5,039.83)	(106.25)	(5,146.08)	(2,056.65)	(7,202.73)
Transfer to Securities Premium - for premium payable on redemption of preference shares	-	(28.70)	-	-	28.70	-	-	-	-	-	-
Issue of Cumulative Convertible Preference Shares	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	5,440.20	1,632.05	49.64	267.98	868.23	107.62	(20,672.76)	(64.34)	(12,371.38)	(5,117.31)	(17,488.69)
Adjustment to Opening Retained Earnings	-	-	-	-	-	-	(3,405.58)	-	(3,405.59)	3,278.96	(126.63)
Profit / (Loss) for the year	-	-	-	-	-	-	8,491.91	-	8,491.91	34.75	8,526.66
Other comprehensive income for the year	-	-	-	-	-	-	(0.72)	39.10	38.38	-	38.38
Total comprehensive income for the year	-	-		-	-	-	8,491.19	39.10	8,530.29	34.75	8,565.04
Transfer to Securities Premium - for premium payable on redemption of preference shares	-	(28.70)	-	-	28.70	-	-	-	-	-	-
Issue of Cumulative Convertible Preference Shares	(2,643.60)	-	-	-	-	-	-	-	(2,643.60)	-	(2,643.60)
Any other changes (to be specified)	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2021	2,796.60	1,603.35	49.64	267.98	896.93	107.62	(15,587.15)	(25.24)	(9,890.28)	(1,803.60)	(11,693.88)

@ = Rs. 100

For M. M. Chaturvedi & Co.

Rishabh Chaturvedi
Partner
Membership No. 124465
Mumbai
Dated: 6th November 2021

For and on behalf of the Board of Directors

Partha Sarathi Bhattacharya
Director
DIN: 08905996

Prakash Khedekar
Company Secretary
PAN:ALIPK1718L
Mumbai
Dated: 6th November 2021

Kush
Chief Executive Officer
PAN:AIFPK4987M
Mumbai
Dated: 6th November 2021

Vinod Jain
CFO & Director
PAN AAMPJ7907K
Mumbai
Dated: 6th November 2021

ESSAR POWER LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR YEAR ENDED MARCH, 2021

Rs. in Crore

	For the year ended March 31, 2021		For the year ended March 31, 2020	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit/(Loss) before tax		8,764.76		(7,225.25)
Adjustment for :				
Depreciation and amortisation	347.98		551.00	
Reversal of Impairment fixed assets	94.45		3,558.72	
Loss/ (Profit) on loss of Control in Subsidiary	(9,840.37)		-	
Exceptional - Others	(441.51)		-	
Loss/ (Gain) on Settlement / approval of settlement by lenders	(1,081.10)		-	
Fair value of investments	-		6.21	
Finance costs	2,615.99		3,413.21	
Sundry balance written off / (written back) (net)	(142.04)		(26.76)	
Profit on sale of mutual fund units	-		(0.41)	
Interest income on financial assets at amortised cost	-		(5.27)	
Capitalisation of overhauling expenses	-		2.73	
Unwinding of discount / adjustment on R&R provisions	0.35		-	
Reversal of Interest on optionally convertible redeemable preference shares	(1.21)		-	
Provision for doubtful interest receivables	-		882.06	
Capital work in progress provision/ written off	-		86.93	
Reversal of provision for doubtful debts	(0.08)		(657.57)	
Bad Debts written off	120.50		574.44	
Reversal of Provision of ICD	(20.00)		-	
Reversal of Provision of ICD & Int	(5.42)		-	
Miscellaneous Income	(1.41)		(1.26)	
Interest income	(6.99)		(4.34)	
Unwinding of Interest expense of financial liability - IND-AS			(0.55)	
Unrealised forex (gain)/loss	0.65		19.43	
		(8,360.21)	-	8,398.57
Operating profit before working capital changes		404.55		1,173.32
Movement in working capital:				
Increase/(Decrease) in trade receivables	(125.28)		243.92	
(Increase)/Decrease in inventories	225.38		(194.29)	
Increase/(Decrease) in Deferred Tax	-		(0.17)	
Increase / (Decrease) in loans, financial assets and other assets	(98.00)		(280.09)	
Increase / (Decrease) in trade payable, financial liabilities, provisions and other liabilities	(288.30)		203.61	
		(286.20)		(27.02)
Cash generated from / (used in) operations		118.35		1,146.30
Direct taxes paid (including interest on short fall of advance tax), net of refund		8.17		(10.37)
Net cash from / (used in) operating activities		126.52		1,135.93
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property plant and equipment, (increase) / decrease in capital work in progress, expenditure during construction period including capital advances and creditors	(22.32)		(22.13)	
Proceeds from Sale of Fixed Assets	-		463.89	
Purchase of units of mutual fund	(84.61)		(35.00)	
Proceeds from sale of units of mutual fund	82.66		35.41	
Fixed / margin deposits placed with banks	21.87		44.07	
Fixed / margin deposits matured / withdrawn	(25.77)		(76.31)	
Inter corporate deposit placed	(6.15)		(93.61)	
Refund of inter corporate deposit placed	14.05		22.45	
Interest received	4.99		4.07	
		(15.28)		342.84
Direct taxes paid		-		-
Net cash from investing activities		(15.28)		342.84

ESSAR POWER LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR YEAR ENDED MARCH, 2021

Rs. in Crore

	For the year ended March 31, 2021		For the year ended March 31, 2020	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from borrowings	175.00		261.76	
Repayment of borrowings	(721.40)		(815.48)	
Changes in short term borrowings (net)	7.68		(62.42)	
Inter Corporate Deposits taken/Repaid	(74.22)		49.86	
Repayment of lease Liabilities	(2.00)		-	
Interest and finance charges paid	(502.67)		(769.81)	
Interest, lease and Finance charges			(18.96)	
Proceeds from issue of share capital (including premium) and share application money	393.95		-	
Gurantee Expenses Payment under Corporate Gurantee	529.89		-	
Share application money				
Net cash used in financing activities		(193.77)		(1,355.05)
Net Increase in cash and cash equivalents (A+B+C)		(82.53)		123.72
Cash and cash equivalents at the beginning of the year	178.51		54.79	
Cash and cash equivalents at the end of the year - Refer note 2	95.98		178.51	
		(82.53)		123.72

Notes:

1. The above cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 'Statement of Cash Flows'.
2. EPMPL is admitted to NCLT on 29.09.2020 under IBC act & control is transferred to Resolution Professional. Hence, Cash & Cash equivalent of EPMPL of Rs 17.73 Cr. is reduced from the total Consolidated Cash & Cash equivalent as loss of control of subsidiary.
3. Investments in fixed deposits having maturity of more than three months and margin deposits have been shown under the cash flow from investing activities. Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Balances with banks in - Refer note 2		
Current accounts	74.09	162.62
Fixed deposits	21.89	15.90
	95.98	178.51
Exchange fluctuation on cash and bank balance of foreign subsidiary	-	-
Cash and cash equivalents as restated	95.98	178.51

In terms of our report attached

For M. M. Chaturvedi & Co.
Chartered Accountants
Firm Registration no. 112941 W

Rishabh Chaturvedi
Partner
Membership No. 124465

Prakash Khedekar
Company Secretary
PAN:ALIPK1718L
Mumbai
Dated: 6th November 2021

For and on behalf of the Board of Directors

Partha Sarathi Bhattacharya
Director
DIN: 08905996

Kush
Chief Executive Officer
PAN:AIFPK4987M
Mumbai
Dated: 6th November 2021

Vinod Jain
CFO & Director
PAN:AAMPJ7907K
Mumbai
Dated: 6th November 2021

NOTE: 1
CORPORATE INFORMATION

Essar Power Limited (the "Company" / "EPOL") is a public company incorporated in the year 1991 and domiciled in India. The registered office and principal place of business of the Company is located at 27km, Surat Hazira Road, Hazira, Surat 394270, Gujarat. Debentures issued by the Company are listed on recognised stock exchange in India.

The Company, its subsidiaries, associates and joint ventures (collectively, the Group) currently has power projects, transmission lines. The Group primarily engaged to sell the power generated from these projects under a combination of long term Power Purchase Agreements and on merchant basis. The Group is also engaged in the business of transmission and trading of power / electricity. Information of the subsidiaries, joint ventures and associates are provided in Note 43.

NOTE: 2
SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(i) Compliance with Ind AS

The consolidated financial statements of the Group 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] and other relevant provision of the Act.

The consolidated financial statements up to year ended March 31, 2021 were prepared in accordance with accounting standards as notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act.

During the period, the Company has decided to change its accounting policy for Investments from Amortised Cost Basis to Fair Value. 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.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities (including derivative instruments) which have been measured at fair value.

The Group, one of the largest private power producer's in the country, owns a 515 MW gas based power plant. Further, the company also owns and operates two power plants with aggregate capacity of 1500 MW and a 464 Km long Inter State Transmission System through its subsidiaries.

The subsidiaries like Essar Power Hazira Limited and Essar Power Transmission Company Limited have shown robust performance and classified as standard assets with the lenders. CRISIL has assigned "BBB" credit rating to Essar Power Hazira Limited. EPHL and EPTCL has been showing continuous & significant improvement and achieved decent profits.

Management has given careful consideration to going concern of Company due to ongoing challenges faced by the Company and subsidiaries and has taken / is taking following steps:-

a. Preservation of Equipments - The Company is maintaining the plant under preservation and all the key equipments are well preserved. The Company has also refurbished its plant and all equipments are in good condition.

As Natural Gas prices are declining continuously, adjoining gas based power plant (500 MW capacity) earlier owned by BPOL is running with almost full capacity.

In view of same, the Company is in discussion with various parties for generating and supply power on the competitive terms either on IEX or bilateral agreements. The Company has been refurbishing its assets and has taken some actions also in this regard.

b. Monetisation Plans

In the endeavour to become debt free completely, the Company plans to monetise some of its investments and utilise the proceeds for repayment of debt obligations in near future.

c. OTS with Lenders -

The Company has offered One Time Settlement (OTS) to all the lenders to resolve the irregularity with the lenders. Most of the lenders and debenture holders, namely Axis Bank and Yes Bank etc., had approved the OTS proposals and payments have already been made to them in full / part. The Company shall be paying the balance payments to these A major debenture holder, LIC has already given in-principle approval for the OTS proposal and the Company is hopeful of getting final approval soon. The Company is engaged with other small lenders for settlement of their dues through OTS and is hopeful of settling them in current financial year.

d. New Business Initiatives

e. The Group has made comprehensive plans to address the long term as well as short term issues faced by the subsidiaries including debt restructuring, debt refinancing, interest rate rationalization, buying raw-material in e-auction or through traders

f. Update on Subsidiaries

Essar Power Gujarat Limited, a subsidiary of the Company, is in advanced stage of implementation of resolution plan with its lenders thereby bringing down the debt to a sustainable level and make the operations fully viable.

Dues of Essar Power (Orissa) Limited to its lenders have been settled and No Dues received from Edelweiss ARC. We expect to receive no dues from SBI soon.

M. M. CHATURVEDI & CO. MUMBAI

The above steps will ensure continuous operations and the Company will be able to meet all its operational liabilities and financial liabilties.

In view of above, the management has concluded to prepare financials on a going concern basis."

2.2 Fair value Hierarchy

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 on the measurement date. The Company uses valuation techniques that are appropriate in the circumstances for which sufficient data is available to measure fair value, maximising 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.

The Group measured its investments in equity/CCPS/CRPS shares of subsidiaries at fair value and certain financial assets and liabilities for financial reporting purposes.

The fair values of investments in subsidiaries are not quoted in an active market and are determined by using valuation techniques, primarily earnings multiples and discounted cash flows. The models used to determine fair values including estimates/ judgements involved are validated and periodically reviewed by the management. The inputs used in the valuation models include unobservable data of the Companies which are categorised within level III fair value measurements. They are based on historical experience, technical evaluation and other factors, including expectations of future events. Considering the level of estimation involved and unobservable inputs, the Company has engaged a third party qualified valuer to perform the valuation. Based on the actual performance of respective subsidiaries project, the inputs considered for valuation may vary materially and could cause a material adjustment to carrying amount of investments.

2.3 Basis of consolidation

The consolidated financial statements have been prepared by following consolidation procedures as laid down in Ind AS 110 "Consolidated Financials Statements".

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from it involvement with the entity and has ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, they are deconsolidated from the date that control ceases.

Consolidation procedure

(a Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.

(b Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill or capital reserve.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (unrealised profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee. This is generally the case where the Group holds 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost in accordance with Ind AS 28 "Investments in Associates and Joint Ventures".

(iii) Joint arrangements

Incase of Joint operations, the Group recognises it direct rights to the assets, liabilities, revenue and expenses of joint operations and its share of jointly held or incurred assets, liabilities, revenue and expenses.

Incase of joint venture, the Group recognises its interest using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other event in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to the group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The results and financial position of foreign operations/ subsidiaries that have a functional currency different from the presentation currency of the group are translated into the presentation currency as follows;

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates
- All resulting translation exchange differences are recognised in Foreign Currency Translation Reserve (FCTR) through other comprehensive income (OCI).

When a foreign operation is sold , the associated exchange differences are reclassified to profit and loss, as part of gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing exchange rate.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues and expenses during the period and assets, liabilities and the disclosure of contingent liabilities at the date of financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company prepared its financial statements based on assumptions and estimates on parameters available at that time. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility risk. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.5 Foreign currencies

(i) Functional and presentation currency

The consolidated financial statements are presented in "Indian Rupees" (INR), which is also the Company's functional currency. All values are rounded to the nearest Crore (INR 0,000,000), except when otherwise indicated.

(ii) Transaction and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.6 Revenue recognition

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset and it is probable that the group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. Revenue is measured at the transaction price. The transaction price is the amount of consideration, taking into account contractually defined terms of payment and its customary business practice, to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties i.e. excluding taxes or duties collected on behalf of the government.

(i) Income from operations

- Revenue from power supply is recognised on an accrual basis in accordance with the terms of respective Power Purchase Agreements (PPA) and Intra-State Availability Based Tariff order including Delayed Payment Charges as per PPA.

- Trading of electricity- Value of units sold comprises value of electricity sold and recovery of transmission and other charges as per the agreed terms with the customers. Value of units purchased comprises cost of electricity purchased is netted off with recovery of transmission and other charges paid as per the agreed terms with the power producers.

- Revenue from transmission lines has been computed as per the provisional tariff order notified by Central Electricity Regulatory Commission (CERC) under CERC (Terms & Conditions of tariff) Regulations and based on 'Certificate of Availability' given by the respective regional load dispatch center. Difference between the final tariff and provisional tariff, if any, will be adjusted based on issuance of final notification of tariff orders by CERC.

(ii) Income from services

Revenues from maintenance contracts are recognised pro-rata over the period of the contract as and when services are rendered.

(iii) Interest and dividend income

Interest income is recorded using the effective interest rate (EIR) for all debt instruments measured either at amortised cost or at fair value through other comprehensive income. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.7 Borrowing costs

Borrowing costs attributable to the acquisition and construction of the qualifying assets are capitalised as part of the cost of such assets up to the date when such asset is ready for its intended use. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.8 Employee benefits

(i) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid within twelve months, in exchange for the services rendered by employees is recognised during the period when the employee renders the services. These benefits includes salaries, allowances and bonuses etc., compensated absences such as paid annual leave and performance incentives.

(ii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation determined actuarially by using Projected Unit Credit Method at the balance sheet date.

(iii) Post-employment benefit plans

Contribution to defined contribution plans such as provident fund, are recognised as expense in the statement of profit and loss or expenditure during construction period, as applicable, when employees have rendered services entitling them to contributions.

The Group operates a defined benefit gratuity plan in India. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss or expenditure during construction period, as applicable,

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements;
- Net interest expense or income

Net interest expenses or income is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of plan assets.

The employee benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the related plan assets. Any asset resulting from this calculation is limited to the reductions in future contributions to the plan.

2.9 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charges is calculated on the basis of the tax laws enacted at the end of the reporting period in India. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current and deferred tax is recognised in profit and loss, except to the extent that is relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.10 Business combinations

Ind AS 103 Business Combinations is applied on business combinations' recognition and measurement. The acquisition of subsidiaries and businesses from third parties are accounted for using the acquisition method. The cost of acquisition is measured at the aggregate value of the identifiable assets, liabilities incurred or assumed and equity instruments issued by the Group on the basis of fair value at the date of acquisition in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under Ind AS 103 "Business Combinations" are recognised at their fair value at the date of acquisition as per the provisions provided under Ind AS 103. Acquisition-related costs are expensed as incurred.

Business combinations involving entities or business under common control shall be accounted for using the pooling of interest method as per the para 8 to 12 of Appendix C to the Ind AS 103.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

For each business combination, the Group elects whether to measure the non -controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Where it is not possible to complete the determination of fair values by the date on which the first post-acquisition financial statements are approved, a provisional assessment of fair values is made and any adjustments required to those provisional fair values, and the corresponding adjustments to purchased goodwill, are finalised within twelve months of the acquisition date.

Goodwill arising on consolidation is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. For the purpose of impairment testing goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. On disposal of a subsidiary, associate or joint controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.11 Property, plant and equipment (PPE)

Freehold land is carried at historical cost. All other item of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes purchase price, borrowing costs and all other applicable expenses incurred to bring the assets to its present location and condition. Cost also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Payments / provision towards compensation, rehabilitation and resettlement (R & R) activities and other expenses relatable to land in possession are treated as cost of land. Provision for R&R costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the land. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the R&R liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss or expenditure during construction period, as applicable. The estimated future costs of R&R are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss or expenditure during construction period, as applicable.

All the expenditure during construction period (net of income) attributable to construction/acquisition of fixed assets are shown as capital work in progress until the relevant assets are ready for its intended use. When a major inspection or major maintenance is undertaken, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred.

Leasehold land is amortised on a straight line basis over the period of lease. Depreciation on other item of property, plant and equipment is provided as per straight line method (SLM) based on useful life specified in Schedule II to the Companies Act, 2013, except as noted herein after.

Depreciation on plant & machinery and buildings is provided as per Straight Line Methed (previous year Written down Value methed) on the basis of useful life assessed by an independent engineer and on other assets at the rates and in the manner permitted / specified in Schedule II to the Companies Act, 2013. Depreciation on additions/deductions to property, plant and equipment made during the year is provided on a pro-rata basis from/up to the date of such additions/deductions, as the case may be for Company and its subsidiaries. In case of Essar Power Transmission Company Limited, depreciation is provided on Straight Line Method (SLM) considering the rates as provided in Appendix III of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations or based on the estimated useful lives of the assets, whichever is higher.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.12 Capital work in progress and intangible assets under development

All the expenditure during construction period (net of income) attributable to construction / acquisition of fixed assets are shown as capital work in progress until the relevant assets are ready for its intended use.

Expenditure incurred in respect of coal mine are shown under 'Intangible assets under development' until the coal mine is ready for its intended use. The same is / will be allocated to appropriate head under intangible assets on said mine becoming ready for its intended use.

2.13 Intangible assets

Intangible assets are recognised only when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised over the best estimate of their useful lives. Capitalised software cost is equally amortised over a period of five years.

Coal mine intangible assets are / will be amortised over a period of twenty five years starting from the date of said mine becoming ready for its intended use or the future expected extraction period of the reserves based on actual extraction till date, whichever is shorter.

Right of Way (ROW) are amortised at the rates provided in Appendix III of Central Electricity Regulatory Commission (Terms
The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial
On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2015 measured as per the previous GAAP i.e. Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

2.14 Impairment of non-financial assets

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised in the statement of profit and loss when the carrying amount of an asset exceeds its estimated recoverable amount. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount but limited to the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised in prior accounting periods.

2.15 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, that can reliably be estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are not recognised but disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

2.16 Financial instruments

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.

(i) Financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Company classifies its debt instruments;

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest (SPPI) are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent Solely Payment of Principal and Interest (SPPI), are measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gain and losses which are recognised in profit and loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit and loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Debt instruments included within the FVPL category are measured at fair value with all changes recognized in the statement in profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVPL. For all other equity instruments, the Company may classify the same either as at FVOCI or FVPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments which are classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime "Expected Credit Losses" (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit or loss. This amount is reflected in a separate line in the profit or loss as an impairment gain or loss.

(ii) Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and trade and payables, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification, as described below.

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. For liabilities designated as FVPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Financial liabilities at amortized cost

Financial liabilities classified and measured at amortised cost such as loans and borrowings, trade and other payable are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

The Group provides certain guarantees in respect of the indebtedness of subsidiary undertakings, claims under contract and other arrangements in the ordinary course of business. The Group evaluates each arrangement to determine whether it is an insurance or a financial guarantee contract. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the obligation under the contract and the amount initially recognised less cumulative amortisation over period of guarantee is provided.

Once the arrangements are designated as insurance contracts, these are disclosed as contingent liabilities unless the obligations under guarantee become probable.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits with banks with original maturity of less than three months and short-term highly liquid investments, that are readily convertible into cash and which are subject to insignificant risk of changes in the principal amount. Bank overdrafts, which are repayable on demand and form an integral part of the operations are included in cash and cash equivalents.

2.18 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

(i) Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand -alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right -of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantl ing and removing the underlying asset or restoring the underlying asset or site on which it is located. The right -of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight -line method from the commencement date over the shorter of lease term or useful life of right -of-use asset. The estimated useful lives of right-of-use assets are determined on the same basi s as those of property, plant and equipment. Right -of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss.

For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(ii) Group as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue to allocate the consideration in the contract.

(iii) Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, from the date of initial application (April 1, 2019). This lease was previously classified as finance lease applying Ind AS 17 and thereby the carrying amount of the right-of-use asset and lease liability at the date of initial application has been equal to the carrying amount of the lease asset and lease liability immediately before that date measured applying Ind AS 17. Accordingly, the Group has not restated comparative information as on April 1, 2019.

2.19 Inventories

Inventories are valued at lower of cost and net realisable value. The cost of inventory is determined using the weighted average cost formulae.

2.20 Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and currency swap contracts, to hedge its foreign currency risks, interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

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Essar Power Ltd.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

2.21 Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2.22 Earnings per share

Basic earnings per share are computed by dividing the profit / (loss) attributable to equity share holders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the profit / (loss) for the year after deducting preference dividends and attributable taxes attributable to equity shareholders. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit / (loss) for the year are adjusted for the effects of changes in income, expenses, tax and dividends that would have occurred had the dilutive potential equity shares been converted into equity shares. Such adjustments after taking account of tax include preference dividends or other items related to convertible preference shares, interest on convertible debt and any other changes in income or expense that would result from the conversion of dilutive potential ordinary shares. The weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.23 Government Grant

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Group will comply with the conditions attached to them, and (ii) the grant/subsidy will be received. When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in statement of profit or loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset and presented within other income. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to statement of profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

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NOTE: 3

PROPERTY, PLANT AND EQUIPMENT

Rs. in Crore

Description of the assets	Gross block				Depreciation and amortisation					Net block	
	Balance as at March 31, 2020	Additions during the year	Deletions / Adjustments during the year	Balance as at March 31, 2021	Balance as at March 31, 2020	For the year	Deletions / Adjustments during the year	Impairment During the year	Balance as at March 31, 2021	Balance as at March 31, 2021	Balance as at March 30, 2020
Freehold land	904.43	2.11	(144.83)	761.71	553.95	-	(54.70)	46.15	545.39	216.31	350.48
Right to Use Assets	-	0.30	15.89	16.19	-	4.34	11.56	-	15.90	0.29	-
Leasehold land	33.30	-	(38.71)	(5.41)	(2.75)	0.43	(3.09)	-	(5.41)	0.00	36.05
Buildings	867.62	6.04	(574.24)	299.42	527.80	18.17	(389.82)	16.57	172.72	126.70	339.82
Plant and machinery	24,447.07	(9.64)	(10,355.86)	14,081.58	16,011.20	317.12	(7,882.83)	228.56	8,674.05	5,407.52	8,435.87
Furniture and fixtures	6.99	0.00	(6.91)	0.08	5.04	0.48	(5.99)	-	(0.47)	0.56	1.95
Office equipments	4.13	0.39	(8.50)	(3.98)	3.26	0.10	(7.99)	-	(4.63)	0.65	0.87
Computers	4.89	0.79	(5.09)	0.59	2.99	0.59	(3.99)	-	(0.42)	1.00	1.90
Vehicles	2.66	-	(2.92)	(0.26)	2.13	0.03	(2.59)	-	(0.43)	0.18	0.53
Railway Siding	15.10	-	(15.10)	(0.00)	9.20	-	(9.20)	-	0.00	-	5.90
Total	**26,286.19**	**0.00**	**(11,136.28)**	**15,149.91**	**17,112.82**	**341.25**	**(8,348.64)**	**291.28**	**9,396.70**	**5,753.22**	**9,173.37**

(Refer note no. 52.)

Description of the assets	Gross block				Depreciation and amortisation					Net block	
	Balance as at April 1, 2019	Additions during the year	Deletions / Adjustments during the year	Balance as at March 30, 2020	Balance as at April 1, 2019	For the year	Deletions / Adjustments during the year	Impairment During the year	Balance as at March 30, 2020	Balance as at March 30, 2020	Balance as at March 31, 2019
Freehold land	1,011.69	3.94	111.20	904.43	591.45	-	65.31	27.81	553.95	350.48	420.24
Leasehold land	60.35	-	27.05	33.30	2.57	0.39	5.96	0.25	(2.75)	36.05	57.78
Buildings	913.59	14.48	60.45	867.62	396.61	28.06	60.18	163.31	527.80	339.82	516.98
Plant and machinery	26,253.82	73.97	1,880.72	24,447.07	13,608.32	504.44	1,686.79	3,585.23	16,011.20	8,435.87	12,645.50
Furniture and fixtures	7.52	0.07	0.60	6.99	4.73	0.82	0.54	0.03	5.04	1.95	2.79
Office equipments	4.11	0.09	0.07	4.13	3.22	0.09	0.05	-	3.26	0.87	0.89
Computers	4.28	0.71	0.10	4.89	2.25	0.83	0.09	-	2.99	1.90	2.03
Vehicles	2.66	-	-	2.66	2.08	0.05	-	-	2.13	0.53	0.58
Aircraft	-	-	-	-	(0.00)	-	-	-	(0.00)	0.00	0.00
Railway Siding	15.10	-	-	15.10	0.32	0.96	-	7.92	9.20	5.90	14.78
Total	**71,829.12**	**93.26**	**2,080.19**	**26,286.19**	**14,611.55**	**535.64**	**1,818.92**	**3,784.55**	**17,112.82**	**9,173.37**	**13,661.57**

Note 3.1

Other Intangible assets

Rs. in Crore

Description of the assets	Gross block				Amortisation					Net block	
	Balance as at March 31, 2020	Additions during the year	Deletions / Adjustments during the year	Balance as at March 31, 2021	Balance as at March 31, 2020	For the year	Deletions / Adjustments during the year	Impairment During the year	Balance as at March 31, 2021	Balance as at March 31, 2021	Balance as at March 30, 2020
Computer software	1.10	-	-	1.10	1.01	0.04	(0.01)	-	1.06	0.04	0.09
Right of way	101.12	-	-	101.12	33.64	6.74	-	-	40.38	60.74	67.48
Total	**102.22**	-	-	**102.22**	**34.65**	**6.78**	**(0.01)**	-	**41.44**	**60.78**	**67.57**

Description of the assets	Gross block				Amortisation					Net block	
	Balance as at April 1, 2019	Additions during the year	Deletions / Adjustments during the year	Balance as at March 30, 2020	Balance as at April 1, 2019	For the year	Deletions / Adjustments during the year	Impairment During the year	Balance as at March 30, 2020	Balance as at March 30, 2020	Balance as at March 31, 2019
Computer software	1.10	-	-	1.10	1.01	-	-	-	1.01	0.09	0.09
Right of way	101.12	-	-	101.12	26.90	6.74	-	-	33.64	67.48	74.22
Total	**102.22**	-	-	**102.22**	**27.91**	**6.74**	-	-	**34.65**	**67.57**	**74.31**

1. In BPOL : In the Previous year the property, plant and equipment has been taken over and sold by EARC are part of debt settlement agreement.

NOTE: 4.1
RIGHT -OF USE ASSETS

(Amount In crores)

Description of the assets	Gross block					Depreciation and amortisation					Net block	
	Balance as at April 1, 2020	Additions during the year	Reclassified on Adoption of IndAS 116	Deletions / Adjustments during the year	Balance as at March 31, 2021	Balance as at April 1, 2020	For the year	Reclassified on Adoption of IndAS 116	Deletions / Adjustments during the year	Balance as at March 31, 2021	Balance as at March 31, 2021	Balance as at March 31, 2020
Leasehold land *	110.06			91.57	18.49	9.75	1.00		9.60	1.15	17.34	100.32
Total	**110.06**	-	-	**91.57**	**18.49**	**9.75**	**1.00**	-	**9.60**	**1.15**	**17.34**	**100.32**

*In the Company - Right to use is created on long term operating Lease on first time adoption of INDAS 116 . The Group has taken Rs. 17.34 Crore as Right to use assets as on 31.03.2021. (for lease hold land in EPOL - Rs.1.15 Crore and EPHL - Rs. 16.19 Crore)

Movement of Lease Liabilties	
Particulars	**Amounts**
Balance as at 1 April, 2020	123.20
Addition	-
Add: Interest	8.04
Less : Deletion during the year	(99.55)
Less :Paid during the year	(12.43)
Balance as at 31 March, 2021	**19.28**
Classification of Lease Liabilities into :	
Current	0.27
Non Current	19.02

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NOTE: 4

CAPITAL WORK IN PROGRESS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Capital work in progress	794.94	592.29
Expenditure during construction period	13.99	227.52
Less: Capitalised during the year #	(5.18)	(11.48)
Less: Sold & written off during the year	-	(9.12)
Less: written off during the year *	-	(4.27)
Less: Provision for impairment ##	(764.26)	(764.26)
	9.13	30.68

'Provision for Impairment/Write off of Capital Work in Progress of Subsidiaries:

\# **In EPHL,** Building & others of Rs. 5.18 Crore (Previous year Rs 11.48 Crores) has been capitalised during the current year.

* **Impairment of Capital Work in Progress:** The company had paid an amount of Rs 4.27 Crore towards technical advisory fees for assessing the feasibility of conversion of gas based power plant into coal based power plant. The price of coal had increased substantially rendering the project commercially unviable. The company is currently going through a financial distress and the lenders also are not very much willing to lend funds to the power companies thereby making it difficult to arrange funds for the project. In view of the above, it might not be possible for the company to continue with the project and thus in the previous year the management considered it prudent to make a impairment of the amount of Rs 4.27 Crore. During the previous Year ,the company had sold Capital work in Progress of Rs. 7.10 Crore , Written off Rs. 4.27 Crore which had been earlier impaired and Written off the other Balance amount of Rs. 0.58 Crore.

\## **In EPORL:** Entire capital work in progress has been taken over and sold to EARC are part of debt settlement agreement.

During the previous year, the Group had carried out impairment testing for Property Plant and equipment, the recoverable amount of the Capital Work in Progress of Essar Power Gujarat Ltd & Essar Power Orissa Ltd has been estimated to be lower than its corresponding carrying values as on the reporting date and thereby an amount of Rs 764.26 Crores (EPGL Rs 378.52 Crs; EPORSL Rs 385.74 Crs) has been provided towards impairment/ written off.

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NOTE: 5
INVESTMENTS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Other Investments (at cost)		
Unquoted Investments		
Equity instruments		
(i) 196,100,000 fully paidup Equity Shares of Rs.10 each of Essar Power M.P. Ltd - Refer note (a)	1,572.30	-
(ii) 1,725,744,417 Fully paid up equity shares of Rs.10 each of Essar Power (Jharkhand) Ltd.- Refer note (b)	1,725.74	1,725.74
(iii) 1,055,775 (Previous year 1,055,775) fully paid up equity shares of Rs. 10 each of Essar Bulk Terminal Salaya Limited - Refer note (c)	1.06	1.06
(iv) 60 (Previous year 60) fully paid up equity shares of Kenyan Shilling 100 each of Essar Power (East Africa) Limited (@1 = Rs. 87, @2 = Rs. 87)	@1	@1
Investment in preference shares		
(i) 1,882,459,978 (Previous year 1,710,488,320) 0.01% Compulsory redeemable preference shares of Rs.10 each of Essar Power M.P. Ltd. - Refer note (a)	527.96	-
(ii) 823,704,100 (Previous year Nil) 0.1% Compulsorily Convertible Non-Cumulative non-participating preference shares of Rs.10 each of Essar Power M.P. Ltd. - Refer note (a)	823.70	-
(iii) 442,800,000 (Previous year 442,800,000) Fully paid up 0.1% cumulative redeemable preference shares of Rs. 10 each of Essar Power M. P. Limited - Refer note (a)	104.01	-
(iv) 14,500,000 (Previous year 14,500,000) 5% OCRPS of Rs.10 each of Essar Power (Jharkhand) Limited -- Refer note (b)	14.50	14.50
(v) 39,000,000 fully paid up 11% cumulative redeemable preference shares of Rs. 100 each of Brahmani Thermal Power Private Limited - Refer note (d)	390.00	390.00
Less: Provision for diminution in value of investments	(5,159.27)	(2,131.30)
	0.00	0.00
	0.00	0.00

(a) **Investment in Essar Power M.P. Ltd ("EPMPL") :**
By the Company of Rs 1572.30 crore in equity shares, Rs.527.96 crore in compulsory redeemable preference shares and Rs. 823.70 crore in compulsory convertible preference shares of & (ii) By BPOL- Investment of Rs 405.60 crore (Face Value of Rs 442.80 crore) in Cumulative Redeemable Preference shares :

EPMPL was admitted for CIRP under the Insolvency and Bankruptcy Code, 2016 by the NCLT on 29th September, 2020. Under the IBC proceedings, the Company received a successful bid by a Resolution Applicant. The bid was approved unanimously by the Committee of Creditors and NCLT has approved resolution plan vide its order dated 1st November 2021. With the change of control to the successful Resolution Applicant, the investment in EPMPL has been recategories to Other Investment and 100% provision has been made for diminution in value of investments.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.

(b) **Investment of Rs. 1,725.74 crore in equity shares of, Optionally Convertible Preference shares of Rs. 14.5 crore, Inter corporate deposits of Rs. 356.31 crore and interest on ICD of Rs. 153.50 crore of Essar Power (Jharkhand) Limited-** EPJHL was admitted for CIRP under the Insolvency and Bankruptcy Code, 2016 by the NCLT on 5th April, 2020. Following the IBC process, EPJHL was admitted for liquidation on 3rd January, 2020.The assets now vests with the liquidator and all realizations from the asset will be apportioned to the Financial Creditors of the Company.
Based on the above,100% provision has been made for diminution in value of its investments in the equity shares of EPJHL, inter corporate deposits and interest receivable on ICD from EPJHL. 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.

Moreover as the Company is under liquidation, the Guarantors has also signed a Settlement Agreement with Financial Creditors in July 2020 under which an amount of Rs 1215 Crores will be paid to secure release all Corporate Guarantees extended for the debt facilities of EPJHL.

EGFL, EEL & EPL are the guarantors of EPJHL facilities.
During the year settlement deed was signed with ICICI bank wherein an one time settlement amount (OTS) of Rs.1215 cr has been arrived for liabilities in respect of the EPJHL Guarantees. As per settlement deed, the amount is payable by any of the guarantor. EGFL has paid the first & second instalment amounting to Rs.400 cr and upon paying the balance amount of Rs.815 cr, all the guarantees provided for EPJHL will be released. In view of the same, the possibility of an outflow of resources embodying economic benefits is remote, hence the company has not provided for.

(c) **Investment in Equity shares of Essar Bulk Terminal Salaya Limited of Rs. 1.06 Crore :** As per EPGL's estimates, the fair value of its investments in EBTSL is estimated as NIL, as EBTSL is having losses during the previous years. EPGL is holder of 26% equity share of the of EBTSL.

(d) Investment of Rs. 390 crore in Cumulative Redeemable Preference shares of Brahmani Thermal Power Private Limited (formerly known as Navabharat Power Private Limited) ("BTPPL") : Allocation of Rampia Coal block to Rampia Coal Mine & Energy Private Limited (Joint venture of BTPPL) has been cancelled by the Hon'ble Supreme Court in September, 2014. In view of the uncertainty over the speed of progress of the project , BPOL had created provision in earlier years for diminution of investment in BTPPL of Rs. 390 crore considering net assets of BTPPL.

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Essar Power

NOTE: 6
LOANS
(Unsecured considered good, unless otherwise stated)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Security deposits- Others	28.81	63.03
Less : Provision for doubtful deposits	-	-
	28.81	63.03
	28.81	63.03

NOTE: 7
OTHER FINANCIAL ASSETS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Fixed / margin bank deposits*	0.31	1.04
Prepaid lease expenses	5.16	-
	5.47	1.04

* Fixed/margin deposits having original maturity of more than 12 months of Rs.0.31 Crore (Previous year Rs.1.00 Crore)

NOTE: 8
DEFERRED TAX ASSETS (NET)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Deferred tax asset		
Carry forward business losses	0.35	19.04
Unabsorbed depreciation	0.00	130.17
Provision for employee benefits	-	0.25
MAT Credit entitlement	-	3.18
Provision for Doubtful Advances	-	112.33
Fair valuation of financial assets and liabilities	-	0.32
Others	-	3.91
Gross deferred tax asset	0.35	269.20
Property, plant and equipment	0.00	109.73
Intangible assets	-	11.79
Unamortized upfront fees	-	1.25
Gross deferred tax liability	0.00	122.77
Net deferred tax asset	0.35	146.43

Movement in deferred tax assets

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	146.43	103.98
(charged) / credited to statement of profit and loss	(145.94)	42.44
(charged) / credited to other comprehensive income	(0.14)	0.01
Balance at the end of the year	0.35	146.43

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NOTE: 9
OTHER NON-CURRENT ASSETS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Capital advances (Refer note below)	16.75	18.35
Less : Provision for doubtful capital advances	-	-
	16.75	18.35
Security deposits	0.51	14.13
Prepaid expenses	0.09	5.88
Deferred fair valuation loss on investment in preference shares	301.59	301.59
Less : Provision for Deferred fair valuation loss on investment in preference shares	(301.59)	(301.59)
	17.34	38.35

In EPGL : The power plant has been designed to use sea water and it has been proposed that the plant will meet its water requirement from Arabian Sea. Sea water is proposed to be pumped from the sea water intake pump house to the cooling tower forebay for makeup of closed loop circulation system. Fresh water is required for other services viz. DM plant, fire protection system, cooling water make up for air-conditioning and ventilation system and plant potable water system, service water, auxiliary cooling (bearing cooling) etc. would be supplied from Desalination plant.
The acquisition of the land required for construction of Sea Water Intake System land is completed. EPGL has simultaneously commenced construction of sea water intake system pipeline, but the construction of the same is not yet completed because of non-availability of funds for completion of the facility. The completion of this project will favorably impact the profitability of EPGL. Total capital expenditure expected to be incurred is approximately Rs.120.00 crore. The funding requirement for the sea water intake system will be tied up shortly after implementation of restructuring. The management expects water intake system to be operational within 9 months from the date of availability of funds.

NOTE: 10
INVENTORIES
(At lower of cost and net realisable value)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Fuel	1.71	344.26
Stores and spares *	92.15	126.61
	93.86	470.87

*Inventories have been valued at the Balance Sheet date and the items wherein the Net Realisable Value ("NRV") has been found to be lower than the cost, the same has been brought down to the NRV.

NOTE: 11
INVESTMENTS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Unquoted		
Investment in subsidiaries	-	-
Equity instruments	-	-
1,330,363,716 (Previous year 1,330,363,716) Fully paid up equity shares of Rs.10 each of Essar Power Gujarat Ltd. @	1,330.36	1,330.36
Provision for diminution in value of long term investments	(1,330.36)	(1,330.36)
Investments in mutual funds	2.13	-
	2.13	-

@ 1,330,363,716 (Previous year 1,330,363,716) equity shares were pledged for loans taken by subsidiary company Essar Power Gujarat Limited (EPGL) :- on 16th October 2017 Lenders of EPGL invoked the pledge of 51% of shares of EPGL shares and have got the same transferred in demat mode in the name of IDBI Trusteeship Services Limited (ITSL), Security Trustee on behalf of the Lenders. However, in the Company's books EPGL holding is shown as 100% due to the following reasons:

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Essar Power Limited (EPOL), the promoter Company of EPGL requested ITSL / Lenders of EPGL to give effect to the above sale of shares and accordingly reduce the debt payable by EPGL to the Lenders (to the extent of book value of those shares as on 31st March 2017). However, ITSL has stated that these shares are only held as collateral and there has been no acquisition of these shares by them or EPGL Lenders. Therefore, pending resolution of the matter between the Company and ITSL / lenders of EPGL as to sale of shares and suitable consideration for the same, necessary adjustments have not been done in the investments held by the Company.

In view of the above, the Company had created provision for diminution of investment in EPGL of Rs. 1330.36 Crore.

Besides aforesaid reply of ITSL The company continues to control and exercise power over EPGL by virtue of its ability to direct the relevant and important activities of EPGL. The company has control over EPGL by way of constitution of its board of directors and participates in direction of its decisions. The board continues to be same as appointed by the company and KMP's of the company are involved in decision making process of EPGL and the company is exposed to the variable returns from its investment in the EPGL. Hence in the current financials EPGL continues to show company as its holding company." in spite of not having majority voting rights in the EPGL.

NOTE: 12
TRADE RECEIVABLES

(Unsecured considered good, unless otherwise stated) **Rs. in Crore**

	As at March 31, 2021	As at March 31, 2020
Trade receivable from		
Related parties	-	131.42
Others	1,412.66	1,263.06
Less : Provision for doubtful trade receivables	(2.19)	(95.43)
	1,410.46	1,299.05

(a) • 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 under the following heads:-

- Ø Delayed Payment Charges (DPC) / Interest;
- Ø Depreciation;
- Ø Foreign Exchange Variation;
- Ø Interest on UTI – Non-convertible Debentures;
- Ø Bill Discounting Charges;
- Ø Wrongful Deduction of Rebate by GUVNL; and
- Ø Interest on Working Capital.

GERC has, vide its Orders dated 22nd October 2014 and 21st November 2014, approved EPOL's claim of Rs.234 Crores towards principal amount alongwith 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 (No.2 of 2015) in APTEL against the above order of GERC. In the matter, the Company has filed its affidavit in APTEL claiming that the Order passed by GERC is correct interpretation of the PPA. During current year, the matter was included in the urgent matters list and GERC had directed both the parties to file their written submissions. The Company has filed its written submissions on 3rd February 2021 with a claim amount of Rs.1,171 Crores (including interest amount of Rs.937 Crores till January 2021). The matter is listed for urgent hearing. Next date of hearing is not yet scheduled. We expect that matter shall get resolved in FY 2021-22.

B. GUVNL – Alleged diversion of power

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. In the order, GERC has directed that the Company was required to declare the entire plant availability to GUVNL and ESIL in 300:215 ratio. It further directed that any excess supply to ESIL in deviation to above ratio shall be deemed to be supplied by GUVNL and to be compensated by the Company. GERC, vide this order, has directed both the parties to file their calculations based on the method of compensation determined in the order. The Company had filed claim of Rs.437 Crores receivable from GUVNL. GUVNL filed its calculations of Rs.2274 Crores as receivables from EPOL. Later, as per directions of GERC, GUVNL revised its claim to Rs.789 Crores as receivable from EPOL.

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.

Based on the favourable orders in the above 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).

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(b) EPTCL -For Phase I of the project:

EPTCL Stage -1 Tariff

'For Stage I of the project i.e. (Loop In Loop Out) LILO line at Mahan, GIS substation at Hazira and Gandhar Hazira Line, CERC had approved a provisional annual tariff of Rs. 89.58 Crore, which EPTCL had been earning since April 2013.CERC vide its order dated 15.06.2016 granted the final annual transmission tariff to Rs 64.84 Crore, approving a capital cost of Rs. 292.91 Crore, (against Rs.503.31Crore requested by EPTCL). Company filed a review petition with CERC requesting review of the aforementioned final tariff order on account of errors of law and errors of facts in the order. CERC vide its final order dated 19.12.2018, allowed additional capital cost of Rs.63 Crores. The capital cost was revised to Rs. 366.23 Crs and annual tariff was revised to Rs.79.92 crs. The differential amount of Rs. of Rs 8.97 Crore excess recognised on provisional rate basis had been adjusted in previous financial years. Furthermore, EPTCL has filed an appeal with Appellate Tribunal for Electricity (APTEL), against the CERC review order.

In January 2020, CERC, in a petition filed by CTU held that LILO line is the dedicated line of Essar Power MP Limited (EPMPL). Accordingly, EPMPL is liable to pay transmission tariff for LILO to EPTCL. EPTCL has filed an appeal at APTEL against the CERC order. The matter is under adjudication. Pursuant to CERC Order, 2nd Meeting of Validation Committee (VC), held that since EPTCL doesn't have separate tariff for LILO in Stage-1 in Rs.79.92 Crore, entire Stage-1 asset i.e. LILO at Mahan, GIS substation at Hazira and Gandhar Hazira Line would be excluded from the POC tariff disbursement pool and EPTCL would not receive tariff for entire stg-1. The VC also directed EPTCL to approach CERC for determination of tariff of the LILO line, so that only tariff for LILO line would be excluded from PoC computations. Pursuant to the order by VC, the entire Stage-1 tariff of EPTCL has been stopped by CTU since July'2020. EPTCL has filed a petition at CERC for determination of separate tariff for LILO line. The matter is under adjudication.
The company has accrued the revenue for Stage -1, although actual invoicing will be done based on determination of the above matters as to the separate amount of tariff for LILO Line and the party to be invoiced i.e. whether EPMPL or PGCIL. Subsequent to balance sheet date, EPTCL has received the order from CERC regarding provisional tariff of Stage I for GH line (except LILO line) on 04-06-2021 and CERC has asked PGCIL to submit the system study report so as to decide on the continuance of LILO.

Stage -2 Tariff

Post achievement of COD for Phase II of the project, EPTCL filed tariff petition for Stage II before CERC in October 2018. The completed project cost claimed is Rs.1981 crore and annual tariff sought is Rs.416 crore. CERC vide its order dated 14.03.2019 has determined a provisional tariff of Rs.333.05 crore. Final tariff for Stage II is still under determination with CERC.

(c) BPOL had supplied Power to Gujarat Urja Vikas Nigam Limited (GUVNL) on short term basis using common power evacuation facility with Essar Power Limited (EPOL). Due to dispute between EPOL and GUVNL, payment to BPOL have been withheld by GUVNL and the matter has been represented to Gujarat Electricity Regulatory Commission (GERC) by EPOL. The Hon'ble Supreme Court has upheld the GERC decision which was in favour of EPOL. As per directions of the Hon'ble Supreme Court, GUVNL and EPOL has filed its calculations with GERC for its review. In financial year 2019-20 we have created provision for Rs.1.99 Crore.
Furhter, against Trade receivable from others Rs. 0.21 Cr allowance for provision for doubtful debt been created during year FY 2020-21, as outstanding more than 3 years & estimated as not recoverable.

(d) In EPHL- AM/NS, the sole off-taker as per the Power Purchase Agreement (PPA), had invoked force majeure on 24th March 2020, due to outbreak of Covid-19 and consequential lockdown imposed by the Government as Covid-19 was classified as a pandemic and a natural calamity. Subsequently, AM/NS has considered force majeure period from 1st April 2020 to 9th May 2020, since then the plant is fully operational. Since AM/NS had continued to source power from other sources during force majeure period, thus invocation of force majeure was not in consonance with the PPA as per legal opinion obtained and the amount of Rs.50.56 crores from force majeure is recoverable. The discussions are underway with AM/NS for recovery of the said amount.

(e) In EPORL : -Essar Steel India Limited (ESIL) (currently known as ArcelorMittal Nippon Steel India Ltd) (AMNS) had executed a Power Purchase Agreement (PPA) dated 8th March 2010 (as amended) with EPORL. As per terms of the PPA, ESIL was required to supply fuel to EPORL for power generation. ESIL vide its letter dated 11th November 2014 had terminated the above PPA for the purported ground of frustration thereof due to the fuel becoming costlier. EPORL vide its letter dated 13th January 2015 had not accepted the frustration and had requested ESIL to withdraw its above notice. EPORL had initiated dispute resolution process in terms of PPA. In view of same and in line with the IND AS. EPORL had stopped accruing revenue as per PPA in the financial statement while retaining its right to charge from customers at future date.
During the year, EPORL has operated its plant at an average plant load factor of 76.06% as per requirement of ESIL / AMNS and generated and sold 332.95 Mn units of power. EPORL has earned Rs. 77.02 Crores from its operations and has collected all its dues from ESIL / AMNSI.

On 29th January 2021, Edelweiss Asset Reconstruction Company (EARC), term lender of EPORL, had invoked the security under SARFAESI and had taken over following assets:-

a. Land
b. Property, Plant and Equipment
c. Capital Work in Progress
d. Spares Inventory
e. Right of use Assets
f. Project Documents like clearances & approvals, Power Purchase Agreement (PPA).

Accordingly, all rights, title, interest, benefits, claims and receivable of EPORL under contracts, arrangements, agreements including PPA forming part of these assets stands wholly and irrevocably assigned and transferred to purchaser.

NOTE: 13
CASH AND CASH EQUIVALENTS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Balances with banks in:		
Current accounts	74.09	162.62
Fixed deposits *	21.89	15.90
	95.98	178.51

NOTE: 14
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Other bank balances		
Balances with banks in:		
Fixed deposits *	31.88	-
Deposit in Escrow A/c**	105.00	35.00
Margin deposits***	13.67	22.64
	150.55	57.64

* In EPHL ; Rs. 19 Cr. Fixed Deposits are lien marked against debt service reserve account (DSRA)
** In EPTCL Rs. 105 Cr. deposited in Debt service reserve account (DSRA).
*** EPGL Margin deposits Rs.2.69 crore are lien marked for working capital facility

NOTE: 15
LOANS
(Unsecured considered good, unless otherwise stated)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Security deposits	1.14	1.08
Loans and advances to related parties	16.62	484.27
Less: Provision for doubtful Advances	-	(370.54)
Inter corporate deposits to other parties	22.71	-
Others	0.15	0.15
Inter corporate deposits (ICD)	356.31	356.31
Less: Provision for doubtful ICD ##	(356.31)	(336.31)
Other advances	0.02	0.39
	40.63	135.34

***(a) Inter corporate deposits of Rs. 356.31 crore and interest on ICD of Rs. 153.50 crore to Essar Power (Jharkhand) Limited ("EPJHL"):** EPJHL was admitted for CIRP under the Insolvency and Bankruptcy Code, 2016 by the NCLT on 5th April, 2020. Following the IBC process, EPJHL was admitted for liquidation on 3rd January, 2020.The assets now vests with the liquidator and all realizations from the asset will be apportioned to the Financial Creditors of EPJHL.

Moreover as the Company is under liquidation, the Guarantors has also signed a Settlement Agreement with Financial Creditors in July 2020 under which an amount of Rs 1215 Crores will be paid to secure release all Corporate Guarantees extended for the debt facilities of EPJHL.

Based on the above,100% provision had been made during the earlier years for inter corporate deposits of Rs. 356.31 Crore. and interest receivable on ICD from EPJHL of Rs. 153.50 Crore .

NOTE: 16
OTHER FINANCIAL ASSETS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Interest receivable	**156.03**	154.66
Less: Provision for doubtful interest receivable	**(155.40)**	(153.26)
	0.63	1.40
Receivables from related parties	**1.08**	2.04
Claim receivables #	**3.21**	3.20
Security deposits	**1.90**	1.90
Other receivables	**2.40**	17.40
Less: Provision for doubtful receivables	**(4.84)**	(19.90)
	4.37	6.04

Government of Gujarat (GoG) has promulgated Gujarat Green Cess Act, 2011 which interalia levies cess on power generated in the state. EPGL has preferred writ petition being petition in High Court of Gujarat. Gujarat High Court decided matter in favour of EPGL in January, 2013. GoG has preferred an appeal in the Supreme Court of India and Supreme Court of India vide its interim order dated July 2013 has directed GoG not to enforce demand against EPGL. EPGL believes that appeal filed in the Supreme Court is likely to be dismissed. In the unlikely event of appeal being allowed by Supreme Court of India, total liability of Rs. 6.98 Crore arises which EPGL is entitled to recover such charges from its customer/s. In financial year 2019-20 we have created provision for Rs.3.21 crore.#

NOTE: 17
CURRENT TAX ASSETS (NET)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Advance tax and tax deducted at source	**249.75**	288.48
Less: Set-off of current tax liabilities pursuant to set-off provisions	**(191.46)**	(208.36)
	58.28	**80.12**

NOTE: 18
OTHER CURRENT ASSETS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Security deposits	**4.35**	4.50
Others	**0.07**	0.60
Advances to suppliers		
Related parties	**-**	(68.74)
Others	**5.19**	37.29
Prepaid expenses	**15.59**	19.07
Advance interest paid	**0.01**	48.30
Recoverable amount related to de-allocated coal block	**11.23**	11.23
Other receivables	**38.54**	35.47
Less: Provision for doubtful receivable	**(6.34)**	(0.07)
	68.63	87.63

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Essar Power

NOTE: 19
SHARE CAPITAL

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Authorised		
25,000,000,000 (Previous year 25,000,000,000) equity shares of Rs. 4 each	10,000.00	10,000.00
4,750,000,000 (Previous year 4,750,000,000) preference shares of Rs. 20 each	9,500.00	9,500.00
500,000,000 (Previous year 500,000,000) preference shares of Rs. 10 each	500.00	500.00
	20,000.00	20,000.00
Issued, subscribed and fully paid up		
Equity share capital		
12,18,63,37,527 (Previous year 1,152,298,192) equity shares of Rs. 4 each	4,874.54	460.92
	4,874.54	460.92
Equity components of convertible preference shares		
1,39,87,97,788 (Previous year 2,377,954,715) 0.01% compulsorily convertible cumulative preference shares of Rs. 20 each	2,796.60	5,440.20
	2,796.60	5,440.20
	7,671.14	5,901.12

(a) Reconciliation of number of shares

	As at March 31, 2021		As at March 31, 2020	
	No of Shares	Rs. in Crore	No of Shares	Rs. in Crore
Equity shares				
Shares outstanding at the beginning of the year	1,15,22,98,192	460.92	1,15,22,98,192	460.92
Shares issued during the year	98,48,54,700	393.94		
Conversion of preference shares into equity shares	10,04,91,84,635	4,019.67	-	-
Shares outstanding at the end of the year	12,18,63,37,527	4,874.54	1,15,22,98,192	460.92

	As at March 31, 2021		As at March 31, 2020	
	No of Shares	Rs. in Crore	No of Shares	Rs. in Crore
0.01% Compulsorily convertible cumulative preference shares				
Shares outstanding at the beginning of the year	2,72,11,34,715	5,440.20	2,72,11,34,715	5,440.20
Shares issued during the year	-	-	-	-
Conversion of Cumulative redeemable preference shares	51,25,00,000	1,025.00		
Conversion of preference shares into equity shares	(1,83,48,36,927)	(3,669.67)		
Shares outstanding at the end of the year	1,39,87,97,788	2,795.53	2,72,11,34,715	5,440.20

(b) Details of shareholders holding more than 5% in the Company and details of share held by holding/ultimate holding company and /or their subsidiaries/associates

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	% of Shareholding		No of Shares	
Equity shares				
Essar Power Holdings Limited, a holding company	59.34%	40.50%	7,23,18,27,737	46,66,49,092
Essar Power Hazira Holdings Limited, a subsidiary of holding company	31.68%	40.50%	3,86,05,09,783	46,66,49,093
Essar Steel Metal Trading Limited	1.74%	0.00%	21,25,00,000	-
SREI Infrastructure Finance Limited	1.80%	19.00%	21,90,00,000	21,90,00,000
M.B. Finmart Private Limited	1.81%	0.00%	22,08,33,332	-
Puran Associates Private Limited	1.81%	0.00%	22,08,33,333	-
V I C Enterprises Private Limited	1.81%	0.00%	22,08,33,335	-
0.01% Compulsorily convertible cumulative preference shares - Non Participating				
Essar Power Holdings Limited, a holding company	65.12%	51.64%	91,08,44,596	1,24,56,66,208
Essar Power Hazira Holdings Limited, a subsidiary of holding company	34.88%	48.36%	48,79,53,192	1,16,67,25,330
Aegist Tech Limited	0.00%	0.00%		
0.01% Compulsorily Convertible Cumulative Preference Shares Participating				
Essar Steel Metal Trading Ltd.	0.00%	100.00%	-	30,87,43,177
			13,58,51,35,308	3,87,34,32,900

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(c) **Right, preferences and restrictions attached to shares**

Equity shares:

The Company has only one class of equity shares having a par value of Rs. 4 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets 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.

During the Year 98,48,54,700 Nos. Right shares issued to Essar Power Holding having par value of Rs. 4 each. For this the company received Rs. 393.94 Cr from Holding company for proceed from issue of Right shares.

Previous year Status of Preference Shares:

(i) 2,159,109,407 0.01% compulsorily convertible cumulative preference shares (CCPS) issued by the Company shall have a coupon rate of 0.01 % per annum. The CCPS issued by the Company shall be convertible into Equity Shares anytime after a period of 6 (six) months and up to a period of 10 (ten) years from the date of allotment of the CCPS. Each CCPS will be convertible into 5 (five) Equity Shares in the Company of face value of INR 4 (Indian Rupees Four) each. The CCPS shall be compulsorily converted at the end of 10 (ten) years from the date of allotment in the ratio of 5 (five) Equity Shares with face value of INR 4 (Indian Rupees Four) per Equity Share to 1 (one) CCPS. The scheduled date for compulsory conversion from the date of issue of such preference shares is as below:

Number of CCPS held as on the balance sheet date	Date of issue	Scheduled date of compulsory conversion
1,17,22,996	September 26, 2011	September 26, 2021
54,01,38,478	March 31, 2011	March 31, 2021
21,31,43,032	September 27, 2010	September 27, 2020
30,88,05,000	May 26, 2010	September 30, 2020
33,20,07,914	April 26, 2010	September 30, 2020
2,45,02,766	March 31, 2010	September 30, 2020
16,68,30,845	March 19, 2010	September 30, 2020
14,01,37,232	April 20, 2009	April 18, 2024
2,84,50,094	March 18, 2009	April 18, 2024
39,33,71,050	August 1, 2008	July 30, 2023

(ii) 21,88,45,308 0.01% compulsorily convertible cumulative preference shares (CCPS) issued by the Company shall have a coupon rate of 0.01 % per annum. The CCPS issued by the Company shall be convertible into Equity Shares anytime after a period of 6 (six) months and up to a period of 10 (ten) years from the date of allotment of the CCPS. Each CCPS will be convertible into 5 (five) Equity Shares in the Company of face value of INR 4 (Indian Rupees Four) each. The CCPS shall be compulsorily converted at the end of 10 (ten) years from the date of allotment in the ratio of 5 (five) Equity Shares with face value of INR 4 (Indian Rupees Four) per Equity Share to 1 (one) CCPS. The scheduled date for compulsory conversion from the date of issue of such preference shares is as below:

Number of CCPS held as on the balance sheet date	Date of issue	Scheduled date of compulsory conversion
16,63,723	March 27, 2017	March 26, 2027
1,53,225	December 30, 2015	December 30, 2025
28,79,760	September 1, 2014	September 1, 2024
2,73,59,570	March 17, 2014	March 17, 2024
5,18,14,064	September 16, 2013	September 16, 2023
91,65,472	March 22, 2013	March 22, 2023
4,25,73,144	October 8, 2012	October 8, 2022
8,32,36,350	March 30, 2012	March 30, 2022

0.01% Compulsorily Convertible Cumulative Preference Shares of Face Value of Rs 20 each-Participating.

0.01% Compulsorily Convertible Cumulative Participating Preference Shares ("CCCPPS") of Rs. 20 each; The CCCPPS shall be convertible into Equity Shares any time after allotment upto a period 10 years from the date of allotment. (the Conversion Option).The CCCPPS holder shall have option to convert each CCCPPS into 5 equity share of Rs. 4 each in the Capital of the Company any time after allotment upto a period 10 years from the date of allotment of CCCPPS. If the holder of a CCCPPS fails to exercise the Conversion Option, then such CCCPPS share shall stand compulsorily converted into 5 equity share of Rs 4 each at the end of 10 years from the date of allotment;

Number of CCPS held at the balance sheet date	Date of issue	Scheduled date of compulsory conversion
34,31,80,000	February 22, 2019	February 21, 2029

Current year development of Preference Shares:

During the year 5,125,00,00,00 (Numbers) having face value of Rs. 20 convertible cumulative redeemable preference shares (CRPS) held by Essar Steel Metal Trading Limited have been converted to Compulsorily Convertible Cumulative Preference Shares (CCPS) having face value of Rs. 20/-.

During the year 1,83,48,36,927 (Numbers) having face value of Rs. 20 convertible cumulative redeemable preference shares (CCPS) have been coverted to Equity Shares having face value of Rs.4/- .All necessary approvals from lenders and other class of shareholders were taken for purpose of coversion of CRPS to CCPS and CCPS to Equity as required under section 48 of the companies act.

0.01% Compulsorily convertible cumulative preference shares:

1,398,797,788 0.01% compulsorily convertible cumulative preference shares (CCPS) issued by the Company shall have a coupon rate of 0.01 % per annum. The CCPS issued by the Company shall be convertible into Equity Shares anytime after a period of 6 (six) months and up to a period of 10 (ten) years from the date of allotment of the CCPS. Each CCPS will be convertible into 5 (five) Equity Shares in the Company of face value of INR 4 (Indian Rupees Four) each. The CCPS shall be compulsorily converted at the end of 10 (ten) years from the date of allotment in the ratio of 5 (five) Equity Shares with face value of INR 4 (Indian Rupees Four) per Equity Share to 1 (one) CCPS. The scheduled date for compulsory conversion from the date of issue of such preference shares is as

Number of CCPS held as on the balance sheet date	Date of issue	Scheduled date of compulsory conversion
46,33,35,648	March 31, 2011	March 31, 2022
30,88,05,000	May 26, 2010	March 31, 2022
14,53,40,012	April 26, 2010	March 31, 2022
14,07,75,357	March 19, 2010	March 31, 2022
34,05,41,771	August 1, 2008	July 30, 2023

NOTE: 20

RESERVES AND SURPLUS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Securities premium account	**1,603.35**	1,632.05
Debenture redemption reserve	**49.64**	49.64
Preference redemption reserve	**267.98**	267.98
Securities premium - reserve for premium payable on redemption of preference shares	**896.93**	868.23
Capital reserve on consolidation	**107.62**	107.62
Retained earnings	**(15,587.15)**	(20,672.76)
	(12,661.62)	(17,747.24)

Securities premium account

Securities premium account represents the premium received on issue of shares over and above the face value of equity shares. The reserve is available for utilisation in accordance with the provisions of the Companies Act, 2013.

Debenture redemption reserve

The company is required to create a debenture redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

Preference redemption reserve

The company is required to create a preference redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of optionally convertible preference shares.

Securities premium - reserve for premium payable on redemption of preference shares

The Company is required to create a reserve for the premium on preference shares redemption out of the profits which is available for payment of dividend for the purpose of redemption of optionally convertible preference shares.

NOTE: 21

OTHER RESERVES

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Foreign currency translation reserve	**(25.24)**	(64.34)
Money received against share warrants (@ = Rs. 100)	@	@
	(25.24)	(64.34)

Foreign currency translation reserve

Exchange difference arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit and loss when net investment is disposed off.

Money received against share warrants

Share warrant has been issued to investor of optionally convertible cumulative redeemable preference shares (OCPRS) by the Company for a consideration of Rs. 100/- entitling the investor to subscribe to the equity shares of the Company anytime before the IPO for an amount equivalent to 20% of OCPRS (Rs. 70 Crore) at an exercise price linked to a predetermined valuation of the Company.

MUMBAI

NOTE: 22
BORROWINGS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Secured		
Rupee term loans		
From banks	314.04	396.23
From others	1,935.71	2,068.14
	2,249.75	2,464.37
Unsecured		
Loan from related party	11.37	11.37
Liability component of compulsorily convertible cumulative preference shares	2.87	4.89
Fair Value Gain on Restructuring Loan liability	(74.30)	(0.00)
0.01% optionally convertible cumulative redeemable preference shares	-	623.75
8.00% optionally convertible cumulative redeemable preference shares	-	365.35
10.25% cumulative redeemable preference shares	-	1,025.00
	3.35	2,030.36
	2,253.11	4,494.73
Less: Unamortised upfront fee	4.85	5.44
	2,248.25	4,489.29

Securities provided to lenders and terms of repayment

A. Essar Power Limited (The Company / EPOL)

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	% of Shareholding		Number of shares	
0.01% Optionally convertible cumulative redeemable preference shares				
Essar Steel Metal Trading Limited	0	32.69%	0	85000000
M. B. Finmart Private Limited	0	22.44%	0	58333333
Puran Associates Private Limited	0	22.43%	0	58333333
V I C Enterprises Private Limited	0	22.44%	0	58333334
8.00% Optionally convertible cumulative redeemable preference				
M. B. Finmart Private Limited	0	33.33%	0	30000000
Puran Associates Private Limited	0	33.34%	0	30000000
V I C Enterprises Private Limited	0	33.33%	0	30000000
10.25% Cumulative redeemable preference shares Essar Steel Metal Trading Limited(Formerly Known as Edwell Metal & Trading Limited)	0	100%	0	512500000

B. Shares allotted as fully paid up by way of bonus shares/shares issued for consideration other than cash

(i) During the year 5,125,00,00,00 (Numbers) having face value of Rs. 20 convertible cumulative redeemable preference shares (CRPS) held by Essar Steel Metal Trading Limited have been converted to Compulsorily Convertible Cumulative Preference Shares (CCPS) having face value of Rs. 20/-.

(ii) During the year 350,000,000 (Numbers) having face value of Rs. 10 8.00% Optionally convertible cumulative redeemable preference shares (OCRPS) have been converted to Eqiity Shares having face value of Rs. 4/-.

C. **Essar Power Transmission Company Limited (EPTCL)**

(a) Securities provided to lenders

Subsequent to receiving Stage II provisional tariff order on 14.03.2019 from the Central Electricity Regulatory Commission, EPTCL had submitted a debt restructuring proposal to its lenders on 28.03.2019. Lenders to EPTCL approved the restructuring proposal vide their respective sanction letters in the month of March 2020. The debt restructuring has been implemented under RBI guidelines dated 07.06.2019. Restructuring is effective with a cut-off date of 15.04.2019. EPTCL has executed the Master Debt Restructuring Agreement with its lenders on 04.06.2020 and has issued Optionally Convertible Debentures (OCD) across all the three series on 18.06.2020. Restructured amount comprises of principal outstanding of Rs. 1682 crore and interest dues of Rs.322 crore as on cut off date, totalling to Rs 2004 Crore. During the FY 2019-20, EPTCL has made payment of Rs 149.97 crores towards overdue interest and Rs 101.20 crores towards principal outstanding and during the year EPTCL has made payment of Rs.112.86 crores towards Principal. The surplus cash after creation of DSRA would be shared in the ratio of 50:50 between lenders and Promoter. The Promoter share of 50% cash sweep will be first recovery of inter corporate deposit. As on 31st March 2021 the outstanding debt with revised restructured components are as follows:-

Restructured Debt	Original Dues Principal O/S Rs. Crore	Coupon	Current	Non Current
Term Loan	1,179.02	14.50%	76.82	1,102.20
OCD Series 1	305.14	3.00%	19.88	285.26
OCD Series 2	129.50	3.00%	8.44	121.06
OCD Series 3	26.30	0.00%	-	26.30
Total	**1,639.97**		**105.14**	**1,534.82**

(b) Terms of repayment for loans/borrowings

Rupee Term Loan

The restructured debt including OCD Series 1 and OCD Series 2, together with interest are secured by a first ranking charge on EPTCL's immovable and movable properties, both present and future, and other movable assets, tangible and intangible assets, book debts, receivables, current assets, bank accounts, assignment of project documents, insurance policies and security interest in favour of security trustee. The facilities are additionally secured by corporate guarantees issued, by pledge of 50 crore Compulsory Convertible Preference Shares (CCPS) of Rs.20 each, held by Essar Power Holding Limited in Essar Power Limited and by pledge of 100% equity shares of EPTCL held by the holding company. OCD series 3 are secured only in case the final tariff order is received for Stage II is more than Rs 333 Crores.

(c) Term of repayment for loans/ borrowings

(i) The rupee term loan facility repayable in 94 structured quarterly instalments beginning from December 31, 2019.

(ii) The OCD Series 1 and OCD Series 2 debentures are repayable in 92 structured quarterly instalments beginning from June 30,2020

(iii) The OCD Series 3 debentures are repayable only in the eventuality of stage 2 final tariff being higher than Rs 333 crores. In such a case, OCD series 3 shall be repaid from the surplus cash (Cash available after meeting all operating expenses, capex requirement and debt service obligations) after the end of the year proportionately along with Term loan, OCD Series 1 and OCD Series 2.

(d) EPTCL has accounted in financial year 2020-21 for gain on modification in terms of debts.

D. **Essar Power Hazira Limited (EPHL)**

(a) Securities provided to lenders

The rupee term loans taken by EPHL, together with interest are secured / to be secured by a first ranking pari-passu charge on the whole of Company's movable and immovable properties, both freehold and leasehold, Leasehold right, present and future, and other movable assets, tangible and intangible assets, book debts, receivables, current assets, bank accounts, assignment of project documents and insurance policies. The facilities are additionally secured by corporate guarantee and pledge of certain equity shares and cumulative convertible participating preference shares of EPHL held by holding company.

(b) Terms of repayment

The rupee term loan facility is repayable in 40 structured quarterly instalments beginning from October 23, 2016.

Inter corporate deposits (ICDs) from related party are for a period of 11 years and repayable in yearly installment beginning from 2017-18 to 2019-20 and from 2022-23 to 2024-25. Inter corporate deposits (ICDs) are converted into compulsorily convertible cumulative participative preference shares (CCCPPS) on March 13, 2019.

(c) The classification of loans between current liabilities and non-current liabilities continues based on repayment schedule under respective agreements. Loans had been recalled due to non-compliance of conditions under any of the loan agreements in the previous year . Lenders of the EPHL had classified the EPHL's account as sub standard. During current year all the EPHL has paid all its overdues and all the loan accounts have been classified as standard by lenders.

(d) With respect to rupee term loan from bank and others, principal installment overdue for Nil days (Previous year 92 days) and interest accrued and due is outstanding for Nil days (Previous year 1 day to 30 days) as at March 31, 2021.

(e) With respect to inter corporate deposits from related party, interest accrued and due is outstanding for Nil days (Previous Nil days) as at March 31, 2021.

(f) During the year,EPHL availed moratorium on the repayment due during April 2020 to May 2020. Accordingly, entire repayment schedule got shifted by three months and last repayment is due on October 23, 2026.

E. **In Essar Power Orissa Ltd** : In January 2021, the power plant was taken over by Edelweiss Asset Reconstruction Company (EARC) against which entire term loan taken from EARC. All assets and liabilities at March 31, 2021 are current, and current assets are carried at realisable value and current liabilities are carried at settlement value. Accounts receivable and payable remained outstanding at March 31, 2021, and EPORL will be continued until such time as all obligations have been settled and all assets have been collected.

NOTE: 23
OTHER FINANCIAL LIABILITIES

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Others (specify nature)	11.99	116.31
	11.99	116.31

NOTE: 24
PROVISIONS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity (Refer Note 45)	3.74	10.49
Compensated absences	0.95	1.20
Other provisions		
Provision for obligation incidental to land acquisition (Refer Note 41)	-	57.14
	4.70	68.83

NOTE: 25
DEFERRED TAX LIABILITIES (NET)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities		
Property, plant and equipment	1,115.15	1,346.60
Intangible assets	12.57	5.84
Provision for employee benefits	4.08	-
Fair valuation of financial assets and liabilities	155.93	26.64
Business Loss	-	-
Provision for doubtful Debts	-	-
Gross deferred tax liability	1,287.73	1,379.08
Deferred tax asset		
Carry forward business losses	16.79	16.61
Unabsorbed depreciation	1,142.32	1,326.14
Provision for employee benefits	1.08	2.31
Fair valuation of financial assets and liabilities	0.41	(6.04)
Provision for doubtful debts	-	0.57
MAT Credit entitlement	0.07	9.46
Others	32.55	27.75
Gross deferred tax assets	1,193.23	1,376.80
Net deferred tax liability	94.49	2.28

Movement in deferred tax liabilities

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	227.64	80.61
charged / (credited) to statement of profit and loss	92.13	(40.08)
charged / (credited) to other comprehensive income	0.06	0.07
Transfer to Retained Earnings	(225.33)	(38.33)
Balance at the end of the year	94.49	2.28

Essar Power Limited, Essar Power, Bhander Power Ltd, Essar Power Transmission Company Ltd have recognised deferred tax assets to the extent of the corresponding deferred tax liability due to the uncertainty over the realisation of the future probable profits.

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ESSAR POWER LTD

NOTE: 26
BORROWINGS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Secured		
Loan repayable on demand		
From banks	3,078.40	4,161.71
From others	575.49	441.95
Working capital facility		
From banks		
Cash credit facilities	726.84	980.74
Loan from related parties	127.04	139.14
	4,507.77	5,723.54
Unsecured		
Inter corporate deposits		
From related parties	302.65	480.37
From others	37.43	42.63
Bank guarantee devolvement from bank	225.33	189.12
	565.42	712.12
	5,073.19	6,435.66
Less: Unamortised upfront fee	26.69	43.05
	5,046.49	6,392.61

Securities provided to lenders and terms of repayment

A. **Essar Power Limited (EPOL)**

(a) (a) Term loan facility of Rs. 49.99 Crore (Previous year Rs. 49.99 Crore) from Yes Bank Limited is secured/to be secured by first pari passu charge on all present and future movable and immovable fixed assets and current assets of the Company and its subsidiaries Essar Power Gujarat Limited and Essar Power (Orissa) Limited, pledge of certain shares of the Company held by Essar Power Hazira Holdings Limited., Pledge to be created on certain shares of Essar Power (Orissa) Limited and Essar Power Gujarat Limited held by the Company (to be created) and personal guarantee of Shri Prashant Ruia. The facility is additionally to be secured by Debt Service Reserve Account (to be created in the form of Fixed Deposit). The facility is additionally secured by second charge on surplus cash flows on sale of investments in Essar Power Hazira Limited and Essar Power (Orissa) Limited.

(b) Term loan facility of Rs. 368.84 Crore (Previous year Rs. 386.84 Crore) from Yes Bank Limited is secured/to be secured by first pari passu charge on present and future movable and immovable fixed assets of the Company and its subsidiary namely Essar Power Hazira Limited, escrow and exclusive charge on all cash flows arising from ICDs or sub-debt given by the Company to Essar Power Hazira Limited, first pari passu charge on all current assets of the Company except cash flows arising from ICDs or sub-debt given by the Company to Essar Power Hazira Limited on which Yes Bank Limited would have exclusive charge, pledge of certain shares of the Company held by Essar Power Hazira Holdings Limited, and personal guarantee of Shri Prashant Ruia. The facility is additionally to be secured by Debt Service Reserve Account (to be created in the form of Fixed Deposit). The facility is additionally secured by second charge on surplus cash flows on sale of investments in Essar Power Hazira Limited and Essar Power (Orissa) Limited.

(i) The term loan facility of Rs. 49.99 Crore from Yes Bank Limited is repayable in six annual instalments as mentioned below:

35% on May 23, 2024 (Partly paid)

21% on May 23, 2023 (Prepaid)

14% on May 23, 2022 (Prepaid)

15% on May 23, 2019 (Prepaid)

9% on May 23, 2018 (Prepaid)

6% on May 23, 2017 (Prepaid)

(ii) The term loan facility of Rs. 386.84 Crore from Yes Bank Limited is repayable in six annual instalments as mentioned below:

35% on September 30, 2024

21% on September 30, 2023

14% on September 30, 2022

15% on September 30, 2019 (Partly paid)

9% on September 30, 2018 (Prepaid)

6% on September 30, 2017 (Prepaid)

(c) With respect to rupee term loans from banks and financial institutions, principal instalment due is outstanding for 547 days (Previous year 182 days) and interest accrued and due on borrowings outstanding for 547 days (Previous year 182 days) as at March 31, 2021.

Securities provided to lenders

d) Working capital facility of Rs. 26.96 Crore (previous year Rs. 26.96 Crore) from banks is secured by a first pari passu charge by hypothecation of inventories and receivables and a second pari passu charge on fixed assets of the Company and also guaranteed by Aaradhna Realities Limited (formerly known as Essar Investments Limited). Working Capital Facility of Rs. 37.02 Crore (previous year Rs. 37.02 Crore) for Pallivasal Project is guaranteed by EPC Constructions India Limited.

e) With respect to working capital facility from banks is overdrawn for 2189 days (previous year 1824 days) as on March 31, 2021.

(f) The company has entered a term loan agreement with Essar Steel Metal Trading Limited (ESMTL) for payment towards guarantee obligations under facilities availed by one of its subsidiaries i.e. Essar Power Gujarat Limited.
The company has provided security on its following assets to secure the loan.
- movable & immovable fixed assets
- current assets ,receivables & book debts , bank accounts , inventory
- pledge of 20 % of paid up capital of EPOL
- 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.

B. Essar Power Gujarat Limited (EPGL)

(a) Securities provided for Rupee Term Loan

The Rupee term loan together with interest are secured / to be secured by a first ranking charge on the whole of EPGL's immovable and movable properties and other movable assets, tangible and intangible assets, book debts, receivables, current assets, bank accounts, assignment of project documents and insurance policies. The facilities are additionally secured by pledge of certain equity shares of EPGL held by the holding company which was subsequently invoked by lenders in October 2017. Part of rupee term loan facility are also secured by corporate guarantees of the holding companies and personal guarantee.

Securities provided for working capital facility

Working Capital facilities from Banks are secured by a first ranking pari passu charge with long term lenders on the whole of Company's immovable and movable properties and other movable assets, tangible and intangible assets, book debts, receivables, current assets, bank accounts, assignment of project documents account and insurance policies. The facilities are additionally secured by pledge of certain equity shares of EPGL held by holding company, which was subsequently invoked by lenders in October 2017

(b) Terms of repayment	March 31, 2021	March 31, 2020
(i) The Rupee term loan facilities from various banks is repayable in 64 structured quarterly instalments till March 31, 2033.	2,336.13	2,809.23
(ii) The Rupee term loan facilities from financial institution is repayable in 64 structured quarterly instalments till March 31, 2033.	390.52	390.52
(iii) The Additional Loan facility from bank is repayable in 36 structured quarterly instalments till March 31, 2026.	270.00	270.00
(iv) The Additional Loan facility from various banks is repayable in 32 structured quarterly instalments till June 30, 2025.	53.45	53.45
(v) The Additional Loan facility from financial institution is repayable in 32 structured quarterly instalments till June 30, 2025.	9.97	9.97
(vi) The Term loan facility from the bank is repayable in 20 structured quarterly instalments till March 31, 2022.	NIL	122.85
(vii) The Term loan facility from the bank is repayable in 13 structured yearly instalments till March 31, 2023.	NIL	469.36
(viii) The Term loan facility from financial institution is repayable in 52 structured quarterly instalment till March 31, 2033.	NIL	41.45

(c) Interest rate of most of the lenders is linked to SBI Base rate + Spread, in other cases it is linked to that bank's base rate + spread.

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(d) A High Power Committee (HPC) was formed by Government of Gujarat in July 2018 to evaluate and finalise a viable solution for three imported coal based power plants (including EPGL). The HPC held several meetings with all the stakeholders (including Lenders) and submitted its report.

EPGL had signed a Supplemental PPA (SPPA) with GUVNL on March 1, 2019 based on the recommendations of the High Powered Committee (HPC) and the Resolution passed by the Government of Gujarat (GR). EPGL received the order from GERC on April 27, 2020, approving SPPA with certain adverse amendments.

Aggrieved by the GERC order, EPGL approached APTEL on June 02, 2020, for adjudication of disputes that was disallowed by GERC. The Government of Gujarat vide its resolution dated June 12, 2020 revoked the earlier resolution dated December 1, 2018 and further vide its letter to GUVNL dated June 12, 2020 has accepted all the conditions of GERC order dated April 27, 2020. The Government of Gujarat asked GUVNL to implement the said GERC order and GR dated June 12, 2020 for other generators. Additionally, in its letter dated June 12, 2020, Government has mandated GUVNL to make payment of FOB price of coal based on the lowest of all coal indices. As the GR dated December 1, 2018 was revoked, EPGL withdrew its appeal at APTEL on October 14, 2020 in consultation with the Lenders in the Joint Lenders' Meeting. GUVNL has shared the draft supplemental PPA for execution. EPGL has given its consent for execution of the SPPA with few changes and to make it effective from the date of its approval by GERC. In the meanwhile, EPGL shall operate the plant based on the original PPA dated February 26, 2007.

A revised SPPA has been signed between EPGL and GUVNL on August 12, 2021 and a petition has been filed with the GERC on August 24, 2021. Thus, a joint effort is being made by the Government, the Lenders, the Off-takers and EPGL to find a long term solution for EPGL. The operations of the plant will become viable once the new SPPA is approved by GERC and restructuring is implemented.

(e) With respect to the rupee term loans from banks and financial institution, principal instalments in default and overdue are for 1430 day (Previous year for 1065 day) and interest accrued and in default and over due are for 1430 days (Previous year for 1065 day) as at March 31, 2021.

(f) A debt restructuring proposal is being worked out by lenders based on the recommendations of the High Powered Committee formed by the Government of Gujarat. Restructuring shall be undertaken by the Consortium Lenders post receipt of the GERC's approval to the Supplementary Power Purchase Agreement (SPPA) expected to be executed shortly. As per proposed debt restructuring, the Consortium Lenders are likely to get a sustainable debt of ~30% of the total dues and unsustainable debt including entire accrued interest shall be waived or converted into Compulsorily Convertible Debentures (CCDs) and Equity. Moreover, under relevant RBI Guidelines, Banks and Institutions are not allowed to book interest in case of accounts running NPA. Hence, interest on loans has not been accrued for the FY 2020-21.

(g) Dues of YES Bank, Axis Bank, IDBI Bank and L&T from EPGL have been settled under One Ttime Settlement (OTS) by Promoter Company without recourse to the cash flows of EPGL as stipulated by the Consortium Lenders as a pre-condition to restructuring. . No Dues Certificates and Release of Securities have been completed in respect of Axis Bank, IDBI Bank and L&T. YES Bank is in the process of releasing the No Dues Certificate and Release of Securities shortly.

D. Essar Power Hazira Limited (EPHL)

Terms of repayment: The short term unsecured loan availed from Essar Steel Metal Trading Limited (ESTML). Loan repayable on Monthly instalments of Rs.6 Crore from August 2019.

NOTE: 27

TRADE PAYABLES Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Trade payables		
Total outstanding of micro and small enterprises	11.06	18.86
Others	206.72	873.95
	217.78	892.81

Details of dues to micro and small enterprises:

Micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

	As at 31 March 2021	As at 31 March 2020
Principal amount due and remaining unpaid	11.06	18.86
Interest due and unpaid on the above amount	-	-
Amount of further interest remaining due and payable	-	-

NOTE: 28

OTHER FINANCIAL LIABILITIES

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Current maturities of long term borrowings (Refer Note 22)	939.78	7,556.49
Less: Unamortised upfront fee	(0.59)	(502.99)
	939.19	7,053.50
Current maturities of finance lease obligations		
Interest accrued but not due on borrowings from banks and other institutions	9.64	11.18
Interest accrued and due on borrowings from banks and other institutions	3,620.90	7,939.92
Interest accrued but not due on borrowings from related parties	69.07	57.13
Interest accrued and due on borrowings from related parties	0.03	6.64
Interest on optionally convertible cumulative redeemable preference shares	776.37	-
Unpaid matured debentures and interest accrued thereon (Refer Note 22)	1,418.55	1,428.21
Capital creditors		
Total outstanding of micro and small enterprises	0.79	0.24
Others	17.01	31.64
Less: Write off of payables	-	(2.29)
Fair Value Gain on Restructuring Loan liability	(10.46)	-
Unsecured Cumulative redeemable preference shares (refer note D below)	(0.00)	-
Other payables*	87.06	113.66
	6,928.16	16,639.83

**Including of Rs. Nil (PY 0.52 Crores) of Holding company (EPOL)

(A) Essar Power Limited (The Company / EPOL)

(a) Security provided to lenders

10.25% and 12.00% Non convertible debentures of Rs. 458.36 Crore (Previous year Rs. 462.24 Crore) are secured by a first ranking charge in favour of Axis Trustee Securities Limited on all present and future fixed assets (including movable and immovable) of the Company.

(b) Terms of redemption of non convertible debentures and terms of repayment of rupee loan facility

(i) Redemption of 10.25% and 12.00% non convertible debentures is in eight annual instalments as mentioned below:
20% each on March 31, 2018 and March 31, 2017 (Partly
15% each on March 31, 2016 and March 31, 2015 (Paid)
10% each on March 31, 2014 and March 31, 2013 (Paid)
5% each on March 31, 2012 and March 31, 2011 (Paid)

(c) Security provided to lenders

12.50% Non convertible debentures of Rs. 74.00 Crore (Previous year Rs. 95.00 Crore) is secured/to be secured by first pari passu charge on all present and future fixed assets (including movable and immovable) of the Company and its subsidiaries Essar Power Gujarat Limited, Essar Power M. P. Limited and Essar Power (Orissa) Limited, pledge of certain shares held by Essar Power Holdings Limited, escrow and pari-passu charge over the entire cash flows of the Company including cash flows arising out of the loans given to its subsidiaries by the Company and cash flows arising out of debentures issued by the Company and subscribed by various debenture holders and personal guarantee of Shri Prashant Ruia. The facility is additionally secured / to be secured by Debt Service Reserve Account (to be created in the form of Fixed Deposit). The facility is additionally secured by second charge on surplus cash flows on sale of investments in Essar Power Transmission Company Limited.

(d) Terms of redemption of non convertible debentures and terms of repayment of rupee loan facility & Intercorporate deposit

(i) Redemption of 12.50% non convertible debentures is in six annual instalments as mentioned below:
35% on September 11, 2024
21% on September 11, 2023
14% on September 11, 2022
15% on September 11, 2019
9% on September 11, 2018
6% on September 11, 2017

(ii) Redemption of 12.50% non convertible debentures is in three annual instalments as mentioned below:
Rs. 250.00 Crore on July 5, 2024 (Partly prepaid)
Rs. 250.00 Crore on July 5, 2023 (Prepaid)
Rs. 135.00 Crore on July 5, 2022 (Prepaid)

(e) With respect to non convertible debenture principal overdue for 1 day to 2440 days (Previous year 1 day to 2075 days) and interest accrued and due thereon for 1 day to 1649 days (Previous year 1 day to 2014 days) as at March 31, 2021.

(f) **12.50% Non convertible debentures of Rs. 1,000.00 Crore (Previous year Rs. 1,000.00 Crore)** is secured/to be secured by way of first pari passu charge on the fixed assets (freehold land, buildings and plant and machinery) of the Company and its subsidiaries. These debentures 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.

(B) **Essar Power (Orissa) Limited (EPORL)**

(a) Securities provided to lenders

The rupee term loans taken by EPORL, together with interest was secured / to be secured by a first ranking pari-passu charge on the whole of Company's immovable and movable properties, both present and future, and other movable assets, tangible and intangible assets, book debts, receivables, current assets, bank accounts, assignment of project documents and insurance policies. The facilities was additionally secured by corporate guarantee and pledge of certain equity shares and cumulative convertible participating preference shares of EPORL held by holding company.

(b) Edelweiss ARC (EARC) and State Bank of India (SBI) (collectively referred as "the lenders") had sanctioned the proposal of One Time Settlement (OTS) of term loan facility availed by Essar Power (Orissa) Limited (EPORL) in May 2019 and November 2019 respectively.

(c) EPORL had arranged refinancing from SSG Singapore for implementation of the OTS. One of the conditions precedent to the SSG funding was OTS approval by both the lenders. However, due to non-revalidation of OTS sanction by Edelweiss ARC (lender), the OTS could not be implemented by EPORL. Still, EPORL had paid ~Rs.159 Crore against the proposed OTS amount of Rs.301 Crore while balance amount of Rs.142 Crore was payable.

(d) EPORL had put its best effort to secure the refinancing for implementation of OTS from other alternate sources. However, due to the COVID-19 pandemic and the extremely adverse economic scenario prevailing in the power sector, EPORL was unable to tie-up the required funds from other sources.

(e) In the meanwhile, the Lenders had taken action under SARFAESI Act, 2002 and a public auction of the assets of EPORL was conducted on 7th January 2021. We understand that Arcelor Mittal Nippon Steel India Limited (AMNSI) came out as successful bidder from the public auction process and had bid Rs.335 Crores for the assets. The sale got concluded on 29th January 2021.

(f) Subsequently, a settlement was reached with EARC & SBI by EPORL and its holding company wherein entire dues under the loan got settled on transfer of following assets:

(g) a. Value of Property, Plant and Equipment including capital work in progress Rs.1011.65 crore
b. Value of Spares Inventory Rs.1.16 crore
c. Project Documents like clearances & approvals, Power Purchase Agreement (PPA).

(h) Pursuant to settlement, Edelweiss ARC and State Bank of India has issued No Dues for the financial facilities availed by EPORL and released all the securities including corporate guarantee given by EPORL and pledge of shares of EPORL held by EPOL.

With respect to rupee term loan, principal instalment overdue for Nil days (Previous year 901 days) and interest accrued and due is Nil (Previous year 1 day to 138 days) as at March 31, 2021.

NOTE: 29
PROVISIONS

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity (Refer Note 45)	-	-
Compensated absences	0.14	1.31
Other provisions		
Provision for obligation incidental to land acquisition (Refer Note 41)	-	6.02
	0.14	7.33

NOTE: 30
CURRENT TAX LIABILITIES (NET)

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Provision for taxation	6.30	157.89
Less: Set-off of current tax assets pursuant to set-off provisions	(6.26)	(49.36)
	0.04	108.53

NOTE: 31
OTHER CURRENT LIABILITIES

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Revenue received in advance		
Advance from customers	2.59	2.46
Statutory dues	22.58	79.45
Other payables	0.90	0.32
Deferred Liability##	39.27	40.53
	65.34	122.76

In EPGL -Represents government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of property, plant and equipments accounted for as government grant being amortised over useful life of underlying capital good.

NOTE: 32
REVENUE FROM OPERATIONS

Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of power and charges*	2,203.91	2,886.07
Rebate	(35.93)	(39.95)
Operation and maintenance charges (net of service tax)	22.99	(59.01)
Revenue from transmission charges	410.84	434.03
Sale of services	(0.12)	6.07
Trading in electricity		
Value of units sold	130.84	6.20
Less: Value of units purchased	(130.04)	(4.00)
	0.80	2.20
Sale of traded goods	-	-
Other operating revenues	19.83	3.86
	2,622.32	3,233.27

*Includes delayed payment charges of Rs. 2.2 Cr (Previous year Rs. 16.38 Crore) on overdue recoverable from customers as per the terms of Power Purchase Agreement.

NOTE: 33
OTHER INCOME

Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of coal	-	3.25
Interest income on deposits with banks and others	6.99	4.34
Unwinding of discount on security deposits	3.42	-
Deferred government grant	1.26	1.26
Profit on sale of mutual fund units	0.16	0.42
Gain on modification in terms of optionally convertible preference shares	0.01	0.55
Lease income	0.01	0.02
Profit on disposal of property, plant and equipment	-	-
Net gain on account of foreign currency transaction and translation	-	-
Interest income on financial assets at amortised cost	0.00	5.27
Miscellaneous income	5.34	12.57
Sundry balances written back	2.07	48.83
Scrap sales	0.31	0.37
	19.60	76.88

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NOTE: 34
COST OF FUEL

Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Cost of fuel consumed	1,340.81	1,497.35

NOTE: 35
EMPLOYEE BENEFIT EXPENSES

Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	106.54	123.41
Contribution to provident and other fund	4.92	6.29
Gratuity (Refer Note 45)	1.30	2.20
Staff welfare expenses	3.52	5.06
	116.29	136.96

NOTE: 36
OTHER EXPENSES

Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Production consumables	34.89	59.39
Consumption of water and water treatment	64.30	66.59
Warehouse charges	0.47	0.64
Transmission and scheduling charges	31.46	59.81
Repairs and maintenance		
Buildings	4.30	6.85
Plant and machinery	49.19	83.93
Others	9.47	25.86
Net loss on account of foreign currency transaction and translation	6.16	19.43
Lease charges	(8.44)	-
Rent	14.95	6.70
Rates and taxes	3.78	14.55
Directors' fees	0.32	0.32
Insurance	14.40	19.89
Communication expenses	0.67	0.55
Loss on sale of inventory	-	-
Travelling and conveyance	8.66	15.80
Impairment / loss on disposal of property, plant and equipment	0.03	6.21
Legal and professional fees	16.75	28.64
Administration charges	0.00	0.01
Corporate social responsibility expenses	1.00	2.87
Securities and contract charges	2.96	6.97
Business promotion (refer note below)	6.82	0.27
Charges for lower availability	14.09	26.77
Payments to Auditors (including tax)		
As auditor	1.15	1.12
For taxation matters	-	0.06
For other services	0.01	-
Sundry balance written off (net)	18.31	0.61
Bad debts	0.00	21.49
Manpower supply charges	-	2.00
Miscellaneous expenses	7.34	11.76
	303.03	489.09

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1. Business promotion expenses includes brand fees accounted based on the provision as per the agreement and invoices raised during year.

2. In EPGL : 'Repairs and maintenance and Spares consumption includes major over hauling expenses of Rs. Nil (Previous year Rs. 2.73 Crore) amortised by EPGL.EPGL has capitalised the total expenditure and decided to amortise the same as per the cycle of major overhaul, i.e., over the period of five years. Therefore, every year the amount will be debited to Other expenses and reduced from the Property, plant and equipment.

3. In EPGL: 'Repairs and maintenance and Spares consumption excludes major over hauling expenses of Rs. 5.22 Crore (Previous year Rs. Nil) amortised by EPGL. EPGL has capitalised the total expenditure and the same will be debited to Statement of Profit and Loss over the balance useful life of the Property, plant and equipment by way of Depreciation.

NOTE: 37
FINANCE COSTS

Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest	2,434.06	3,250.95
Interest on shortfall in payment of advance tax	1.76	0.01
Interest on preference shares	137.69	119.62
Interest on lease liability	2.11	16.14
Other borrowing costs	40.37	26.46
Amortization of fair valuation loss/(gain) on financial assets or liabilities, net	-	-
	2,615.99	3,413.18

NOTE: 38
EXCEPTIONAL ITEMS

Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Provision for impairment of property, plant and equipment (Note 'ii' below)	291.28	3,671.65
Provision for impairment of CWIP (Note-'I' below)	(385.74)	86.93
Reversal of Interest on compound financial instruments	(1.21)	-
Provision for doubtful claim receivable	-	(0.59)
Provision against amount recoverable from Nominated Authority	-	491.64
Water charges	-	391.01
Provision of doubtful Inter corporate deposits (Note 'ix' below)	6.34	-
Provision for doubtful trade receivables	0.29	-
Guarantee Expenses Payment under Corporate Gurantee (Note 'viii' below)	569.73	-
Gain on loss of control on subsidiaries (Note 'x' below)	(9,840.37)	-
Gain on settlement with Lenders (Note- xi below)	(1,081.10)	-
Written Back of balance (Note-v below)	(150.32)	-
Fair Value Gain on Restructuring Loan liability	(84.76)	-
Bad Debts written off (Note- vi below)	120.50	574.44
Reversal of Provision for doubtful debtors	(0.08)	(661.04)
Reversal of trade receivable credit impaired	(4.12)	-
Reversal of impairments of Assets (Note- iv below)	(196.83)	(112.92)
Amortisation of NCD Fee	4.53	-
Reversal of Provision (Note vii below)	(108.53)	3.47
	(10,860.39)	4,444.59

(i) As per requirement of Ind AS, at the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there are any indications that the plant and machinery have suffered an impairment loss. If any such indication exists, the recoverable amount of asset is estimated in order to determine the extent of the impairment loss (if any). The Group thereby has assessed the recoverable amounts and also obtained the assessment by independent technical experts. The assessment by technical expert is based on replacement value and present market scenario. The group companies have estimated the recoverable amount of Property, Plant and Equipment (PPE) and Capital Work in Progress (CWIP) to be lower than its corresponding carrying values and accordingly the Group has made a provision of Rs. (94.46) Cr (Previous Year: Rs. 3758.58 Crores) on account of impairment of PPE and CWIP as on 31st March 2021.

(ii) **In EPGL-** As on March 31, 2021 EPGL has carried out an assessment of Impairment as per Ind AS 36 - Impairment of Assets of its plant. The fair value of EPGL has been assessed based on Sales comparison valuation technique for land. The assumption used for the valuation of land is prevailing market rate for private and government land. In case of land due weightage is given to the factor like right to sell/ transfer / lease and demand for such prospective land etc. The fair value measurement of the land is categorised at Level 2.

In case of buildings and plant and machineries depreciated replacement cost (DRC) method has been used. The factors which have been looked at are Utility & Design of building, actual physical condition, remaining useful life etc. Assumption is the cost expected to replace existing asset with similar or equivalent new asset as on date of valuation is considered for the valuation. The cost of disposal is assumed @ 2% of the fair value of the assets to arrive at fair value less cost of disposal. Income Approach was not applicable in case of Company as because of uncertainty in imported coal prices and high debt level the carrying value of EPGL is very less. The fair value measurement of the Building and Plant and machineries is categorised at Level 3.

The report assesses the fair value of the plant as Rs. 2,027.95 Crore (fair value less cost of disposal being Rs. 1,987.37 Crore) which is lower than the book value of the plant of Rs. 2,278.65 Crore. Hence, EPGL has considered an Impairment loss of Rs. 291.28 Crore. EPGL is following cost model for accounting of the Property, plant & equipments. As EPGL has adopted the cost model for the accounting of the Property, plant and equipments, the impairment loss will be debited to the Statement of Profit and Loss.

EPGL has taken the valuation report from N P Associates. N P Associates is a registered valuer with IBBI for valuation of Plant and Machinery. He is having an experience of more than 30 years in the industry having handled management, supply chain, manufacturing, process engineering and projects. They are empanelled with Bank of India as a TEV consultant and Lenders Independent Engineer (LIE).

For financial year 2019-20, based on the valuation report of Kakode Associates Consulting Private Limited , a government approved valuer, EPGL has booked the Impairment loss as exceptional items. Kakode Associated Consulting Private Limited is a professionally managed Consultancy organization, engaged in Engineering Consultancy, Project Consultancy, Project Evaluation, Stock Audit, Stock Inspection, Valuation of Immovable and Movable Assets, etc.,

The fair value can be changed consequent to future conditions. There could be adverse or favorable effect on the assets. The underlying assumptions will continue to be monitored periodically by the management.

(iii) **One Time Settelement Gain :**During the year, the company has accepted the One Time Settlement sanctioned by the NCD holders and the waived amount (i.e. principal and interest) has been considered as OTS gain in the books of accounts.

(iv) **Reversal of impairment of fixed assets :** During the year the Company has carried out impairment testing of property plant & equipment as at 31 March 2021on the basis of following factors

i. Development of nearby locality of the Essar Power plant

ii. Improvement in natural gas scenarios

iii. Improvement in the operations of the alike power plants like Bhander Power Limited (in operations for last 3-4 years)

iv.Valuation report dated 31st March 2021 issued by an Independent valuer. The valuer has considered Rs.250.05 Crores value for the property, plant and equipment as at 31st March 2021. In view of the above factors the company has reversed impairment of property plant & equipment to the extent of Rs. 196.83 Cr.

(v) **Written Back of Balances :** The group has balance of Rs. 150.32 Crore comprising of Inter Corporate deposits (ICDs) as at 31st March 2021. As reviewed by the Group management there is no demand notice from these companies.Therefore the Group has written back the unsecured amount payable.

(vi) **'Bad Debts Written Off :**

During the period Group has writtten off following inter coprorate deposit :

(a) Bhander Power Limited (Rs. 33.54 Cr) :- During previous year, Edelweiss Asset Reconstruction Company (EARC), term lender of BPOL, had taken over the power plant and spares inventory of the BPOL. Since BPOL has no other assets and in view of same the Group has written off the unsecured amount receivable.

(b)Essar Power M.P. Ltd (Rs. 0.40 Cr) :- As on 29th September 2020, EPMPL was admitted in the NCLT. and corporate insolvency resolution plan (CIRP) is under process. Although, EPMPL has made the claims in the CIRP process of EPMPL, there are remote chances of any recovery against the same .Therefore EPMPL has written off the unsecured amount receivable from EPMPL.

(c)Essar Power Orrissa Ltd (Rs. 80.81 Cr) :- During current year Edelweiss Asset Reconstruction Company (EARC), term lender of EPORL, had taken over the power plant and spares inventory of the EPORL. Since EPORLdoesn't has any other assets the Group written off the unsecured amount receivable.

(d)Sparkle commercial Pvt Ltd (Rs.5.75 Cr) :- The company has receivable amount of Rs.5.75 Crore towards ICDs given to Sparkle Commercial Pvt Ltd at various intervals to meet its cash flow mismatch. .The management do not foresee any chance of recovery from the party, therefore the Company has written off the unsecured amount receivable from Sparkle Commercial Pvt Ltd.

(vii) **'Reversal of Provision :**The company had Rs. 108.53 Cr Provision for income tax in previous years. During the period management views that the provision is no longer required. Therefore the company has written back of Rs. 108.43 Cr during the year.

(viii) **'Payment under Guarantee Obligation :** During the year, the company has paid Rs.569.73 Crores towards guarantee obligations for settlement of dues of its subsidiaries under the facilities availed from their lenders and release of corporate guarantee and other securities

(ix) **Provision for doubtful deposit :** The company had created provision Rs. 6.34 Cr Provision for Work conract tax .

(x) EPMPL was admitted for CIRP under the Insolvency and Bankruptcy Code, 2016 by the NCLT on 29th September, 2020. Under the IBC proceedings, EPMPL received a successful bid by a Resolution Applicant. The bid was approved unanimously by the Committee of Creditors and is awaiting approval of NCLT. With the loss of control to the successful Resolution Applicant, results in recognising of gain of Rs. 9840.37 crores on derecognising of the interest and on the revaluation of retained non-controlling investment in the consolidated financial statement.

(xi) Dues of YES Bank, Axis Bank, IDBI Bank and L&T from EPGL have been settled under One Ttime Settlement (OTS) by Promoter Company without recourse to the cash flows of EPGL as stipulated by the Consortium Lenders as a pre-condition to restructuring. . No Dues Certificates and Release of Securities have been completed in respect of Axis Bank, IDBI Bank and L&T. YES Bank is in the process of releasing the No Dues Certificate and Release of Securities shortly.

(xii) EPGL had paid Rs. 159.27 Crore as advance to EPC Constructions India Limited (ECIL) under various EPC contract for implementation of Sea Water Intake System and Phase II of 1320 MW thermal coal fired power plant. The insolvency proceedings got initiated against ECIL in National Company Law Tribunal ('NCLT').

Considering the unsecured nature of the advance, EPGL has written off the same during the financial year 2019-20.

ESSAR POWER LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR YEAR ENDED MARCH 31, 2021

NOTE: 39

TAX EXPENSE

(a) **Reconciliation of tax expense and the accounting profit multiplied by India's tax rate**

Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Accounting profit / (loss) before tax	8,764.76	(7,225.25)
Tax at the Indian statutory tax rate of 34.944% (Previous year 34.944%)	(446.17)	(2,678.81)
Non-deductible expenses for tax purpose:		
Impairment of goodwill	-	-
Interest on shortfall in payment of advance tax	0.01	0.01
IND AS Adjustments	40.05	-
Other non-deductible expenses	279.12	347.31
Tax holidays/non-taxable income	-	0.26
Minimum alternate tax (MAT), net of entitlement	5.36	16.85
Difference in tax rates	-	-6.85
Interest on Loans	165.73	-
Impact of change in tax rates	0.09	(4.86)
Deferred tax assets not recognised	595.18	2,058.47
Deferred Tax on Business Loss	263.03	263.10
Recognition of previously unrecognised deferred tax on unabsorbed depreciation	23.62	81.17
Deferred Tax on Provision for Doubtful Debtors and Capital Advances	32.93	32.93
Accelerated depreciation for tax purpose	13.94	13.94
Deferred Tax Reversals	-	-
Others	(115.45)	(163.43)
Tax expenses recognised in the statement of profit and loss	857.44	(39.91)

(b) **Deferred tax recognised in statement of profit and loss**

Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Property, plant and equipment	7.87	(305.73)
Intangible assets	0.58	(1.09)
Depreciation and amortisation	199.43	287.29
Employee benefit expenses	0.60	0.76
Carry forward business losses	-	(16.33)
Fair valuation of financial assets and liabilities	103.05	103.14
Provision for doubtful debts	(97.04)	(35.03)
Fair Value Gain on Restructuring	21.33	
Others	2.26	(73.08)
	238.07	(40.07)

NOTE: 40

CONTINGENT LIABILITIES AND COMMITMENTS

Rs. in Crore

		As at March 31, 2021	As at March 31, 2020
i. Contingent liabilities			
(a)	Claims against the Group not acknowledged as debts:		
	(i) Liquidated damage -refer note (i)	179.75	265.49
	(ii) Penalty for Phase II Power Purchase agreement performance (refer note ii)	80.00	80.00
	(iii) Liability towards ship or pay charges not provided due to matter under litigation	15.44	15.44
	(iv) Construction cess under "Building and Other Construction Workers Welfare Cess Act, 1998"(BOCW)	-	7.69
	(v) Entry tax including assessment tax on stores and spares and raw material as per "Madhya Pradesh Entry Tax Act, 1976"	5.90	89.03
(b)	Disputed tax of electricity duty (excluding interest) *	45.91	45.91
(c)	Income tax/sales tax liability not charged to statement of profit and loss due to pending appeal cases #	152.99	269.49
(d)	Custom duty not provided due to pending appeal cases (refer note iii)	605.50	605.66
(e)	Water charges liability / interest on water charges outstanding not provided due to dispute/ pending appeal cases (refer note v)	8.41	8.41
(f)	Relinquishment charges levied by PGCIL (refer note iv)	554.88	3,187.42
(h)	Others	4.62	4.62
		1,653.40	**4,579.16**

i. Contingent liabilities

In the Company :

* The disputed tax of electricity duty including interest thereon, if adjudged as payable, would be reimbursable to the Company by AMNS India Limited as per the terms of power purchase agreement with them.

The above levy, if adjudged as payable, would be reimbursable to the Company by Gujarat Urja Vikas Nigam Limited as per the terms of power purchase agreement with them.

Tax on sale of electricity aggregating to Rs. 8.65 Crore paid/adjusted against the aforesaid dues in an earlier year have been included under Short Term Loans and Advances.

Income Tax Litigation demand :-Income Tax Litigation demand of Rs. 66.96 Cr is deleted after receiving ITAT Order for AY 2014-15.

Essar Power Gujarat Limited

(i) GUVNL had deducted an aggregate sum of Rs.221.25 Crore towards liquidated damages from the invoice amount of tariff payable by it to the Company under the PPA for delay in scheduled commercial operation. As regards the pending appeal filed by GUVNL before the Hon'ble Supreme Court, the same would be decided by the Hob'ble Court in due course. However, as aforesaid, in the opinion of the Company, the said appeal of GUVNL is unlikely to succeed since it does not involve any substantial question of law.

The Company has created provision for Rs. 41.50 Crore following the expected credit loss model and hence the contingent liability has been shown net off the provision created. During the current year, the provision has been written off.

GUVNL had levied a penalty of Rs.47.51 Crore under minimum plant availability head and recovered the same from the bills raised on GUVNL by EPGL. GUVNL had started recovering this amount from the monthly billing which was challenged by EPGL before the GERC inter alia contending that the reason for such failure was solely on account of Force Majeure conditions which are covered under the PPA. The hearing in the said matter was completed and was reserved for orders by the GERC. However, the orders could not be pronounced before the term of the bench ended and therefore needs to be heard afresh by the new Bench of the GERC, which is yet to commence. EPGL has created provision for Rs.47.51 Crore following the expected credit loss model and hence the contingent liability has been shown net off the provision created. During the current year, the provision has been written off.

(ii)(a) EPGL had planned the implementation of Phase II of the project which is 1320 MW, thermal coal fired power plant adjacent to the operational 1200 MW Phase I of the project at Salaya, Gujarat. Significant portion (800 MW) of the Phase II capacity was tied up under a fixed price long term Power Purchase Agreement (PPA) with Gujarat Urja Vikas Nigam Limited (GUVNL). However, the Phase II suffered significant delay due to lack of regulatory approvals and consequent lack of financial tie up. Considering the prevailing power scenario, EPGL has decided not to pursue the said project further and terminated some of the contracts during the previous year. Remaining contracts were entered into for more than 10 years back and they have not approached the company to pursue these contracts for last more than 5 years. These contractors are facing the insolvency proceedings. The company does not expect any liability or commitment arising out of the same as no work took place under these contracts. As EPGL does not expect to execute any contracts in the near future, no capital commitment is shown.

EPGL had furnished a bank guarantee of Rs 240.00 Crore towards the contract performance obligations in terms of the PPA dated May 15, 2010. EPGL had filed a Petition before GERC praying inter alia for revision of tariff, extension of dates for compliance of the Conditions Subsequent and meeting the Scheduled Commercial Operation Date. But GUVNL wide its notice dated 8 February, 2017 terminated the said PPA and invoked and encashed the said bank guarantee on May 30, 2017. The said amount has been debited to the Cash Credit account of the Company rendering the account irregular. GUVNL also filed a petition seeking directions for enhancement of the Bank Guarantee amount by **Rs. 80 Crore** which is being contested by the Company. The challenge to the said termination notice as well as the adjudication of the main petition seeking various reliefs filed before GERC on account of Force majeure conditions is pending.
GUVNL has invoked the Bank Guarantee and the interim application filed before GERC to direct GUVNL not to encash the Bank Guarantee was dismissed by GERC. Thereafter an appeal challenging the same before the APTEL was also dismissed wide order dated May 29, 2017 on the basis that the Bank Guarantee is an independent contract and is unconditional. Both GERC and APTEL had not opined on the main matter filed before the GERC.
The management is of the considered opinion that the petition of EPGL is sustainable and there can be no liability on account of liquidated damages in terms of the said PPA and therefore no provision is considered in the books of accounts.EPGL has also filed an appeal before the Hon'ble Supreme Court which has been pleased to issue notice in the matter to GERC to expedite the hearing of the main petition filed before GERC, while declining the prayer of grant of stay against the encashment of Bank Guarantee.

The Company had entered into an offshore supply contract for the implementation of 1200 MW at Salaya with Global Supplies FZE, UAE (GS). DRI had issued a show cause notice in the matter during financial year 2016.Subsequently reassessment proceedings under income tax were initiated . After final assessment order was received, the Company had filed appeal before CIT (A). Subsequently, the Transfer Pricing Officer had passed penalty order on April 30, 2019 and had not accepted our contention and levied penalty @ 2% on transaction value. The Company had filed appeal against penalty order before CIT (A) 0n May 14, 2019 and file stay application for penalty demand. The matters are yet to be decided.

(iii) (a) EPGL has imported coal during the financial year 2012-13 and cleared consignments as Steam Coal. Customs Department has classified these consignments as bituminous coal and has assessed basic custom duty at higher rate as compared to rate declared by EPGL and raised demand of Rs. 22.76 Crore. The Company is of the view that it is not required to pay any portion of this demand and has filed appeal before the appropriate forum and is confident that matter will be resolved in the company's favor. The matter is pending to be heard by a larger bench of CESTAT where along with other various consumers who have suffered because of this classification issue. In case, the matter is decided against EPGL, Company is entitled to claim the same from GUVNL.

(iii)(b) The Company has imported capital goods for the Project at nil rate of duty pending issue of Project Registration Certificate in pursuance of Mega status Policy. The goods so imported were warehoused in a Custom bonded warehouse and were cleared after receipt of the Project Registration Certificate and is accordingly not liable to pay merit rate of duty. The Commissioner of Customs & Excise has disallowed such clearances on the plea that mega certificate shall be obtained before import and levied Rs. 555.29 Crore for merit rate of duty and fine thereon apart from interest vide order dated April 29, 2015. The Company has filed an appeal before Custom Excise & Service Tax Appellate Tribunal (CESTAT), Ahmedabad challenging the said order and the same is pending for hearing. Similar issue has been decided in favour of the Company.

(iii)(c) EPGL had imported steam coal with exemption on duty to be used for the purpose of power generation. Additional commissioner of customs, Jamnagar denied exemption available on steam coal by classifying the imported coal as bituminous coal imposing fine and penalty of Rs. 2.25 Crore. The matter is pending with the CESTAT, Chennai

(iii)(d) EPGL used to import coal earlier at bedi port for power generation. When coal is imported in gearless vessels it needs to be discharged at anchorage and floating cranes are used for discharging the coal to barges. EPGL pays floating crane charges to stevedores for the same. As per customs authority these charges need to be added in the assessable value for computation of customs duty. As per EPGL these charges are part of unloading charges and need not be added as freight charges in assessable value. Total duty and penalty levied by the department is Rs. 0.94 Crore. An appeal was filed with Commissioner appeals, Ahmedabad which was subsequently rejected by commissioner appeals. Matter is currently lying with commissioner of customs and CESTAT.

(iii)(e) EPGL has ordered capital goods for 1200 MW power plant at Salaya. Goods were kept in customs bonded warehouse before clearing for intended use. As per section 61(2) interest is payable on the amount of duty payable at the time clearance of goods from warehouse if the period of storage exceed 90 days from the date of warehousing the goods. CBEC has empowered Chief Commissioner to waive of the interest on the case to case basis. EPGL has applied for waiver of interest. The Chief Commissioner of Customs, Ahmedabad instead of waiving the interest confirmed the demand and now, we are in appeal against CESTAT. Next hearing is delayed due to COVID and now it is likely in December 2021.

(iv) To meet the expansion plan from 1200 MW to 3840 MW, M/s EPGL had taken connectivity for 2240 MW & Long Term Open access (LTOA) for 250 MW from PGCIL. The expansion plan could not materialize because of Force Majeure affecting sea water and imported Indonesia coal. Consequently, it relinquished both the Connectivity and LTOA to PGCIL. By an Order dated March 8, 2019, the CERC has laid down principles/guidelines in the matter of determination of 'stranded capacity' by PGCIL, which may arise due to relinquishment of LTOA rights by its long term customers for the purpose of levy and recovery of relinquishment charges. PGCIL had uploaded a Circular on May 20, 2019 for Rs. 554.88 Crore is due from the Company towards relinquishment charges.

The Association of Power Producers and others, which include the Company, have filed an appeal before the Appellate Tribunal for Electricity, New Delhi (APTEL) challenging the said order of the CERC as there were similar cases across India. The Company then made an application to APTEL for stay of the impugned Order. The matter is under hearing stage and the amount, if any, payable by the Company to PGCIL towards relinquishment charges is not finally decided and, therefore, the same is not ascertainable at present.

(v) During June 2009, EPGL has made application for requirement of 80 MLD Narmada Water for its Power plant to the Gujarat Water Infrastructure Limited (GWIL), but erroneously mentioned in the water schedule as starting from Feb 2010 instead of Feb 2011. As per their rules, GWIL has started the billing from July 2010. EPGL has not accepted the billing from July 2010 to March 2011 and contested for the same. The matter has been lying with the trial court. The court has directed GWIL and EPGL to appoint an arbitrator for the resolution of this case. GWIL aid to appoint a mutually suitable arbitrator to resolve this case / matter, which is still pending. We have reminded them a number of time to appoint an arbitrator, so that, a closure is arrived at on this case

During December 2016, GWIL has recovered Rs 8.41 Crore (Invoice value Rs 4.04 Crore & interest Rs 4.37 Crore). From the deposit amount with them, however EPGL is not accepting this and contesting its claim.

vi. Capital commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as at balance sheet date are of Rs. 7.81 Crore (Previous year Rs. 6930.69 Crore).

(i) EPGL had planned the implementation of Phase II of the project which is 1320 MW, thermal coal fired power plant adjacent to the operational 1200 MW Phase I of the project at Salaya, Gujarat. Significant portion (800 MW) of the Phase II capacity was tied up under a fixed price long term Power Purchase Agreement (PPA) with Gujarat Urja Vikas Nigam Limited (GUVNL). However, the Phase II suffered significant delay due to lack of regulatory approvals and consequent lack of financial tie up. Considering the prevailing power scenario, the company has decided not to pursue the said project further and terminated some of the contracts during the previous year. Remaining contracts were entered into for more than 10 years back and they have not approached the company to pursue these contracts for last more than 5 years. These contractors are facing the insolvency proceedings. The company does not expect any liability or commitment arising out of the same as no work took place under these contracts. As the Company does not expect to execute any contracts in the near future, no capital commitment is shown.The Company had furnished a bank guarantee of Rs 240.00 Crore towards the contract performance obligations in terms of the PPA dated May 15, 2010. The Company had filed a Petition before GERC praying inter alia for revision of tariff, extension of dates for compliance of the Conditions Subsequent and meeting the Scheduled Commercial Operation Date. But GUVNL wide its notice dated 8 February, 2017 terminated the said PPA and invoked and encashed the said bank guarantee on May 30, 2017. The said amount has been debited to the Cash Credit account of the Company rendering the account irregular. GUVNL also filed a petition seeking directions for enhancement of the Bank Guarantee amount by Rs. 80 Crore which is being contested by the Company. The challenge to the said termination notice as well as the adjudication of the main petition seeking various reliefs filed before GERC on account of Force majeure conditions is pending. GUVNL has invoked the Bank Guarantee and the interim application filed before GERC to direct GUVNL not to encash the Bank Guarantee was dismissed by GERC. Thereafter an appeal challenging the same before the APTEL was also dismissed wide order dated May 29, 2017 on the basis that the Bank Guarantee is an independent contract and is unconditional. Both GERC and APTEL had not opined on the main matter filed before the GERC.EPGL has also filed an appeal before the Hon'ble Supreme Court which has been pleased to issue notice in the matter to GERC to expedite the hearing of the main petition filed before GERC, while declining the prayer of grant of stay against the encashment of Bank Guarantee.The management is of the considered opinion that the petition of EPGL is sustainable and there can be no liability on account of liquidated damages in terms of the said PPA and therefore no provision is considered in the books of accounts.

vii. Other commitments

(a) **Exports Promotion Capital Goods Scheme (EPCG)** :As per the provisions of the Foreign Trade Policy (FTP), EPGL has obtained certain EPCG authorizations for Imports and procurement of the capital goods / equipment under EPCG Scheme. As per the scheme,EPGL has to export eight times of the duty benefit availed. Till date, the Company has fulfilled 54% of the export obligation under one license and 50% of the obligation under remaining licenses.

As on July 27, 2019, the Assistant Director General of Foreign Trade issued letter that the Company can fulfill 100% liability through Group Company. EPGL has fulfilled all its obligation through group companies for all the licenses. So, all the export obligation has beed fulfilled. Hence, total obligation amount to be fulfilled as on March 31, 2021 is Rs. Nil (Previous year: Rs. Nil).

(b) Essar Power Gujarat Limited has entered into Power Purchase Agreement (PPA) with Gujarat Urja Vikas Nigam Limited (GUVNL) on February 26, 2007 for the period of 25 years to supply power of 1000 MW from the date of start of operations. As per the PPA , if the Company declares availability to GUVNL less than 75% in a contract year, the Company has to pay 20% of the capacity charge (applicable for that year) on the number of units declared less.

Further as per Supplemental Power Purchase Agreement (SPPA) dated August 12, 2021, if the availability declared to GUVNL for the contract year is more than 75%, however less than 90%, a penalty of 10% of the capacity charge (applicable for that year) shall be applicable for the number of units declared less.

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

(c) **Right of Way (ROW) legal cases in Essar Power Transmission Ltd**

'In Essar Power Transmission Ltd is having Right of Way (ROW) legal cases for additional compensation demanded by farmers pending in Civil Court for Gandhar-Hazira and Mahan site. The amount of final liability, if any, will be ascertained at the time of resolution of matters pending in various district courts.

NOTE: 41

JOINTLY CONTROLLED ENTITIES

(a) The Company was alloted a coal mine block at Mahan, District Singrauli, Madhya Pradesh jointly with Hindalco Industries Limited. The Mahan Coal Limited (MCL) was formed for mining of coal from the Mahan Coal block jointly awarded to the Company and Hindalco Industries Limited. The Company has an investment of Rs. 32.25 Crore (Previous year Rs. 32.25 Crore) as at March 31, 2021, representing 50.00% (Previous year 50.00%) shareholding in MCL. The Mahan Coal mine was cancelled vide Hon'ble Supreme Court in September, 2014. The Company has made a provision for diminution in the value of its investments in MCL amounting to Rs. 20.72 Crore.

Disclosure in respect of above joint control entity "Mahan Coal Limited" i.e a joint operations is as under:

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Country of incorporation	**India**	India
Percentage (%) of share in joint venture	**50%**	50%
a) Assets		
Cash and cash equivalents	**0.00**	0.00
Bank balances other than cash and cash equivalents	-	-
Loans	**0.15**	0.15
Current tax assets (net)	**0.00**	0.00
Other current assets	**11.14**	11.14
b) Liabilities		
Trade Payables	**0.06**	0.03
Other current liabilities (@2 = Rs. 58,800)	**0.01**	@2
c) Income (@3- Rs. 33,432)	**@3**	@3
d) Expenses	**0.19**	0.32

(b) MCL filed application Before the National Company Law Tribunal, Western Region Bench, at Ahmadabad for subscribed, issued and paid up equity share capital of the Company be reduced from Rs. 1,905,000,000 (Rupees One Hundred Ninety Crore Fifty Lacs only) divided into 19,05,00,000 (Nineteen Crore Five Lacs) equity shares of Rs. 10/- each, fully paid up to Rs. 825,000,000 (Rupees eighty two crorefifty lakh only) divided into 82,500,000 (Eight crore twenty five lakh only) equity shares of Rs. 10/- each and the surplus amount, i.e. 108,00,00,000 (Rupees One hundred and eight crore only) , being in excess of the wants of MCL be paid to the shareholders. The case is disposed by the NCLT Ahmedabad with no deviation from the scheme.

NOTE: 42

RELATED PARTY DISCLOSURE

A. Holding Companies

1 Ultimate Holding Company: Essar Global Fund Limited, Cayman Islands (EGFL)
2 Holding Company: Essar Power Holdings Limited (EPOHL)
3 Intermediate Holding Company: Essar Energy Limited (EEL) {formerly known as Essar Energy PLC (till July 21, 2014)}

B. Intermediate Holding Companies

1 Essar Energy Limited (EEL), w.e.f. July 22, 2014 {formally known as Essar Energy PLC (EEPLC)}
2 Essar Power Holdings Limited, Mauritius (EPHOL)

C. Fellow Subsidiaries

1 Essar Wind Power Private Limited (EWPPL)
2 Essar Power Hazira Holdings Limited (EPHHL)

D. Enterprises commonly controlled or influenced by major shareholders / directors of the Company:

1 Aegis Limited (Aegis)
2 Ambeshwar Engineering Hydro Project Limited (AEHP)
3 Essar Steel Metal Trading Limited (ESMTL)
4 Essar Bulk Terminal Limited (EBTL)
5 Essar Energy Services Mauritius Limited (EESML)
6 Arkay Logistics Limited (ALL) (formerly known as Essar Logistics Limited (ELL)
7 Essar Mineral Resources Limited (EMRL)
8 EPC Constructions India Limited (ECIL) (formerly known as Essar Projects (India) Limited)
9 Essar Steel India Limited (ESTL Up to 15 Dec 2019) Currently Known as Arcelormittal Nippon Steel India Limited (AMNS)
10 Essar Bulk Terminal Salaya Limited (EBTSL)
11 Essar Power Jharkhand Ltd (EPJHL)
12 Tirunelveli Wind Farms Limited (TWFL)
13 Essar Vizag Terminals Limited (EVTL)
14 Aaradhna Realities Limited (formerly known as Essar Investments Limited)
15 Essar Bulk Terminal Paradip Limited (EBTPL)

E. Key Management Personnel

1 Shri Kush CEO (w.e.f. October 01, 2020)
2 Shri Vinod Jain , CFO (w.e.f. Nov 28, 2018)
3 Shri Kapil Singla , CFO (w.e.f March 26 ,2018)
4 Shri Pratik Garg , Director (w.e.f. March 19, 2021)
5 Shri Vaibhav Angel , Director (w.e.f. March 19, 2021)
6 Smt Rachna Luharuka , Director (w.e.f. December 12, 2020)
7 Shri Prakash Khedekar, Company Secretary (w.e.f. Sept 20 2018)

Refer **Annexure A** for details of transactions and outstanding balances with related parties.

NOTE: 43

Opting New Tax Regime

In EPHL - The Government has inserted a new section 115BAA in the Income-tax Act 1961 through Taxation Laws (Amendment) Ordinance, 2019.The insertion of new section 115BAA providing an option to reduce the basic corporate tax rate from 30% to 22% along with no MAT under section 115JB from assessment year 2020-21.To avail the benefit of section 115BAA EPHL need to waive off MAT credit. Under section 115BAA no bar on set off of brought forward business loss other than one attributable to deduction in specified section.

In Essar Power Transmission Company Ltd (EPTCL): The Government has inserted a new section 115BAA in the Income-tax Act 1961 through Taxation Laws (Amendment) Ordinance, 2019.The insertion of new section 115BAA providing an option to reduce the basic corporate tax rate from 30% to 22% along with no MAT under section 115JB from assessment year 2020-21.To avail the benefit of section 115BAA company need to waive off MAT credit.Under section 115BAA no bar on set off of brought forward business loss other than one attributable to deduction in specified section.To avail the benefit of reduced corporate tax under new section , Essar Power Transmission Co. Ltd. has adopted section 115BAA in financial year 2019-20 .In order to satisfy conditions specified in section 115BAA, company has waived MAT credit of Rs.0.77 Cr. Company has no brought forward losses which are attributable to deduction in specified section.

NOTE: 44

In EPGL - Updated on Coal Cost Pass through in EPGL : The Government of Gujarat vide Resolution dated December 1, 2018 allowed pass through of actual fuel cost with effect from October 15, 2018, among other things, and further as per the provision contained in the Supplemental PPA dated March 01, 2019, the Company being liable to forego all its losses prior to January 15, 2018, it has withdrawn its petition that was pending before the GERC on August 19, 2019. Thereafter, the GERC, vide its Order dated April 27, 2020 has approved the Supplemental PPA with GUVNL with certain amendments.
Aggrieved by the GERC order, EPGL approached APTEL on June 2, 2020, for adjudication of disputes that was disallowed by GERC. However, the Govt of Gujarat vide its resolution dated June 12,2020 revoked the earlier government resolution dated December 1, 2018 and further vide its letter to GUVNL dated June 12, 2020 has accepted all the conditions of GERC order dated April 27, 2020 for EPGL and has asked GUVNL to implement the same for other generators. Accordingly, the appeal filed before APTEL was withdrawn based on discussions with the lenders.
The Government of Gujarat had issued new Government Resolution (GR) dated June 5, 2021 accepting few modifications to its earlier GR dated June 12, 2020 based on the representations and discussions done between EPGL, GUVNL and GoG.
Based on the new GR, revised SPPA has been signed on August 12, 2021. The SPPA has been further submitted by GUVNL for GERC approval.

NOTE: 45
EMPLOYEE BENEFITS

i. Defined contribution plans

The amount of contribution to provident fund debited to statement of profit and loss is Rs. 4.05 Crore (Previous year Rs. 4.37 Crore) and to expenditure during construction period is Rs. 0 Crore (Previous year Rs. 0.06 Crore).

ii. Defined benefit plans

Gratuity

The Group provide for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Under the act, employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the last drawn basic salary per month computed proportionately for 15 days salary for each completed year of service. The plan is funded through Gratuity Scheme administrated by Life Insurance Corporation of India and SBI Life Insurance. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The following tables summaries the components of net benefit expense recognised in statement of profit and loss, other comprehensive income or expenditure during construction period and the unfunded status and amounts recognised in the balance sheet for the respective plans.

Statement of profit and loss / expenditure during construction period:

Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Net benefit expense / (gain) recognised in statement of profit and loss / expenditure during		
Current service cost	0.86	1.54
Past service cost - plan amendments	-	-
Net interest expenses / (income)	0.23	0.68
	1.09	2.22
Debited / (Credited) to statement of profit and loss	1.00	2.24
Debited / (Credited) to expenditure during construction period	-	-
Other comprehensive income		
Remeasurement		
Return on plan assets {excluding amounts included in net interest expense / (income)}	0.30	0.66
(Gain) / loss in changes in financial assumptions	0.05	0.05
Experience (gains) / losses	0.42	0.20
	0.77	0.91
Debited / (Credited) to other comprehensive income	0.77	0.90
Debited / (Credited) to expenditure during construction period	-	-
Total defined benefit costs	1.86	3.13

Net Assets / (Liability) recognised in the balance sheet

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Present value defined benefit obligation	(16.50)	(16.04)
Fair value of plan assets	6.82	5.01
Surplus / (Deficit)	(9.68)	(11.03)
Less: Effect of asset ceiling	-	-
Net Assets / (liability) recognised in the balance sheet	(9.68)	(11.03)

Changes in the present value of the defined benefit obligation are as follows:

Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening defined benefit obligation	16.04	15.17
Current service cost	0.86	1.54
Interest expenses	0.56	1.04
(Gain) / loss in changes in financial assumptions	0.06	0.05
Experience (gains) / losses	0.16	0.20
Benefits paid	(1.26)	(1.74)
Sale of Subsidiaries	0.08	(0.22)
Closing balance of unfunded obligation	16.50	16.04

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Changes in the fair value of plan assets are as follows: Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening fair value of plan assets	5.01	3.12
Interest income on plan assets	0.35	0.34
Acquisition adjustment	0.25	-
Return on plan assets excess / (less)	0.01	(0.66)
Benefits paid	(1.26)	(1.74)
Employer contributions	1.54	4.41
Sale of Subsidiaries	0.92	(0.46)
Closing fair value of plan assets	6.82	5.01

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2021	As at March 31, 2020
Funded with insurer	100%	100%

The details of plan assets from the insurer are not available and hence the disclosure thereof is not made.

The principal assumptions used in determining gratuity obligations for the Group's plans are shown below:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount rate	6.20%	7.20%
Expected rate of return on assets	8.50%	8.50%
Increase in compensation cost	7.00%	8.00%
Employee turnover	10.00%	10.00%
Mortality table - Indian Assured Lives Mortality (2006-08) Ult. Modified		

(i) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(ii) The expected rate of return on plan asset is based on market expectation for the entire life of related obligation.

(iii) The discount rate is based on the prevailing market yields of government of India securities as at the balance sheet date for the estimated term of the obligations.

Risk exposure

The Gratuity scheme is a final salary defined benefit plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bonds yields fall, the defined benefit obligation will tend to increase

Salary inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discounts rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The scheme is funded by way of a separate irrevocable Trust and the Company is expected to make contributions to the trust. The fund is managed by insurance companies and the assets are invested in their conventional group gratuity product. The fund provides a capital guarantee of the balance accumulated and declares interest periodically that is credited to the fund account. The fund manager invests the funds as per products approved by IRDA and investment guidelines as stipulated under section 101 of IT Act, the exact asset mix is unknown and not publically available. The Trust assets managed by the fund manager are highly liquid in nature and there is no significant liquidity risks.

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The expected contribution to be made by the Group during the financial year 2019-20 is Rs. 1.13 Crore.
The weighted average duration of the defined benefit obligation is 7 years (Previous year 7 years).
The expected maturity analysis of undiscounted gratuity benefit is as follows:

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Less than a year	1.13	2.77
Between 1 - 2 years	1.76	2.72
Between 2 - 5 years	4.49	5.73
Over 5 years	7.30	11.11
	14.68	22.33

Effect of defined benefit obligation due to change in discount rates and salary escalation rate is not material for the Group, hence sensitivity

iii. Compensated absences

The amount (credited) / debited to statement of profit and loss on account of compensated absences is Rs. 0.24 Crore (Previous year Rs. 0.12 Crore).

NOTE: 46

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans, buyer's credit and overdrafts, debentures, capital creditors and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations and capital expenditures. The Group has various financial assets such as trade receivables, cash, other receivables and short-term deposits, which arise directly from its operations. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contract, foreign currency options contracts are entered to hedge certain foreign currency exposures and interest rate swaps to hedge variable interest rate exposures. derivatives are used exclusively for hedging purpose and not as trading or speculative instruments.

The management of the Group agrees and reviews policies for managing different type of risks associates with the nature of the business and operations of the Group. Significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the consolidated financial statements.

Interest rate risk

The Group's main interest rate risk arises from long term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. The Group has maintained external commercial borrowings at fixed rate using interest rate swaps to achieve this. The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future interest cash flows will fluctuate because of a change in market interest rates. The Group's policy is to manage its interest cost using a mix of fixed, floating rate debts and interest rate derivatives.

The following table provides a breakdown of the Group's fixed and floating rate borrowings:

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Fixed rate borrowings	1,833.72	3,782.15
Floating rate borrowings	7,030.39	14,966.01
	8,864.11	18,748.16

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, being a 0.5% increase or decrease in interest rate, with all other variables held constant, of the Group's profit before tax due to the impact on floating rate borrowings.

Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Effect of 0.5% increase in interest rate on profit before tax:	(35.15)	(74.83)

The impact of a 50 bps increase in interest rates on profit before tax will be as disclosed above with the exception that gains would be converted to losses.

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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency borrowings and foreign capital creditors. The Group entered into foreign exchange forward contract or foreign currency options contracts to hedge certain foreign currency exposures.

(a) The Group's exposure to unhedged foreign currency risk at the end of the reporting date are as follows;

	As at March 31, 2021		As at March 31, 2020	
	Rs. in Crore	Foreign currency in millions	Rs. in Crore	Foreign currency in millions
Import creditors	88.98	US$ 12.11	155.68	US$ 19.29
		0	0.07	EURO 0.01
	0.06	SEK 0.01	0.06	SGD 0.01
External Commercial Borrowings (ECB)	-	US$ 0	891.21	US$ 11.82
Interest accrued on ECB and buyer's credit	-	US$ 0	308.47	US$ 4.09

The Group's exposure to foreign currency arises in part where it holds financial assets and liabilities denominated in a currency different from its functional currency. US dollar being the major non-functional currency of the Group, below is the impact of a 5% movement in the US dollar on profit before tax arising as a result of the revaluation of the Group's foreign currency financial assets and liabilities:

Rs. in Crore

	For the year ended March 31, 2021	For the year ended March 31, 2020
Effect of 5% strengthening of US Dollars against INR on profit before tax:	(4.56)	(13.27)

The impact of a 5% weakening of the US Dollar on profit before tax will be the same as disclosed above except that losses would be converted

Credit risk

Credit risk is the risk of financials loss to the Group, if a counterparty to a financial instrument fails to meet it contractual obligations, and arises from trade receivables, cash and cash equivalents, bank deposits as well as credit exposures to other outstanding receivables.

The Group conducts a majority of its trade with recognised and creditworthy third parties. Cash, liquid investments and term deposits are held and derivatives are dealt with in banks either international or domestic with high credit ratings reflecting the needs of the Group to operate in territories where international credit ratings are limited by the credit rating of the relevant territory. In addition, receivable balances are monitored on an on-going basis.

Ageing of past due but not impaired trade receivables is as follows:

Rs. in Crore

	As at March 31 2021	As at March 31 2020
Not due	19.62	36.29
with in 1 year	323.99	191.70
1 - 5 years	2.17	4.19
More than 5 years	1,066.86	1,155.94
Less: Expected Credit Loss	(2.19)	(89.08)
	1,410.45	1,299.04

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financials liabilities that are settled by delivering cash or another financials asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows.

The table below analyze the Company financial liabilities into relevant maturity grouping based on their contractual maturities;

Rs. in Crore

As at March 31, 2021	Less than 1 year	More than 1 year	Total
Borrowings	4,507.77	2,249.75	6,757.52
Trade payables	217.78	-	217.78
Other financial liabilities	6,928.16	-	6,928.16
	11,653.71	**2,249.75**	**13,903.46**

Rs. in Crore

As at March 31, 2020	Less than 1 year	More than 1 year	Total
Borrowings	13,949.10	4,507.34	18,456.44
Trade payables	892.81	-	892.81
Other financial liabilities	9,089.06	-	9,089.06
	23,930.97	**4,507.34**	**28,438.31**

Capital management

The Group's objectives while managing capital are to safeguard its ability to continue as a going concern and to provide adequate returns for its shareholders and benefits for other stakeholders. The Group's policy is generally to optimise borrowings at an operating company level within an acceptable level of debt. Equity funding for existing operations / capex or new acquisitions is raised centrally, first from excess cash and then from new borrowings while retaining on an acceptable level of debt as per approved financing plans. The Group's policy is to borrow using a mixture of long-term and short-term debts from both local and international financial markets as well as multi-lateral organisations together with cash generated to meet anticipated funding requirements.

The Group monitors capital using a gearing ratio, which is calculated as underlying net debt divided by total equity including other equity plus underlying net debt. The Company measures its underlying net debt as total debt including current maturities of long term borrowings but excluding short term working capital facilities, inter corporate deposits and preference shares reduced by cash and cash equivalents and bank deposits. Total equity includes equity attributable to the equity holders of the Company.

Rs. in Crore

	As at March 31, 2021	As at March 31, 2020
Interest-bearing loans and borrowings	**8,233.94**	18,456.44
Less: cash and cash equivalents	**(95.98)**	(168.51)
	8,137.96	18,287.93
Less:		
Short term inter corporate deposits	**340.09**	522.00
Liability component of preference shares	**2.87**	4.89
Short term working capital loan	**952.17**	981.74
Underlying net debt	**6,842.84**	16,779.30
Total equity	**(6,819.35)**	(17,027.78)
Equity and underlying net debt	**23.49**	(248.49)
	29137%	-6753%

NOTE: 47
EARNINGS PER SHARE (EPS)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit / (Loss) as disclosed in statement of profit and loss (Rs. in Crore)	8,526.65	(7,184.64)
Less: Preference share dividend on compulsory convertible cumulative preference shares	(0.34)	(0.65)
Loss for calculation of Basic EPS (Rs. in Crore)	8,526.32	(7,183.99)
Weighted average number of equity shares outstanding during the year for the calculation of B	12,18,63,37,527	1,15,22,98,192
Basic EPS (in Rs.)	7.00	(62.34)
Loss for calculation of Basic EPS (Rs. in Crore)	8,526.32	(7,183.99)
Add: Preference share dividend on CCCPS (Rs. in Crore)	0.34	0.65
Loss for calculation of Diluted EPS (Rs. in Crore)	8,526.65	(7,183.34)
Weighted average number of equity shares outstanding	12,18,63,37,527	1,15,22,98,192
Add: CCCPS	6,99,39,94,380	13,60,56,73,575
Weighted average number of equity shares outstanding during the year for the calculation of Diluted EPS	19,18,03,31,907	14,75,79,71,767
Diluted EPS (in Rs.)	4.45	(6[illegible].34)
Nominal value per share (in Rs.)	4.00	[illegible].00

NOTE: 48
SEGMENT INFORMATION

The operations of the Group are limited to one business segment namely, Sale of Electrical Energy and other related activities. The Group operates in two geographical segments namely "Within India" and "Outside India". Information in respect of its geographical segment is as under:

Rs. in Crore

	March 31, 2021		March 31, 2020	
	Within India	Outside India	Within India	Outside India
Segment revenue	2,641.92	-	3,233.27	
Carrying amount of segment assets	7,804.59	12.73	11,923.02	1[illegible].11
Additions to tangible and intangible fixed assets	-3,448.50	-	93.26	-

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

NOTE: 49

Since December, 2019 COVID-19, a new strain of coronavirus has spread globally including India. This along with subsequent lockdowns announced by Government authorities significantly affects economic activity and could affect the operations and results of the Group. The Group has been monitoring the situation closely and has taken proactive measures to comply with various directions / regulations / guidelines issued by Government and local bodies to ensure safety of workforce across all its plants and offices. The Group has made initial assessment of the likely adverse impact on economic environment in general and operational and financial risks on account of COVID-19. Vide notification dated March 24, 2020 issued by Ministry of Home Affairs, a nation-wide lockdown was announced to contain COVID-19 outbreak and same has been extended later. However, Power generation, transmission & distribution units, being essential services, are allowed to continue operation during the period of lockdown. The Group has made every possible effort to sustain its power plant operations and honour commitments under the various Power Purchase Agreements, despite facing all odds in sustaining the power plant operations. The Power Ministry has also clarified on April 6, 2020 that Discoms will have to comply with the obligation to pay fixed capacity charges as per PPA. Further, the Reserve Bank of India has granted relief to borrowers by way of moratorium of interest and principal instalments falling due to Indian banks and financial institutions till Aug 31, 2020.

In EPHL- AM/NS, the sole off-taker as per the Power Purchase Agreement (PPA), had invoked force majeure on 24th March 2020, due to outbreak of Covid-19 and consequential lockdown imposed by the Government as Covid-19 was classified as a pandemic and a natural calamity. Subsequently, AM/NS has considered force majeure period from 1st April 2020 to 9th May 2020, since then the plant is fully operational. Since AM/NS had continued to source power from other sources during force majeure period, thus invocation of force majeure was not in consonance with the PPA as per legal opinion obtained and EPHL has disputed the same. The discussions are underway with AM/NS for recovery of the disputed dues.

The extent to which the COVID-19 pandemic will impact the Group's results will depend on future developments, which are highly uncertain, including, among Other things, any new information concerning the severity of the COVID-19 pandemic; any action to contain its spread or mitigate impact whether government-mandated or elected by the Group and further evolving impact on distribution utilities in terms of demand for electricity; consumption mix; resultant average tariff realization; bill collections from consumers; and support from respective State Governments and banks & financial institutions, including those focused on power sector financing. The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amount of receivables and other assets. The Group expects to fully recover the carrying amount of these assets. The impact of the coronavirus on our business will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease.
Further the Lockdown has been relaxed partially from 3rd June 2020 and Demand for Power is likely to increase gradually. Therefore, the Group does not expect any material impact on its operations and results. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial results and the Group will closely monitor any material changes to future economic conditions.

NOTE:50

Corporate Social Responsibility:

Section 135 of the Companies Act, 2013, related to Corporate Social Responsibility is applicable to the Company; however in view of the losses in the immediately preceding three financial years, the Company is not required to spend any sum on Corporate Social Responsibility activities for the current year.

However, in Essar Power Hazira Limited required to incurred expenditure on specified Corporate Social Responsibility (CSR) activities as per the terms of section 135 of the Companies Act 2013 and related rules. During the year EPHL incurred an amount of Rs.1.00 Crore on CSR expenses.

M. M. CHATURVEDI & CO. MUMBAI

NOTE:51

(a) 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 does not intend to carry 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.

(b) The remuneration paid by Company to its ex-Managing Director of Rs. 4.76 crore in FY 15-16 and Rs. 4.44 crore in FY 14-15 was in excess of limits specified under section 197 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013. The Company is considering recovery of the excess remuneration.The company has made various efforts to recover Rs. 9.20 Crore. However in view of non recovery, the company has written off this amount during the year as part of Operation & maintenace Expenses.

NOTE:52

(i) **Impairment of Plant & Machinary & other assets**

In Essar Power Gujarat Ltd (EPGL) - As on March 31, 2021 EPGL has carried out an assessment of Impairment as per Ind AS 36 - Impairment of Assets of its plant. The fair value of EPGL has been assessed based on Sales comparison valuation technique for land. The assumption used for the valuation of land is prevailing market rate for private and government land. In case of land due weightage is given to the factor like right to sell/ transfer / lease and demand for such prospective land etc. The fair value measurement of the land is categorised at Level 2.

In case of buildings and plant and machineries depreciated replacement cost (DRC) method has been used. The factors which have been looked at are Utility & Design of building, actual physical condition, remaining useful life etc. Assumption is the cost expected to replace existing asset with similar or equivalent new asset as on date of valuation is considered for the valuation. The cost of disposal is assumed @ 2% of the fair value of the assets to arrive at fair value less cost of disposal. Income Approach was not applicable in case of EPGL as because of uncertainty in imported coal prices and high debt level the carrying value of the Company is very less. The fair value measurement of the Building and Plant and machineries is categorised at Level 3. The report assesses the fair value of the plant as Rs. 2,027.95 Crore (fair value less cost of disposal being Rs. 1,987.37 Crore) which is lower than the book value of the plant of Rs. 2,278.65 Crore. Hence, EPGL has considered an Impairment loss of Rs. 291.28 Crore. EPGL is following cost model for accounting of the Property, plant & equipments. As EPGL has adopted the cost model for the accounting of the Property, plant and equipments, the impairment loss will be debited to the Statement of Profit and Loss.

EPGL has taken the valuation report from N P Associates. N P Associates is a registered valuer with IBBI for valuation of Plant and Machinery. He is having an experience of more than 30 years in the industry having handled management, supply chain, manufacturing, process engineering and projects. They are empanelled with Bank of India as a TEV consultant and Lenders Independent Engineer (LIE).

For financial year 2019-20, based on the valuation report of Kakode Associates Consulting Private Limited , a government approved valuer, EPGL has booked the Impairment loss as exceptional items. Kakode Associated Consulting Private Limited is a professionally managed Consultancy organization, engaged in Engineering Consultancy, Project Consultancy, Project Evaluation, Stock Audit, Stock Inspection, Valuation of Immovable and Movable Assets, etc.,

The fair value can be changed consequent to future conditions. There could be adverse or favorable effect on the assets. The underlying assumptions will continue to be monitored periodically by the management.

(ii) **During the year The company has carried out impairment testing of property plant & equipment as at 31 st March 2021. Certain Factors are considered for valuation which are as under**

i. Development of nearby locality of the Essar Power plant

ii. Improvement in natural gas scenarios

iii. Improvement in the operations of the alike power plants like Bhander Power Limited (in operations for last 3-4 years)

In view of the above The company has reversed impairment of Rs. 196.83 Cr as per value certified by third party valuer.

(iii) In February 2020, the BPOL Plant was taken over by Edelweiss Asset Reconstruction Company (EARC) against which entire term loan taken from EARC.

(iv) In January 2021, the EPORL Plant was taken over by Edelweiss Asset Reconstruction Company (EARC) against which entire term loan taken from EARC.

NOTE:53

Change of Depreciation Method.

During the year the EPHL has changed method of depreciation from written down value method to straight line method based on the management revised estimate of future economic benefits. Accordingly the depreciation amount for the year charged to profit and loss account is lower by Rs.74.60 crores and profit before tax and balance of PPE is higher by Rs.74.60 crores

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

NOTE:54

FINANCIAL INSTRUMENTS

i. **The classification of each category of financial instruments and their carrying amounts are as below;**

Rs. in Crore

	As at March 31, 2021			As at March 31, 2020		
	FVPL	FVOCI	Amortised costs	FVPL	FVOCI	Amortised costs
A. Financial assets						
Non current						
Investments	-	-	0.00	-	-	-
Loans	-	-	28.81	-	-	63.03
Other financial assets						
Others	-	-	5.47	-	-	1.04
Current						
Investments	-	-	2.13	-	-	-
Trade receivables	-	-	1,410.46	-	-	1,299.05
Cash and cash equivalents	-	-	95.98	-	-	178.51
Bank balances other than cash and cash equivalents	-	-	150.55	-	-	57.64
Loans	-	-	40.63	-	-	135.34
Other financial assets						
Others	-	-	4.37	-	-	6.04
	-	-	1,738.40	-	-	1,740.65
B. Financial liabilities						
Non current						
Borrowings	-	-	2,248.25	-	-	4,489.29
Other financial liabilities	-	-	11.99	-	-	116.31
Lease Liability			19.02			104.98
Current						
Borrowings	-	-	5,046.49	-	-	6,392.61
Trade payables	-	-	217.78	-	-	892.81
Lease Liability			0.27			18.22
Other financial liabilities						
Current maturities of long term borrowings	-	-	939.19	-	-	7,053.50
Others	-	-	5,988.97	-	-	9,586.33
	-	-	14,471.95	-	-	28,654.05

M. M. CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

ESSAR POWER LTD.

ii. Fair value of financial assets and liabilities measured at amortised cost are as below;

Rs. in Crore

	As at March 31, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
A. Financial assets				
Non current				
Investments	0.00	0.00	-	-
Loans	28.81	28.81	63.03	63.03
Other financial assets	5.47	5.47	1.04	1.04
Current				
Trade receivables	1,410.46	1,410.46	1,299.05	1,299.05
Cash and cash equivalents	95.98	95.98	178.51	178.51
Bank balances other than cash and cash equivalents	150.55	150.55	57.64	57.64
Loans	40.63	40.63	135.34	135.34
Other financial assets	4.37	4.37	6.04	6.04
	1,736.27	1,736.27	1,740.65	1,740.65
B. Financial liabilities				
Non current				
Borrowings	2,248.25	2,248.25	4,489.29	4,489.29
Other financial liabilities	11.99	11.99	116.31	116.31
Lease Liability	19.02	19.02	104.98	104.98
Current				
Borrowings	5,046.49	5,046.49	6,392.61	6,392.61
Trade payables	217.78	217.78	892.81	892.81
Lease Liability	0.27	0.27	18.22	18.22
Other financial liabilities				
Current maturities of long term borrowings	939.19	939.19	7,053.50	7,053.50
Others	5,988.97	5,988.97	9,586.33	9,586.33
	14,471.96	14,471.96	28,654.06	28,654.06

(a) The carrying amounts of current financial assets and current financial liabilities are considered to be the same as their fair values, due to short-term nature.

(b) The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(c) The fair values of long term loans, security deposits and investments in preference shares were calculated based on cash flows discounted using as current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk

(d) The fair values of non current borrowings are based on discounted cash flows using as current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs including own credit risk

ESSAR POWER LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

iii. Fair value hierarchy

Quantitative disclosure of fair value measurement hierarchy of financial assets and liabilities of the Company are as below;

Rs. in Crore

	As at March 31, 2021			As at March 31, 2020		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
A. Financial assets						
Non current						
Investments	-	-	**0.00**	-	-	-
Loans	-	-	**28.81**	-	-	63.03
Other financial assets						
Others	-	-	**5.47**	-	-	1.04
Current						
Trade receivables	-	-	**1,410.46**	-	-	1,299.05
Cash and cash equivalents	-	-	**95.98**	-	-	178.51
Bank balances other than cash and cash equivalents	-	-	**150.55**	-	-	57.64
Loans	-	-	**40.63**	-	-	135.34
Other financial assets						
Others	-	-	**4.37**	-	-	6.04
	-	-	**1,738.40**	-	-	1,740.65
B. Financial liabilities						
Non current						
Borrowings	-	-	**2,248.25**	-	-	4,489.29
Other financial liabilities	-	-	**11.99**	-	-	116.31
Current						
Borrowings	-	-	**5,046.49**	-	-	6,392.61
Trade payables	-	-	**217.78**	-	-	892.81
Lease Liability			**0.27**			18.22
Current maturities of long term borrowings	-	-	**939.19**	-	-	7,053.50
Others	-	-	**5,988.97**	-	-	9,586.33
	-	-	**14,452.93**	-	-	28,549.07

ESSAR POWER LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE: 55

Additional Information, as required under Schedule III to the Companies Act, 2013, of entities consolidated as Subsidiary / Joint Ventures.

Sr. No	Name of the Company	Net Assets i.e. total assets minus total liabilities March 31, 2021		Share in profit or loss March 31, 2021		Share in other comprehensive income March 31, 2021		Share in Total other comprehensive income March 31, 2021	
		As % of consolidated net assets	Amount (Rs. in Crore)	As % of consolidated Profit / (Loss)	Amount (Rs. in Crore)	As % of consolidated other comprehensive income	Amount (Rs. in Crore)	As % of total comprehensive income	Amount (Rs. in Crore)
	Parent								
1	Essar Power Limited	17.92	(1,222.09)	4.45	(379.57)	0.80	(0.31)	4.44	(379.87)
	Indian Subsidiaries								
1	Bhander Power Limited	(0.09)	6.14	(1.49)	127.22	-	-	(1.49)	127.22
2	Essar Electric Power Development Corporation Limited	(0.29)	19.79	0.00	(0.36)	-	-	0.00	(0.36)
3	Ultra LNG Urja Limited	-0.00	0.02	(0.00)	0.03	-	-	(0.00)	0.03
4	Essar Power (Orissa) Limited	0.18	(12.47)	3.47	(295.85)	-	-	3.45	(295 85)
5	Essar Power Gujarat Limited	61.77	(4,212.09)	(6.90)	588.49	0.70	(0.27)	(6.87)	588.22
6	Essar Power Hazira Limited	(11.68)	796.58	(1.51)	128.67	0.10	(0.04)	(1.50)	128.63
7	Essar Power M. P. Limited	144.30	(9,840.37)	11.52	(982.10)	-	-	11.47	(982.10)
8	Essar Power Tamilnadu Limited	(0.08)	5.67	-	-	-	-	-	-
9	Essar Power Transmission Company Limited	(10.42)	710.89	(0.92)	78.85	0.28	(0.11)	(0.92)	78.74
	Foreign Subsidiaries								
1	Essar Power Overseas Limited	8.73	(595.04)	0.10	(8.46)	(101.90)	39.11	(0.36)	30.64
	Consolidation adjustments / eliminations	(110.33)	7,523.67	(108.72)	9,269.81	0.02	(0.01)	(108.23)	9,269.81
	Total	**100.00**	**(6,819.30)**	**(100.00)**	**8,526.72**	**(100.0)**	**38.38**	**(100.00)**	**8,565.09**
	Minority interest in all subsidiaries	26.45	(1,803.61)	(0.41)	34.75	-	-	(0.41)	34.75
	Equity attributable to owners	**73.55**	**(5,015.69)**	**(99.59)**	**8,491.97**	**(100.00)**	**38.37**	**(99.60)**	**8,530.33**

NOTE:56

GOING CONCERN

(A) EPOL- The Company, one of the largest private power producer's in the country, owns a 515 MW gas based power plant. Further, the company also owns and operates two power plants with aggregate capacity of 1500 MW and a 464 Km long Inter State Transmission System through its subsidiaries.

The subsidiaries like Essar Power Hazira Limited and Essar Power Transmission Company Limited have shown robust performance and classified as standard assets with the lenders. CRISIL has assigned "BBB" credit rating to Essar Power Hazira Limited. EPHL and EPTCL has been showing continuous & significant improvement and achieved decent profits.

Management has given careful consideration to going concern of Company due to ongoing challenges faced by the Company and subsidiaries and has taken / is taking following steps:-

a. Preservation of Equipments

The Company is maintaining the plant under preservation and all the key equipments are well preserved. The Company has also refurbished its plant and all equipments are in good condition.

As Natural Gas prices are declining continuously, adjoining gas based power plant (500 MW capacity) earlier owned by BPOL is running with almost full capacity.

In view of same, the Company is in discussion with various parties for generating and supply power on the competitive terms either on IEX or bilateral agreements. The Company has been refurbishing its assets and has taken some actions also in this regard.

b. Monetisation Plans

In the endeavour to become debt free completely, the Company plans to monetise some of its investments and utilise the proceeds for repayment of debt obligations in near future.

c. OTS with Lenders

The Company has offered One Time Settlement (OTS) to all the lenders to resolve the irregularity with the lenders. Most of the lenders and debenture holders, namely Axis Bank and Yes Bank etc., had approved the OTS proposals and payments have already been made to them in full / part. The Company shall be paying the balance payments to these A major debenture holder, LIC has already given in-principle approval for the OTS proposal and the Company is hopeful of getting final approval soon. The Company is engaged with other small lenders for settlement of their dues through OTS and is hopeful of settling them in current financial year.

d. New Business Initiatives

e. The Company has made comprehensive plans to address the long term as well as short term issues faced by the subsidiaries including debt restructuring, debt refinancing, interest rate rationalization, buying raw-material in e-auction or through traders.

f. Update on Subsidiaries

Essar Power Gujarat Limited, a subsidiary of the Company, is in advanced stage of implementation of resolution plan with its lenders thereby bringing down the debt to a sustainable level and make the operations fully viable.

Dues of Essar Power (Orissa) Limited to its lenders have been settled and No Dues received from Edelweiss ARC. We expect to receive no dues from SBI soon.

The above steps will ensure continuous operations and the Company will be able to meet all its operational liabilities and financial liabilties.

In view of above, the management has concluded to prepare financials on a going concern basis."

(B) ' EPMPL- On Sep 29 2020, EPMPL was admitted to NCLT under the IBC and Resolution Professional (Mr. Ashish Chhawchharia from Grant Thornton) has been appointed. Due to which, EPOL lost its control over EPMPL from 29th September 2020.

(C) EPGL - EPGL restarted its plant in April 2019 under the old PPA due to softening of international coal prices enabling commercially viable plant operations. EPGLoperated the plant from April 2019 to March 2021 under the old PPA without coal cost pass through based on coal suppliers supplying coal on credit and lenders providing support for unhindered operations. However, exceptionally higher international coal prices made commercially unviable to operate the plant under old PPA.

Subsequently SBI had filed an application under section 7 of the Insolvency and Bankruptcy Code, 2016 in NCLT Ahmadabad Bench against EPGL in May-2021. Thereafter, the revised SPPA has been executed between EPGL and GUVNL on August 12, 2021. The revised SPPA is for entire capacity of the Plant i.e., 1200 MW and shall make coal cost pass through effective from date of the GERC approval.

EPGL has had various discussions with SBI for withdrawal of the NCLT application based on execution of the revised SPPA and GUVNL application to GERC for approval of revised SPPA. SBI has indicated that they shall consider our request. Hence EPGL expects the NCLT application to be withdrawn soon. Further, EPGL is in discussion with the lenders for resolution of its debt. Lenders have indicated their willingness to restructure debt once SPPA is approved by the GERC. Based on the above, it is clear that a joint effort is being made by the all the concerned stake holders. Therefore, the Directors of EPGL have given careful consideration to the steps being taken to find a long term solution for EPGL, further Management is of the view that all the steps as highlighted above will help to improve the viability of EPGL.

Based on the above and assessment of the management on account of:
• anticipated softening of international coal prices
• anticipated withdrawal of NCLT Application and debt resolution
• anticipated future performance of business operations
• its capital investment plans
• support from the Government
• support from the holding company, fellow subsidiary company, lenders and creditors
these accounts have been prepared on a going concern basis.

(D)' BPOL- In February 2020, the power plant was taken over by Edelweiss Asset Reconstruction Company (EARC) against which entire term loan taken from EARC. All assets and liabilities at March 31, 2021 are current, and current assets are carried at realisable value and current liabilities are carried at settlement value. Accounts receivable and payable remained outstanding at March 31, 2021, and BPOL will be continued until such time as all obligations have been settled and all assets have been collected.

BPOL principal activities were the Sale of power and charges. However, During the year BPOL has decided to cease business operations. As BPOL do not intend to acquire a replacement business operations, they have not prepared the financial statements on a going concern basis. The effect of this is as follows: BPOL has no non-current assets to be designated as held for sale upon discontinuance of operations and/or subject to impairment tests. All assets and liabilities at March 31, 2021 are current, and current assets are carried at realisable value and current liabilities are carried at settlement value. Accounts receivable and payable remained outstanding at March 31, 2021, and BPOLy will be continued until such time as all obligations have been settled and all assets have been collected. BPOL will apply for liquidation subject to necessary approvals / NOC from Tax authorities

(E)' EPORL- In January 2021, the power plant was taken over by Edelweiss Asset Reconstruction Company (EARC) against which entire term loan taken from EARC. All assets and liabilities at March 31, 2021 are current, and current assets are carried at realisable value and current liabilities are carried at settlement value. Accounts receivable and payable remained outstanding at March 31, 2021, and EPORL will be continued until such time as all obligations have been settled and all assets have been collected

During the year ended March 31, 2021 EPORL's principal activities were the Sale of power and charges. However, EPORL has decided to cease business operations. As EPORL do not intend to acquire a replacement business operations, they have not prepared the financial statements on a going concern basis. The effect of this is as follows: EPORL has no non-current assets to be designated as held for sale upon discontinuance of operations and/or subject to impairment tests. All assets and liabilities at March 31, 2021 are current, and current assets are carried at realisable value and current liabilities are carried at settlement value. Accounts receivable and payable remained outstanding at March 31, 2021, and EPORL will be continued until such time as all obligations have been settled and all assets have been collected. EPORL will apply for liquidation subject to necessary approvals / NOC from Tax authorities

(F) There is a material uncertainty related to events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. However, Group is confident of meeting its obligations arising in foreseeable future

CHATURVEDI & CO. MUMBAI CHARTERED ACCOUNTANTS

NOTE:57
DISPOSAL OF SUBSIDIARIES/LOSS OF CONTROL
(i) Disposal and loss of control of Indian Subsidiaries

Current Year (2020-21)
EPMPL was admitted for CIRP under the Insolvency and Bankruptcy Code, 2016 by the NCLT on 29th September, 2020. Under the IBC proceedings, EPMPL received a successful bid by a Resolution Applicant. The bid was approved unanimously by the Committee of Creditors and NCLT has approved resolution plan vide its order dated 1st November 2021. With the loss of control to the successful Resolution Applicant, results in recognising of gain of Rs. 9840.37 crores on derecognising of the interest and on the revaluation of retained non-controlling investment in the consolidated financial statement. The net gain on disposal of aforementioned Indian subsidiay is Rs. 9840.37 Crore which is shows as 'Gain on loss of control on Subsidiaries' (net of Fair value of investment) under Note 38 (Exceptional items).

Details of net assets disposed off and profit/(loss) on disposal/loss of control is as below

(Rs. in crore)

	As at 29th September 2020	As at 31 March 2020
Non-current assets		
Property, Plant and Equipment	2,469.93	-
Capital Work in Progress	7.83	-
Other Intangible assets	-	-
Loans	16.03	
Financial Assets	0.04	-
Other non-current assets	15.59	-
Total(A)	2,509.42	-
Current assets		
Inventories	39.57	-
Financial Assets		
Investment	12.82	
Cash and cash equivalents	17.73	-
Other Financial Assets	35.68	-
Loans	26.35	-
Others	0.40	-
Current Tax Assets	13.90	-
Other current assets	29.28	-
Total(B)	175.73	-
Total Asset (A+B)	2,685.15	-
Non-current liabilities		
Borrowings	33.40	
Lease Liability	82.68	
Provisions	55.36	-
Deferred tax liabilities (Net)	-	-
Total(C)	171.43	-
Current liabilities		
Financial Liabilities		
Borrowings	325.13	-
Trade payables	16.87	-
Other financial liabilities	477.78	-
Other current liabilities	11,468.23	-
Provisions	6.10	-
Current Tax Liabilities	59.98	-
Total(D)	12,354.09	-
Total liabilities (C+D)	12,525.52	-
Net Asset Disposed off	(9,840.37)	-

(Rs. in crore)

	As at 31 March 2021	As at 31 March 2020
Consideration	-	-
Net Assets disposed off	(9,840.37)	-
	9,840.37	-
Adjustments in respect of:		
Investment by EPOL in EPMPL	2,923.96	-
Change in fair value of investment	(2,923.96)	-
Profit/ (Loss) on disposal	9,840.37	-

NOTE: 58

Following subsidiary companies and joint ventures have been considered in the preparation of consolidated financial statements:

Sr. no.	Name of the company	Country of incorporation	% voting right held by the Group		% Effective ownership by the Group	
			March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Subsidiaries:					
1	Essar Power Transmission Company Limited	India	**100.00**	100.00	**100.00**	100.00
2	Essar Power Overseas Limited	British Virgin Islands (BVI)	**100.00**	100.00	**100.00**	100.00
3	Essar Electric Power Development Corporation Limited	India	**100.00**	100.00	**100.00**	100.00
4	Essar Power Hazira Limited	India	**74.00**	74.00	**99.60@**	99.60@
5	Essar Power M. P. Limited(1)	India	**74.00**	74.00	**95.27@**	95.27@
6	Ultra LNG Urja Limited [4]	India	**100.00**	100.00	**100.00**	100.00
7	Essar Power (Jharkhand) Limited [2]	India	**100.00**	100.00	**100.00**	100.00
8	Essar Power Tamilnadu Limited [2]	India	**100.00**	100.00	**100.00**	100.00
9	Essar Power Gujarat Limited [3]	India	**49.00**	49.00	**57.82@**	57.82@
10	Essar Power (Orissa) Limited	India	**74.00**	74.00	**99.60@**	99.60@
11	Bhander Power Limited	India	**73.69**	73.69	**73.69**	73.69
	Joint controlled entities:					
1	Mahan Coal Limited (Joint Operation)	India	**50.00**	50.00	**50.00**	50.00

1 Essar Power Ltd -loss of Control over Essar power Mp Ltd w.e.f. 29th September 2020

2 Under liquidation.

ICICI Bank Limited who is the sole lender of Essar Power (Jharkhand) Limited (EPJHL), has referred it for Insolvency Proceedings under Insolvency and Bankruptcy Code, 2016 (IBC). Hon'ble National Company Law Tribunal, New Delhi Principal Bench via its order dated 5th April 2018 allowed initiation of Corporate Insolvency Resolution Process of EPJHL under IBC. Mr. Huzefa Fakhri Sitabkhan was appointed as the Interim Resolution Professional ("IRP") of EPJHL. Subsequently, he has been confirmed as the Resolution Professional ("RP") in the first Committee Creditors meeting held on May 11, 2018. Thus, In previous year, post the Balance Sheet date (31 March 2018), the Company has lost control over EPJHL. NCLT – New Delhi had issued liquidation order of EPJL on 03.01.2020.

3 51% of the shares have been invoked by IDBI Trusteeship Services Ltd in the FY 2018-19.

4 Acquired during the year

@ Holding reflects effective interest including Cumulative Convertible Participating Preference Shares issued by the entity to the Company.

Annexure A

Details of transactions and outstanding balances with related parties:

	Name of the Company	Holding Company	Fellow Subsidiary	Enterprises Commonly Controlled or Influenced by Major Shareholders / Directors of the Company	Joint Venture	Key Management Personnel	Total	Holding Company	Fellow Subsidiary	Associate	Enterprises Commonly Controlled or Influenced by Major Shareholders / Directors of the Company	Key Management Personnel	Total
Transactions during the year ended				**March 31, 2021**							March 31, 2020		
Share application money received / share issued	ESMTL	-	-	-		-	-	-	-	-	-	-	-
ISSUE OF EQUITY SHARES	EPOHL	393.94					393.94						
CONVERSION OF PREFERENCE SHARES INTO EQUITY SHARES	ESMTL			-1,642.49			-1,642.49						
	EPHHL	-1,357.54					-1,357.54						
	EPOHL	-669.64					-669.64						
Conversion of OCRPS into CCPS	ESMTL			-1,025.00			-1,025.00						
Conversion of OCRPS into Equity	ESMTL			-85.00			-85.00						
conversion of Inter corporate deposit	ESMTL			1.94			1.94						
Inter corporate deposits given	ESMTL	-	-	6.10		-	6.10	-	-	-	-	-	-
Inter corporate deposits given Refunded / Adjusted	EPMPL	-	28.40	-		-	28.40	-	-	-	-	-	-
Inter corporate deposits received	ESMTL	-	-	273.43		-	273.43	-	-	-	223.57	-	223.57
	Arkay Logistics			-			-				11.37		11.37
	Aegis Ltd			5.00			5.00						
	EVTL			4.90			4.90						
	EIHL	-	-	-		-	-	-	-	-	6.50	-	6.50
Inter corporate deposit refunded/ adjusted	ESMTL	-	-	160.13		-	160.13	-	-	-	126.22	-	126.22
	EWPPL			-			-				44.84		44.84
	BTPPL			-			-				-		-
	Aegis Ltd			5.00			5.00						
	EIHL			-			-				6.50		6.50
	MCL			-	-		-				-		5.30
Advances Written off	EFG			-			-				-		-
	AEHPP			-			-				0.01		0.01
	EPIL			-			-				24.84		24.84
	EESML			-			-				1.17		1.17
	EMRL			-			-				0.05		0.05
	EPMPL		0.40				0.40						
	EPML			-			-				0.02		0.02
	EBTL			0.08			0.08						
	Arkay Holding			-			-				0.06		0.06
	EWPPL			-			-				0.03		0.03
	AMNS	-	-	-		-	-	-	-	-	215.38	-	215.38
Liability written back	EPIL	-	-	-		-	-	-	-	-	0.23	-	0.23
	BTPPL			-			-				0.21		0.21
	ESMTL			1.03			1.03						
	AMNS			-			-				0.05		0.05
	EIHL			-			-				0.01		0.01
	EMTL			-			-				0.00		0.00
Interest expenses on inter corporate deposits obtained	MCL	-	-	-	-	-	-	-	-	-	-	-	0.10
Revenue from power supply and charges	EBTL	-	-	-		-	-	-	-	-	0.05	-	0.05
	EHES	-	-	-		-	-	-	-	-	0.05	-	0.05
	AMNS	-	-	-		-	-	-	-	-	762.24	-	762.24
Purchase of electricity	EPMPL	-	448.36	-		-	448.36	-	-	-	-	-	-
Sale of Electricity	EVTL	-	-	4.27		-	4.27	-	-	-	4.11	-	4.11
Water from government reservoir expenses shared	AMNS	-	-	-		-	-	-	-	-	4.46	-	4.46
Purchase of Stores	AMNS	-	-	-		-	-	-	-	-	5.21	-	5.21
Operation & maintenance income	EBTSL	-	-	2.43		-	2.43	-	-	-	2.38	-	2.38
Purchases of fixed assets / receiving of services (including capital work in progress)	AGC Network	-	-	0.32		-	0.32	-	-	-	-	-	-
Professional / other services / rent / travelling and other expenses	AGC Network	-	-	1.08		-	1.08	-	-	-	-	-	-
	EBTSL	-	-	78.60		-	78.60	-	-	-	94.91	-	94.91
	AMNS	-	-	-		-	-	-	-	-	0.52	-	0.52
	Arkay Holding	-	-	-		-	-	-	-	-	0.02	-	0.02
Lease rent expenses	AMNS	-	-	-		-	-	-	-	-	1.41	-	1.41
Directors Sitting Fees		-	-	-		0.05	0.05	-	-	-	-	0.07	0.07
Remuneration (Refer footnote 1,2,3)		-	-	-		4.74	4.74	-	-	-	-	3.48	3.48

Annexure A

Details of transactions and outstanding balances with related parties:

	Name of the Company	Holding Company	Fellow Subsidiary	Enterprises Commonly Controlled or Influenced by Major Shareholders / Directors of the Company	Joint Venture	Key Management Personnel	Total	Holding Company	Fellow Subsidiary	Associate	Enterprises Commonly Controlled or Influenced by Major Shareholders / Directors of the Company	Key Management Personnel	Total
Balances as at end of the year				March 31, 2021							March 31, 2020		
Investment in shares of Associate	EBTSL	-	-	-		-	-	-	-	-	-	-	-
Inter corporate deposit received	EVTL	-	-	4.90		-	4.90	-	-	-	5.20	-	5.20
	Arkay Logistics			11.37			11.37				11.37		
	BTPPL			-			-				102.07		
	ESMTL (Secured)			175.00			175.00						
	ESMTL	-	-	311.92		-	311.92	-	-	-	409.69	-	409.69
Trade receivables	EPIL	-	-	0.10		-	0.10	-	-	-	0.10	-	0.10
	EHES	-	-	0.11		-	0.11	-	-	-	0.11	-	0.11
	EBTL	-	-	-		-	-	-	-	-	0.13	-	0.13
	AMNS	-	-	-		-	-	-	-	-	14.81	-	14.81
Advance received from customers	ESTL	-	-	-		-	-	-	-	-	-	-	-
	EVTL	-	-	0.15		-	0.15	-	-	-	0.01	-	0.01
Interest Payables on inter corporate deposit	MCL	-	-	-	0.16	-	0.16	-	-	-	-	-	-
Trade Payables	EPIL	-	-	-		-	-	-	-	-	-	-	-
	AGC Network	-	-	0.11		-	0.11	-	-	-	-	-	-
	EBTSL	-	-	23.38		-	23.38	-	-	-	35.80	-	35.80
	EOGEPL	-	-	0.02		-	0.02	-	-	-	-	-	-
	EPMPL		1.55				1.55						
	AMNS	-	-	-		-	-	-	-	-	0.26	-	0.26
Other payable	EPJOL	-	-	-		-	-	-	-	-	-	-	-
	ESMTL	-	-	-		-	-	-	-	-	1.94	-	1.94
	EF	-	-	-		-	-	-	-	-	-	-	-
Inter corporate deposit given	EPJHL	-	356.31	-		-	356.31	-	356.31	-	-	-	356.31
	EPMPL		4.62				4.62						
	ESMTL			6.10			6.10						
Interest receivable on inter corporate deposit given	EPJHL	-	153.97	-		-	153.97	-	153.97	-	-	-	153.97
Inter corporate deposits obtained	EWPPL	-	-	-		-	-	-	-	-	-	-	-
Interest accrued on inter corporate deposit obtained	EWPPL	-	-	-		-	-	-	-	-	-	-	-
	BTPPL			-			-				0.16		
	ESMTL	-	-	-		-	-	-	-	-	1.03	-	1.03
Advances Given	ALL	-	-	0.10		-	0.10	-	-	-	-	-	-
Guarantees Given	EPJHL	-	815.00	-	-	-	815.00	-	4,920.08	-	-	-	4,920.08
Guarantees received**	EEL, EGFL	3,060.06	-	-		-	3,060.06	9,851.88	-	-	-	-	9,851.88
	Aaradhna Realities Limited			94.71			94.71						
	EPC Construction India Limited	-	-	76.99		-	76.99	-	-	-	57.02	-	57.02

1. Remuneration paid to Mr. Pramod Suri (PS) of Rs. 3.40 crores during the financial year 2015-16 and Mr. Vinay Mittal (VM) of Rs. 4.30 crores during the financial years 2013-14, 2014-15 & 2015-16 were subject to the approval of the shareholders and lenders and since the same is now time barred, the amount paid of Rs. 7.70 crores is pending for recovery in terms of the provisions of the Companies Act, 2013 (as amended)

2 . Figures of remuneration disclosed are as certified by the management. As the future liability for gratuity and leave encashment is provided on acturial basis for the company as whole, the amount to key managerial personnel is not ascertanable and therefore not included and disclosed as and when paid retirement or exit from the company

3.Compensation to Key Management Personnels for each of the following categories

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Short term benefits	0.99	2.31
Post employment benefits		
-Defined contribution plan	-	-
-Defined benefit plan*##	-	-
Other long term benefits*##	-	-
Total	**0.99**	**2.31**

* refer footnote 2 above

** Guarantees received from EEL & EGFL Rs. 3,060.06 Crore (Previous year Rs. 9,851.88 Crore), and EPIL Rs 76.99 Cr (Previous year Rs 57.02 cr) have been disclosed to the extent of facilities outstanding

M. M. CHATURVEDI & CO. * CHARTERED ACCOUNTANTS * MUMBAI